

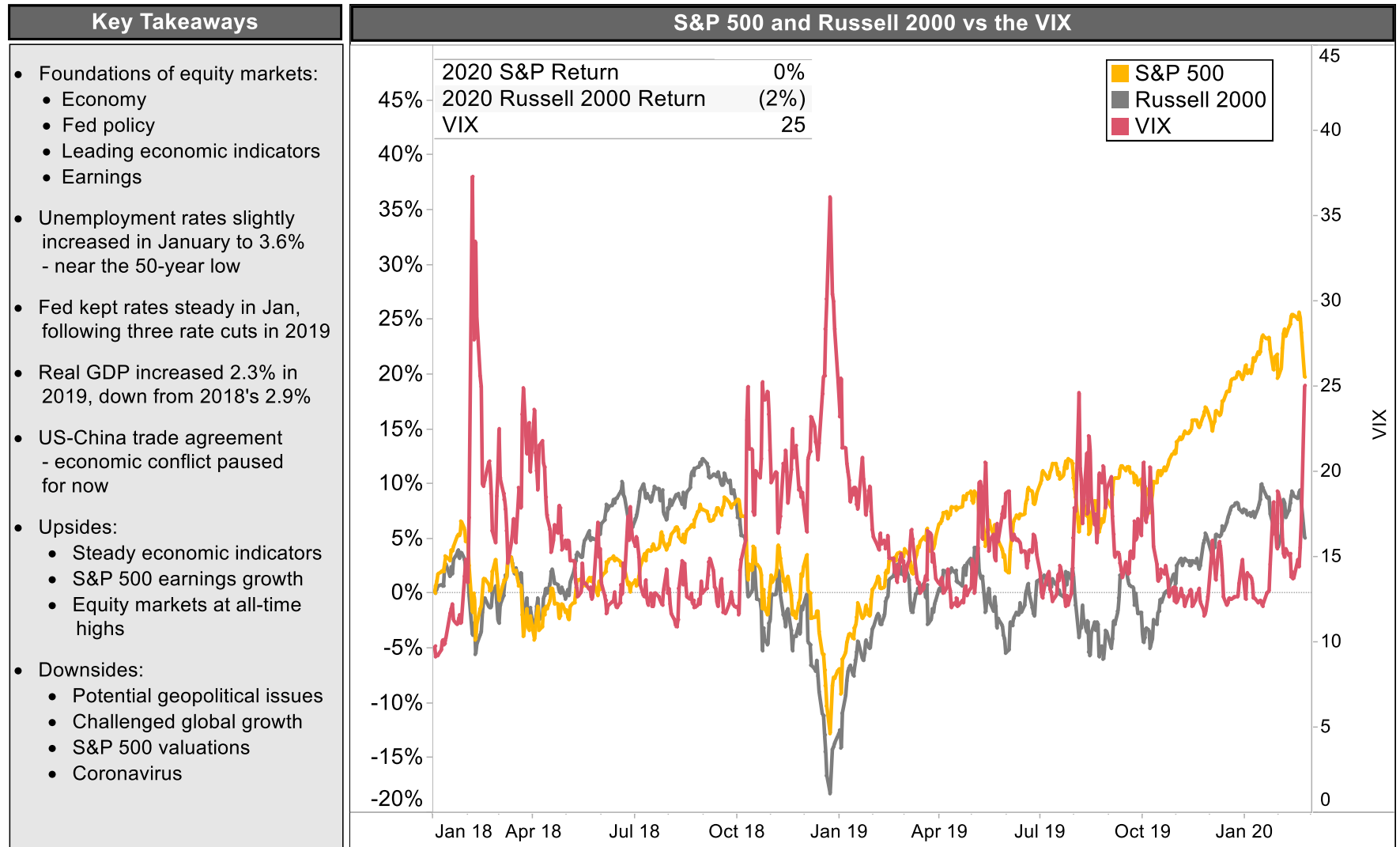
Discussion Materials

February 2020



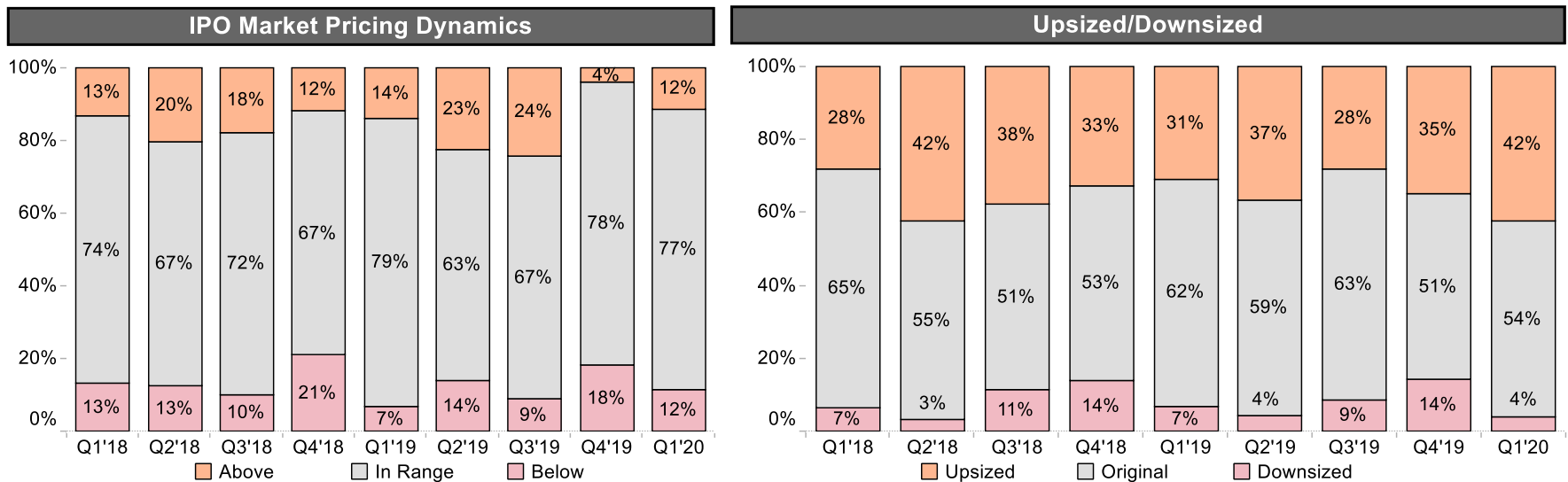
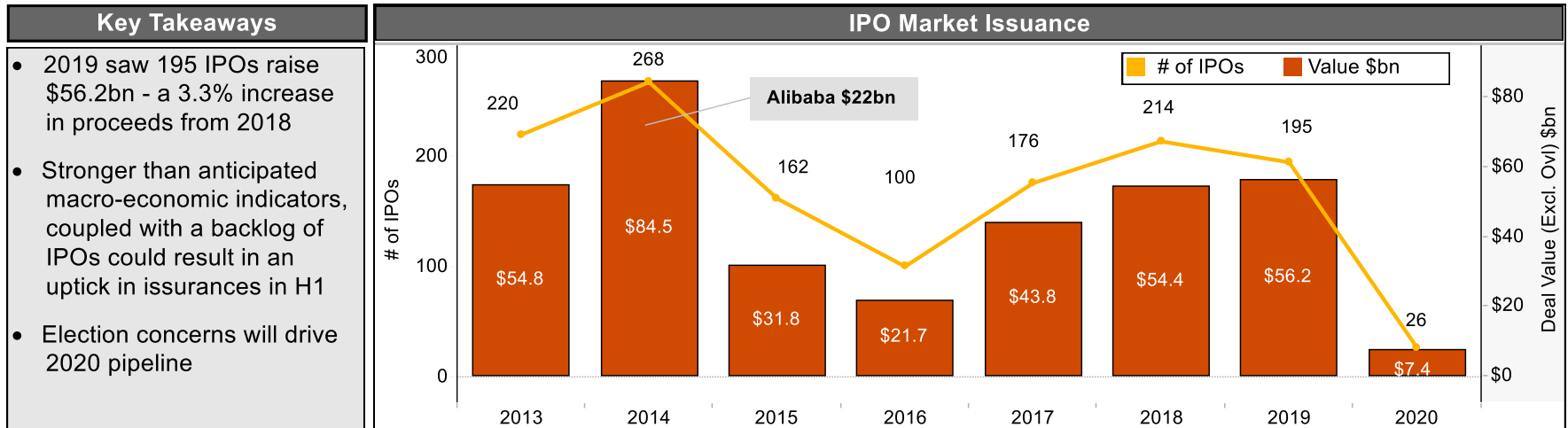
Capital Markets Overview

S&P 500 continues to hit record highs



Source: S&P Capital IQ, Bureau of Labor Statistics and Department of Commerce. As of 2/24/2020.

2019 IPO proceeds hit a five-year high



