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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2018

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 001-37888

Tabula Rasa HealthCare, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**46-5726437**
(State of incorporation)	(I.R.S. Employer Identification No.)
228 Strawbridge Drive, Suite 100 **Moorestown, NJ 08057**	**(866) 648 - 2767**
(Address of Principal Executive Offices, including Zip Code)	(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒	Non-accelerated filer ☐	Smaller reporting company ☐
			Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 31, 2018, the Registrant had 20,465,936 shares of Common Stock outstanding.

TABULA RASA HEALTHCARE, INC.
QUARTERLY REPORT ON FORM 10-Q
For the period ended September 30, 2018

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

TABULA RASA HEALTHCARE, INC.
UNAUDITED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	September 30, 2018	December 31, 2017
Assets	(unaudited)	(as adjusted)*
Current assets:		
Cash	$ 13,947	$ 10,430
Accounts receivable, net	25,020	17,087
Inventories	3,613	2,795
Rebates receivable	242	342
Prepaid expenses	2,469	2,253
Other current assets	7,269	2,544
Total current assets	52,560	35,451
Property and equipment, net	11,025	9,243
Software development costs, net	6,861	5,001
Goodwill	90,919	74,613
Intangible assets, net	68,677	62,736
Deferred income tax assets	3,938	—
Other assets	556	788
Total assets	$ 234,536	$ 187,832
Liabilities and stockholders' equity		
Current liabilities:		
Current portion of long-term debt	$ 1,028	$ 921
Acquisition-related contingent consideration ($35,929 payable in common stock as of September 30, 2018)	73,788	1,640
Accounts payable	10,553	16,218
Accrued expenses and other liabilities	21,945	8,988
Total current liabilities	107,314	27,767
Line of credit	26,500	—
Long-term debt	340	784
Long-term acquisition-related contingent consideration	—	31,789
Deferred income tax liability	—	989
Other long-term liabilities	2,785	2,615
Total liabilities	136,939	63,944
Commitments and contingencies (Note 17)		
Stockholders' equity:		
Preferred stock, $0.0001 par value; 10,000,000 shares authorized; no shares issued and outstanding at September 30, 2018 and December 31, 2017	—	—
Common stock, $0.0001 par value; 100,000,000 shares authorized, 20,512,499 and 19,371,005 shares issued and 20,356,559 and 19,297,539 shares outstanding at September 30, 2018 and December 31, 2017, respectively	2	2
Additional paid-in capital	157,353	144,074
Treasury stock, at cost; 155,940 and 73,466 at September 30, 2018 and December 31, 2017, respectively	(3,825)	(959)
Accumulated deficit	(55,933)	(19,229)
Total stockholders' equity	97,597	123,888
Total liabilities and stockholders' equity	$ 234,536	$ 187,832

*See Note 3 to accompanying notes to unaudited consolidated financial statements.

See accompanying notes to unaudited consolidated financial statements.

TABULA RASA HEALTHCARE, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenue:		(as adjusted)*		(as adjusted)*
Product revenue	$ 28,045	$ 23,780	$ 82,603	$ 68,995
Service revenue	26,373	8,951	64,357	21,150
Total revenue	54,418	32,731	146,960	90,145
Cost of revenue, exclusive of depreciation and amortization shown below:				
Product cost	21,100	18,418	62,007	53,151
Service cost	13,958	5,047	37,125	10,937
Total cost of revenue, exclusive of depreciation and amortization	35,058	23,465	99,132	64,088
Operating expenses:				
Research and development	3,380	1,527	8,515	4,037
Sales and marketing	2,669	1,325	6,985	3,869
General and administrative	7,824	4,098	20,229	16,097
Change in fair value of acquisition-related contingent consideration (income) expense	(8,419)	923	40,385	960
Depreciation and amortization	4,096	2,166	12,110	5,730
Total operating expenses	9,550	10,039	88,224	30,693
Income (loss) from operations	9,810	(773)	(40,396)	(4,636)
Other expense:				
Interest expense	232	174	415	327
Total other expense	232	174	415	327
Income (loss) before income taxes	9,578	(947)	(40,811)	(4,963)
Income tax (benefit) expense	(838)	(7,112)	(4,107)	(6,852)
Net income (loss)	$ 10,416	$ 6,165	$ (36,704)	$ 1,889
Net income (loss) attributable to common stockholders:				
Basic	$ 10,416	$ 6,165	$ (36,704)	$ 1,889
Diluted	$ 10,416	$ 6,165	$ (36,704)	$ 1,889
Net income (loss) per share attributable to common stockholders:				
Basic	$ 0.54	$ 0.37	$ (1.93)	$ 0.11
Diluted	$ 0.47	$ 0.33	$ (1.93)	$ 0.10
Weighted average common shares outstanding:				
Basic	19,217,623	16,699,102	18,989,334	16,483,169
Diluted	22,288,873	18,646,031	18,989,334	18,411,800