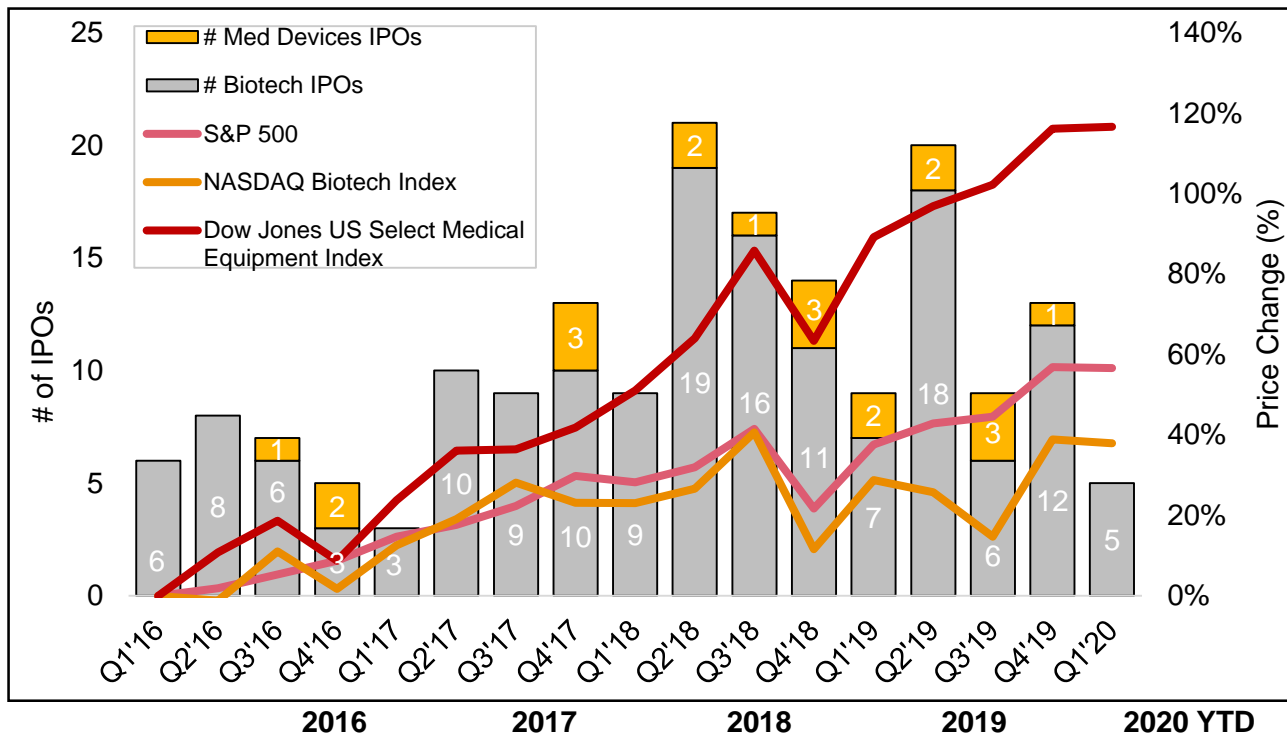
Source: PwC US Capital Markets Watch and Dealogic. Excludes non-U.S. offerings, non-SEC registrants, SPVs, closed-end funds, offerings less than \$25 million, and offerings that took place on OTC or pink sheet exchanges. All dual listed IPOs include the US portion only for deal value. As of 2/24/2020.

Medical devices companies continue to outperform broader markets

Key Takeaways

- Biotech IPO Themes:
 - Validation / Data
 - IO, Gene Therapy, Oncology
 - Platform vs. Single Product
 - Serial Management Teams
- Medical Devices IPO Themes:
 - Cardiovascular
 - Less-invasive
 - IV, spinal
- Biotech M&A activity was robust in 2019 including:
 - BMS / Celgene
 - Novartis / Medicines Co.
 - Roche / Spark
- Medical Devices M&A activity in 2019 included:
 - 3M / Acelity
 - Stryker / Wright Medical

Biotechnology and Medical Devices vs. Broader Markets Performance

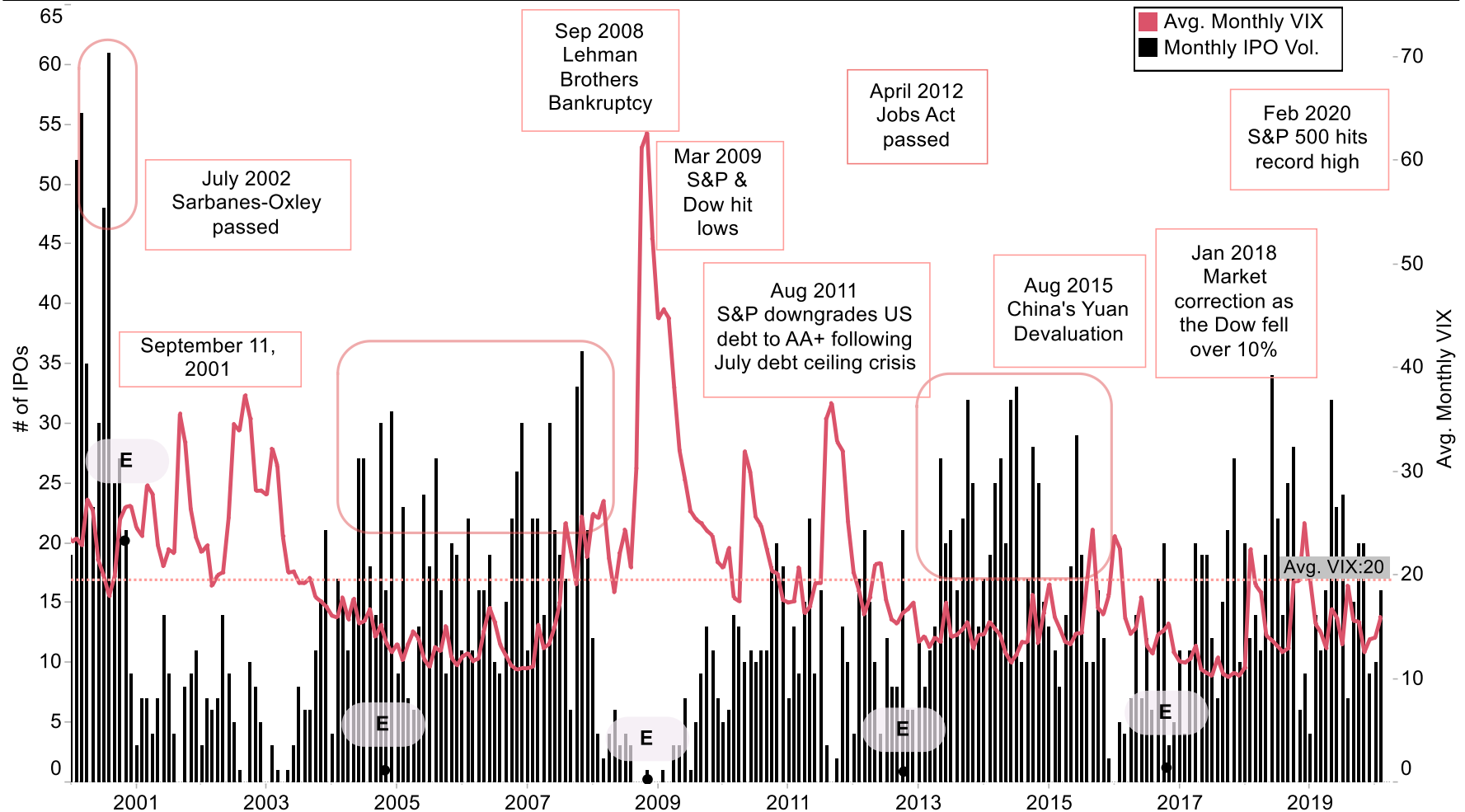


	2016	2017	2018	2019	2020 YTD
# Biotech IPOs	23	32	55	43	5
# Medical Devices IPOs	3	3	6	8	0

Source: PwC US Capital Markets Watch, S&P Capital IQ, and Dealogic as of 2/24/20. Biotech IPOs excludes IPOs pricing on OTC Bulletin Board and Pink Sheets exchanges and with IPOs with deal values under \$25 million.

IPO windows open and close quickly

of IPOs & VIX Comparison - Since 2000

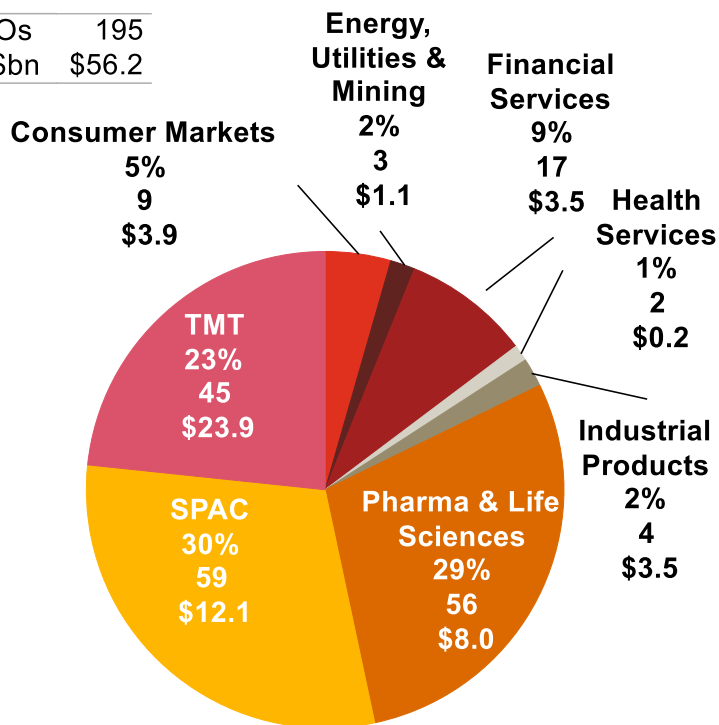


Source: PwC US Capital Markets Watch, Dealogic and S&P Capital IQ. Excludes closed end funds, oil & gas realty trusts, IPOs pricing on OTC Bulletin Board and Pink Sheets, BDCs, and IPOs with deal values under \$25 million. As of 2/24/2020. 'E' refers to US Election.

Early 2020 IPOs have been primarily Pharma & Life Sciences and Technology

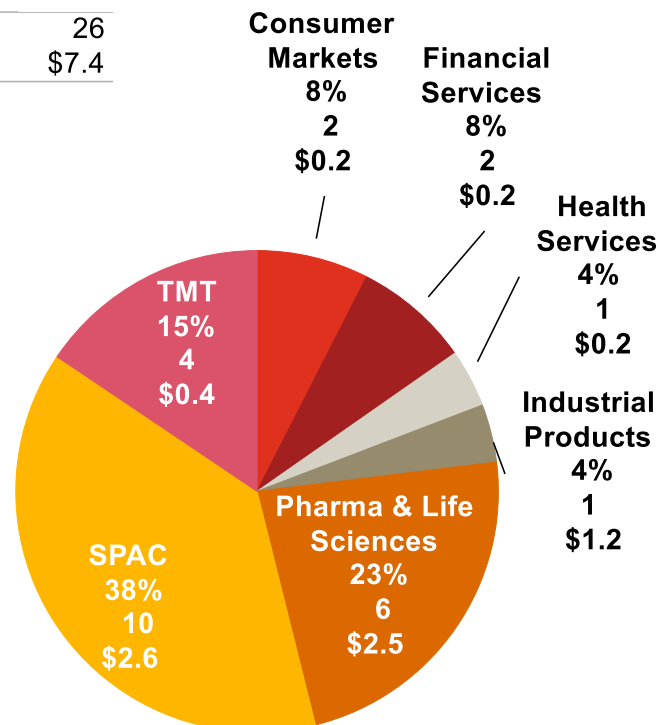
2019 IPO Volume and Value (\$bn)

of IPOs 195
Value \$bn \$56.2









2020 IPO Volume and Value (\$bn)

of IPOs 26
Value \$bn \$7.4









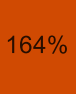

Source: PwC US Capital Markets Watch and Dealogic. Excludes non-U.S. offerings, non-SEC registrants, SPVs, closed-end funds, offerings less than \$25 million, and offerings that took place on OTC or pink sheet exchanges. All dual listed IPOs include the US portion only for deal value. As of 2/24/2020.

Selected recent Biotech IPOs: above market performance

Date Priced	Company	Company Business Description	Deal Size (\$mm)	IPO Mkt Cap (\$mm)	Deal Size / Mkt Cap	% Primary	Lead Left	Pricing Range	Lead Product Phase of Development	Current Return
2/12/20	Revolution Medicines	Developing novel target therapies for cancer	238	967	25%	100%	JP Morgan	Above	Phase 1 Ongoing	 79%
2/5/20	Beam Therapeutics	Precision genetic medicines	180	844	21%	100%	JP Morgan	In Range	Pre-Clinical	 53%
1/30/20	Arcutis Biotherapeutics	Dermatology treatments	159	623	26%	100%	GS	In Range	Phase 3 Ongoing	 59%
1/29/20	Black Diamond Therapeutics	Developing precision medicine for cancer	201	652	31%	100%	JP Morgan	Above	Pre-Clinical Completed	 100%
1/16/20	I-Mab	Developing antibodies for cancer and autoimmune diseases	104	799	13%	100%	Jefferies	In Range	Phase 1 Ongoing	 (14%)
11/11/19	89Bio	Treatment of liver and cardio-metabolic diseases	85	208	41%	100%	BofA Securities	In Range	Phase 1 Ongoing	 110%

Source: PwC US Capital Markets Watch and Dealogic. Current returns as of 2/24/2020. Deal value and IPO mkt cap exclude overallotment.

Selected recent Medical Devices IPOs: above market performance

Date Priced	Company	Company Business Description	Deal Size (\$mm)	IPO Mkt Cap (\$mm)	Deal Size / Mkt Cap	% Primary	Lead Left	Pricing Range	Current Return
11/7/19	TELA Bio	Tissue reinforcement materials to address needs in soft tissue reconstruction	52	138	38%	100%	Jefferies	Below	 36%
9/17/19	Envista Holdings	Developer of dental products	589	3,402	17%	100%	JP Morgan	In Range	 25%
9/11/19	SmileDirectClub	Medtech platform providing orthodontic products	1,346	8,852	15%	100%	JP Morgan	Above	 (48%)
8/7/19	InMode	Provider of medical aesthetics equipment	70	448	16%	100%	Barclays	In Range	 179%
5/1/19	TransMedics Group	Products to enable transplantation of functioning organs	91	324	28%	100%	Morgan Stanley	In Range	 16%
4/3/19	Silk Road Medical	Devices focused on reducing the risk of stroke	120	605	20%	100%	JP Morgan	Above	 135%
3/6/19	Shockwave Medical	Medical equipment used for the treatment of vascular disease	97	457	21%	100%	Morgan Stanley	Above	 164%
2/13/19	Avedro	Devices for corneal ectatic disorders and eyeglass dependency	70	239	29%	100%	BofA Securities	In Range	 64%

Source: PwC US Capital Markets Watch and Dealogic. Current returns as of 2/24/2020. Deal value and IPO mkt cap exclude over-allotment.

Selected recent Medical Devices IPOs (cont'd)

Date Priced	Company	LTM at IPO Date			Forward at IPO Date			IPO Multiples		
		LTM Rev (\$mm)	LTM EBITDA (\$mm)	LTM Net Income (\$mm)	Fwd + 1 Rev (\$mm)	Fwd + 1 EBITDA (\$mm)	Fwd + 1 Net Inc at IPO	Fwd + 1 EV/ Revenue	Fwd + 1 EV/ EBITDA	Fwd + 1 P/E
11/7/19	TELA Bio	13	(18)	(23)	54	(12)	(20)	2.9x		
9/17/19	Envista Holdings	2,810	427	215	2,947	463	313	1.2x	7.7x	11.8x
9/11/19	SmileDirectClub	586	(63)	(94)	1,666	183	42	5.3x	48.7x	
8/7/19	InMode	110	36	26	227	80	83	1.7x	4.8x	7.0x
5/1/19	TransMedics Group	15	(21)	(26)	58	(15)	(24)	5.9x		
4/3/19	Silk Road Medical	42	(23)	(56)	90	(18)	(26)	7.1x		
3/6/19	Shockwave Medical	12	(41)	(41)	68	(37)	(40)	6.4x		
2/13/19	Avedro	28	(21)	(25)	52	(24)	(30)	4.8x		

Source: PwC US Capital Markets Watch, S&P Capital IQ and Dealogic. NA replaces data that was not available or not meaningful. Fwd includes IPO full year if IPO date falls within H1 and the full year following IPO if IPO date falls within H2. Fwd + 1 includes the following full fiscal year. Estimates at IPO include the first available analyst estimate, either 30, 45 or 60 days following the IPO date. LTM Rev, EBITDA, and Net Income may be updated for quarterly numbers reported post-IPO, but reflect the twelve months prior to IPO. Enterprise value may consist of net-debt pre-IPO.

Selected Pharma & Life Sciences in IPO Pipeline

Filing Date	Company	Industry	Lead Left	Company Business Description
2/21/2020	Inari Medical	Medical devices	BofA Securities	Developing innovative catheter-based technologies for the treatment of venous thromboembolism
2/14/2020	Imara	Biotechnology	Morgan Stanley	Therapeutics for people living with sickle cell disease and other hemoglobinopathies
2/3/2020	Passage Bio	Biotechnology	JPMorgan	Therapies for the treatment of rare monogenic central nervous system diseases
1/15/2020	ADiTx Therapeutics	Biotechnology	Dawson James Securities	Developing technologies to minimize rejection of transplanted organs by human recipients

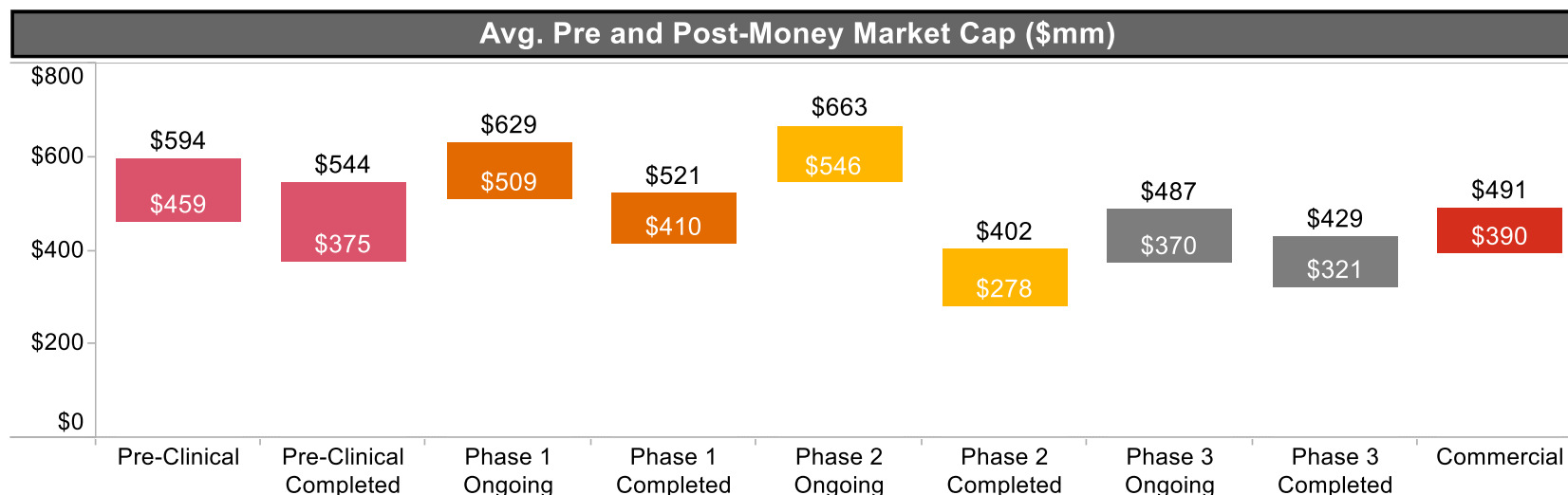
Source: Dealogic, as of 2/24/20.

IPO themes

Stong Topline Growth	Valuation	Predictable Revenue
<ul style="list-style-type: none">• Companies with significant and sustainable revenue growth• Large and growing total addressable market• For Tech, the 'Northstar' is 40% YoY rev growth• Pushback against "growth at all costs"	<ul style="list-style-type: none">• Focus on near-term profitability/ path-to-profitability• Pressure on selected verticals from Buyside investors• Issuers tweaking models to achieve profitability• Revenue growth coupled with profitability	<ul style="list-style-type: none">• High visibility into future revenue generation• Emphasis on recurring revenue/ ARR• "Dependable" customer base• Contract models challenged
Experienced Mgmt. Team	Technology	
<ul style="list-style-type: none">• Ability to meet increasing demands of investors• Managing expectations of the public• "Priced to perfection"• Recent velocity of executive management reshuffling	<ul style="list-style-type: none">• Particular interest in high growth SaaS/cloud companies• Focus on unit economics and transparency• High barriers to entry, barriers to scale especially important• Opaque business models are not rewarded	

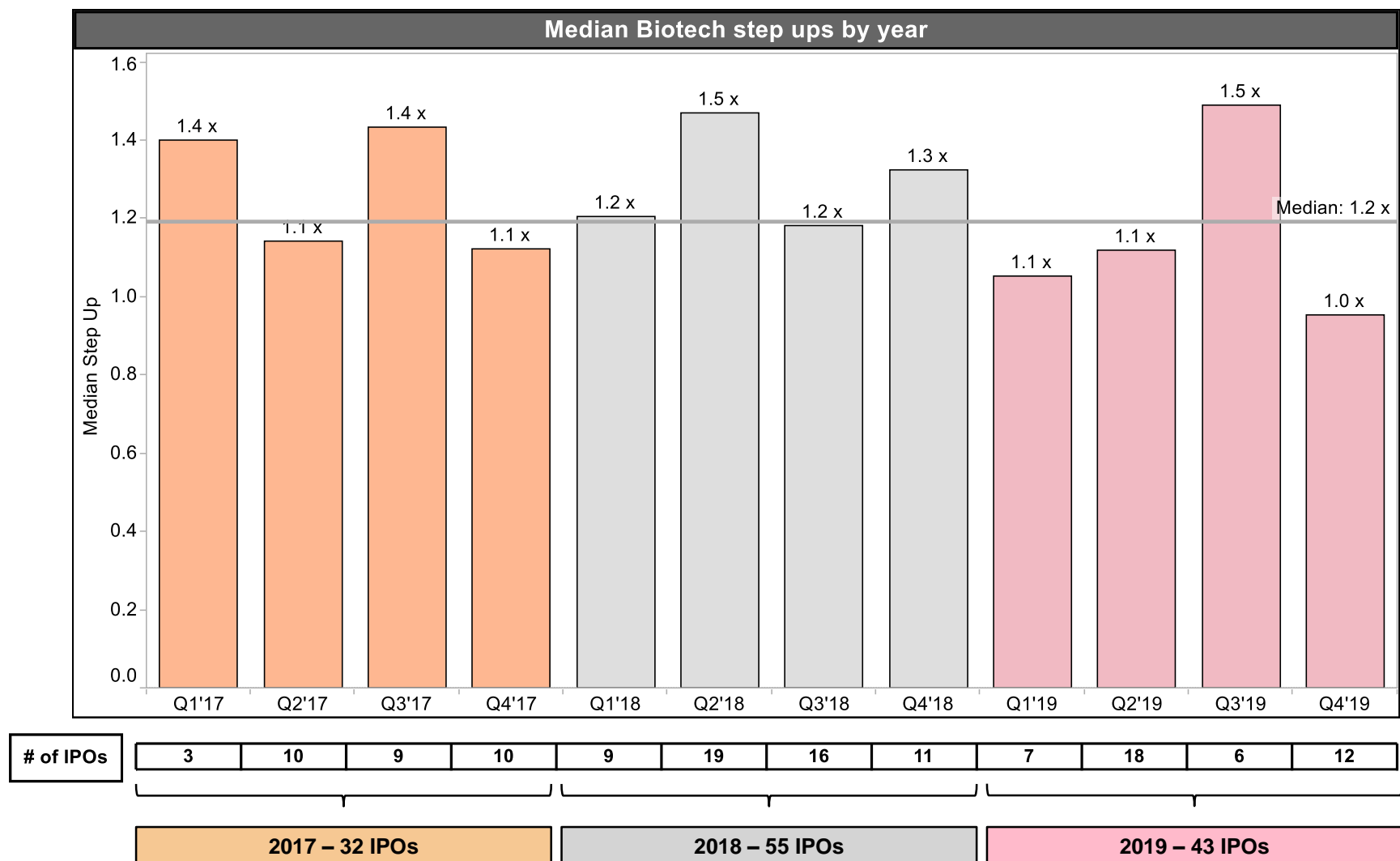
2017 - 2020 YTD Biotech IPO performance by development stage

Lead Product Phase of Development	# of IPOs	Avg. Pre-Money Market Cap (\$mm)	% Priced Above or In Range	Avg. 1-Day Return	Avg. Current Return
Pre-Clinical	12	\$459	92%	11%	96%
Pre-Clinical Completed	3	\$375	100%	43%	80%
Phase 1 Ongoing	30	\$509	90%	10%	9%
Phase 1 Completed	9	\$410	89%	8%	116%
Phase 2 Ongoing	39	\$546	87%	14%	53%
Phase 2 Completed	7	\$278	86%	5%	(5%)
Phase 3 Ongoing	25	\$370	84%	16%	14%
Phase 3 Completed	5	\$321	60%	26%	71%
Commercial	5	\$390	100%	8%	56%



Source: Company data. PwC US Capital Markets Watch and Dealogic. (1) IPO returns are as of 2/24/2020. *Stage of Development = latest stage of the company's lead product at time of IPO.

Biotech step-up value - from last private round to IPO



Source: Pitchbook as of 12/31/2019. Excludes IPOs with deal values less than \$25 million. The step up is calculated using the post money valuation of the last PE/VC round to the pre money valuation of the IPO.

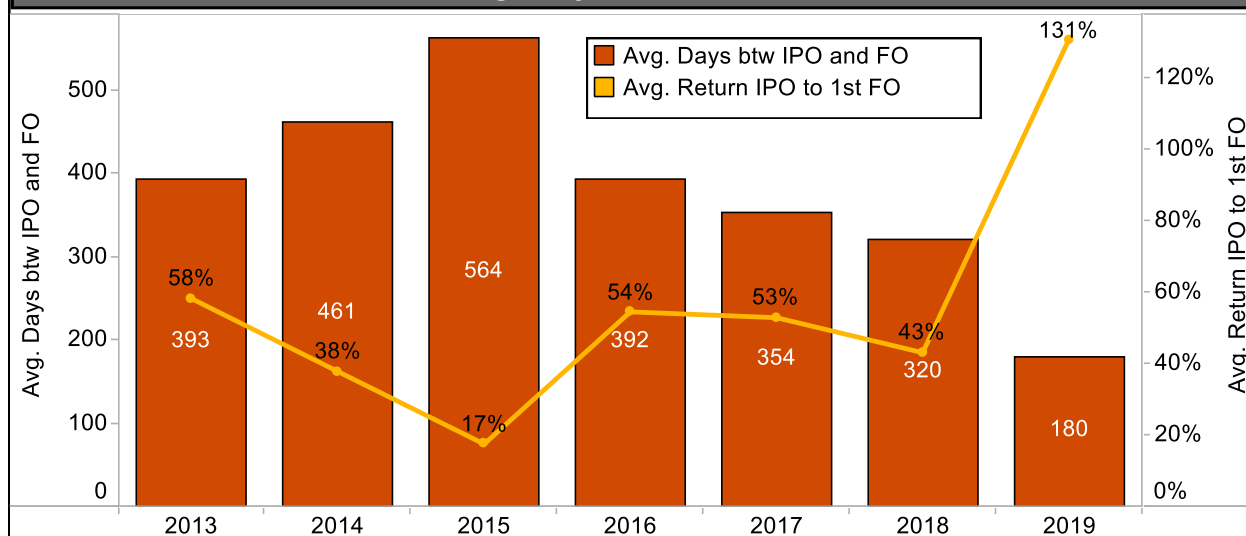
Issuers are accelerating their exit strategy

Key Takeaways

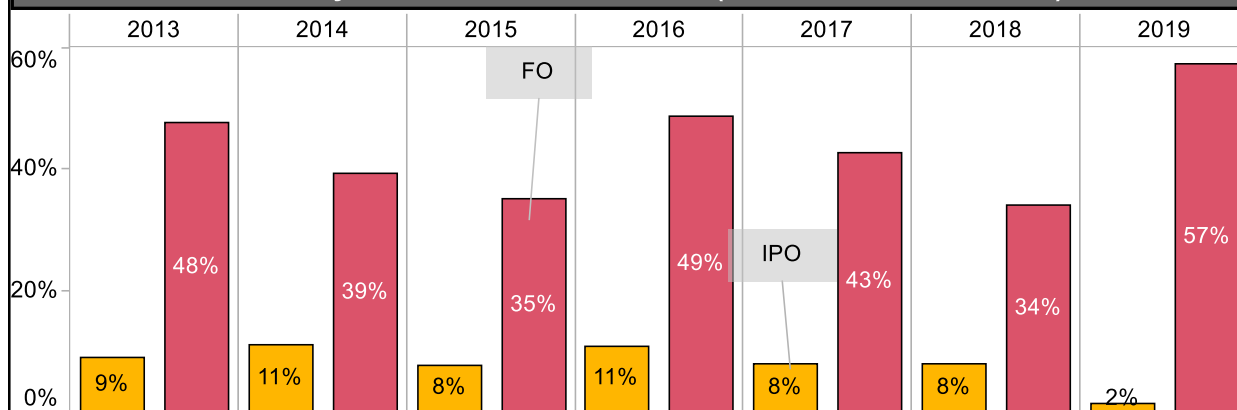
A recent observable trend is the decreasing time between IPO and First Follow On:

- Issuers are increasingly attuned to market volatility and returns - thus are opportunistic in pursuing their first follow on
- IPO lock-ups are up to 180 days, however, in cases of significant price appreciation issuers may be able to ask for an early release
- 2019 returns from IPO to the first follow on are more than those of 2018 as broader market conditions improved
- Secondary shares are increasingly becoming a larger portion of the first follow on as owners take advantage of the run-up in the stock price

Class of 2013 - 2020: Average Days and Returns b/t IPO & First Follow On



Secondary as a % of Total Issuance (IPO vs. First Follow On)



Source: Dealogic and PwC US Capital Markets Watch. Data includes IPOs between 2013 and 2019 that have completed a first follow on. Analysis is based on the IPO year, and the subsequent first follow on is included under the initial year of IPO. Average return from IPO to first follow on was calculated using the IPO price and the last trade price before the first follow on. Excludes IPOs with deal values under \$25 million. As of 2/24/2020.

Underwriter and Investment Bank Selection

Getting the most from your underwriters

Key issues	Approach to optimize interaction and engagement	
<ul style="list-style-type: none"> • An IPO is a decisive moment for a company and its shareholders • Transactions are complex, involve multiple parties and can stretch across several quarters • The company's broader commercial goals should be above the process • Too often the process takes over and management teams are overburdened • Management teams need to run the company in parallel with the IPO process 	Be prepared & informed	<ul style="list-style-type: none"> • Understand the IPO process and the critical decisions that drive value • Be prepared for the data requests (financial, due diligence)
	Set tone upfront	<ul style="list-style-type: none"> • Proactively engage with investment banks to set the tone for the engagement
	Formal underwriter selection process	<ul style="list-style-type: none"> • Create a formal RFP process to take control of the IPO process and create competitive tension among underwriters that benefits the issuer <ul style="list-style-type: none"> – A transparent selection process emphasizes senior commitment from banking team, equity research coverage and strong institutional and retail distribution capabilities
	Transparency	<ul style="list-style-type: none"> • Understand why and how critical decisions are being made • Understand valuation drivers and how your story/valuation is being communicated to the market
	Single point of contact	<ul style="list-style-type: none"> • Controls information and message flow • Eliminates conflicting messages and drives process
	Negotiate from position of strength	<ul style="list-style-type: none"> • Negotiate gross spread, syndicate structure/economics, and underwriting agreement prior to selecting the lead bank(s) <ul style="list-style-type: none"> - Enables issuer to set fees, other terms when it has maximum leverage
	Be proactive	<ul style="list-style-type: none"> • Be involved in project management with a focus on the marketing and pricing of your IPO
	Challenge	<ul style="list-style-type: none"> • Challenge conventional wisdom • Demand transparency and foundations for decisions

A well-informed issuer can set the terms of the engagement at the outset, increase process efficiency and drive value by being better positioned to assess and make critical judgments throughout the IPO process

Our approach to investment bank selection

Rigorous comparison of Investment Banks

SECTOR EXPERTISE AND TRACK RECORD

- IPO experience and expertise, particularly in your sector
- Number of IPOs worked on in a senior capacity – deals where investment bank took a lead role particularly relevant
- Track record of successful leadership

RESEARCH CAPABILITY

- Highly ranked research analysts in the sector and market
- Clear understanding of the value drivers and peer group differentiation
- Credibility of valuation methodology

DISTRIBUTION CAPABILITY

- Breadth and depth of relationships with target investor base
- Sector market share, generalist sales teams, specialist sales, etc.

STRENGTH OF DEAL TEAM

- Experience, quality and senior commitment of overall deal team in the sector and region
- Chemistry with, and trust in, the key individuals

ATTENTION AND FOCUS BY INVESTMENT BANK

- Who on the team is actually working on the deal versus who is pitching for the role?
- Does the team have sufficient experience at the level of the individuals who will have real execution responsibility?
- How will the deal actually be managed?

ANALYST SELECTION PROCESS

- Who are the research analysts who would be leading coverage?
- Have we met them separately from the investment bankers and do they understand and believe in the story?

SYNDICATE COMPLEMENTARITY

- Large investment banks vs. “hungry” smaller investment banks, ideally creating “constructive competition”
- How is deal responsibility being apportioned? Which investment banks will be better in which role?

SYNDICATE STRUCTURE AND COMPENSATION

- How to incentivize the investment banks without compromising the need for cooperation?
- How to encourage passive investment banks to be additive?

Equity Story Development

Developing and articulating the “equity story”

“To-do” list before engaging investment banks

1 Perform a critical review of the Company to form a preliminary view on positioning of the Company

- White board
- Existing PPM and private equity raise marketing materials
- High-yield raises



2 The equity story for an IPO is different from a private raise or a debt offering

- Private raises’ marketing materials contain limited information
- Debt investors look for value that is already “proven out”
- Equity investors look for value that is projected to be “proven out” or that is not yet proven out
- Buyside looks for growth



3 Develop the equity story and write the key sections of the S-1

- Box & business sections (business model, total addressable market, “opportunity/solution”, strengths, strategy)
- MD&A including key factors impacting performance
- Develop key selling points for the buyside



4 Prepare a narrative that is clear, comprehensive, written “through the eyes of management”

- Woven throughout the Business and MD&A sections of the S-1

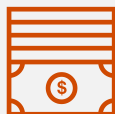


Articulating the “equity story” – Step by step

Clearly define the business model, present a compelling case for executing the business plan and position the Company to be valued against the right comps

Review & refine business plan

- Review the business plan, financial model, and equity story with a focus on growth
- Align the equity story with the business model – do not present the company as something it is not
- “We are a SaaS company”



Valuation drivers

- Understand valuation drivers and how your story is being communicated
- Reflect equity story in financial model projections
- Do the research analysts understand the business model and are they able to model it to reflect management’s vision?



Identify KPIs

- Should represent management’s view of the business, objectives, goals, and strategy
- Should support the equity story & effectively communicate it to the buy-side
- KPIs need to “work” now and in the future



Positioning

- Position the Company in the context of market and comps
- Review recent “stories”/IPO comps and evaluate what structures have worked
- Analyze recent comps – company may not have direct comps but will need to analyze the “comps” universe
- Segments?



How is our “equity story” used?

Where is our equity story used in the marketing process?

Prospectus/S-1

Organization meeting – Management presentation/due diligence presentation

“Testing the waters”

Launch day/kick-off of roadshow with presentations to:

- Investment banking sales forces

Roadshow meetings (8 – 10 days)

How advisors can help management prepare?

Perform a detailed review of existing equity story

- Analysis of capital markets, industry and company strategy

Help develop investment themes

Position the Company versus its publicly traded comps

Identify KPIs and non-GAAP measures widely used in the sector, as well as those used by the relevant comps

Work with Company management on the delivery and presentation of the equity story

- Management presentation

Help management anticipate investor questions about the equity story

- Roadshow one-on-one meetings’ Q&A

Lessons learned

Make sure you are ready to be public

- Many private companies do not have all of the capabilities needed to succeed as public companies
- Are you ready to talk to the Street?
- How well can management project and meet their guidance?

Know who you are

- What is your equity story? What differentiates your company compared to others in industry?
- Mgmt. should be able to explain the company's competitive advantage and plans to grow post-IPO
- Key elements: market size, growth drivers, company strategy, financial projections & talent

Raise more capital than you need

- Many unprofitable early-stage companies with high burn rates
- Companies often return to the market for additional capital
- Additional “heavy lifting” involved with more capital raising

Timing is everything

- IPO windows open and close quickly
- Take advantage of favorable IPO market conditions
- Key foundational elements of an IPO include low volatility, steady GDP growth and positive equity market performance

Management matters

- Street looking for demonstrated history of excellence in mgmt. team
- Mgmt. experience and credibility is key
- Public company experience is a plus but not necessary

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