*See Note 3 to accompanying notes to unaudited consolidated financial statements.

See accompanying notes to unaudited consolidated financial statements.

TABULA RASA HEALTHCARE, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except share amounts)

	Preferred Stock		Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance, January 1, 2018, as adjusted*	—	$ —	19,371,005	$ 2	(73,466)	$ (959)	$ 144,074	$ (19,229)	$ 123,888
Common stock offering issuance costs	—	—	—	—	—	—	(9)	—	(9)
Issuance of common stock in connection with acquisition	—	—	45,561	—	—	—	3,595	—	3,595
Issuance of restricted stock	—	—	433,459	—	—	—	—	—	—
Shares surrendered by stockholder	—	—	—	—	(2,474)	—	—	—	—
Shares repurchased	—	—	—	—	(80,000)	(2,866)		—	(2,866)
Net exercise of stock options	—	—	258,289	—	—	—	(18)	—	(18)
Exercise of stock options	—	—	404,185	—	—	—	2,590	—	2,590
Stock-based compensation expense	—	—	—	—	—	—	7,121	—	7,121
Net loss	—	—	—	—	—	—	—	(36,704)	(36,704)
Balance, September 30, 2018	—	$ —	20,512,499	$ 2	(155,940)	$ (3,825)	$ 157,353	$ (55,933)	$ 97,597

*See Note 3 to accompanying notes to unaudited consolidated financial statements.

See accompanying notes to unaudited consolidated financial statements.

TABULA RASA HEALTHCARE, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Nine Months Ended September 30,	
	2018	**2017**
Cash flows from operating activities:		(as adjusted)*
Net (loss) income	$ (36,704)	$ 1,889
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	12,110	5,730
Amortization of deferred financing costs and debt discount	66	72
Deferred taxes	(4,536)	(7,144)
Stock-based compensation	7,121	7,776
Change in fair value of acquisition-related contingent consideration	40,385	960
Other noncash items	51	17
Changes in operating assets and liabilities, net of effect from acquisitions		
Accounts receivable, net	(7,035)	(1,359)
Inventories	(818)	130
Rebates receivable	100	(30)
Prepaid expenses and other current assets	(5,015)	(18)
Other assets	267	(58)
Accounts payable	(5,163)	29
Accrued expenses and other liabilities	8,421	3,274
Other long-term liabilities	(7)	432
Net cash provided by operating activities	9,243	11,700
Cash flows from investing activities:		
Purchases of property and equipment	(3,484)	(2,618)
Software development costs	(3,564)	(2,223)
Purchases of intangible assets	(29)	—
Acquisition of business, net of cash acquired	(21,981)	(34,452)
Net cash used in investing activities	(29,058)	(39,293)
Cash flows from financing activities:		
Payments for repurchase of common stock	(2,866)	(959)
Proceeds from exercise of stock options	2,590	194
Payments for employee taxes for shares withheld	—	(2,123)
Payments for debt financing costs	(103)	(220)
Borrowings on line of credit	26,500	35,342
Repayments of line of credit	—	(342)
Payments of acquisition-related consideration	—	(550)
Payments of equity offering costs	(364)	(132)
Payments of contingent consideration	(1,646)	(1,498)
Repayments of long-term debt	(779)	(525)
Net cash provided by financing activities	23,332	29,187
Net increase in cash	3,517	1,594
Cash, beginning of period	10,430	4,345
Cash, end of period	$ 13,947	$ 5,939
Supplemental disclosure of cash flow information:		
Acquisition of equipment under capital leases	$ 442	$ —
Additions to property, equipment, and software development purchases included in accounts payable and accrued expenses	$ 390	$ 50
Deferred offering costs included in accounts payable	$ —	$ 46
Cash paid for interest	$ 251	$ 146
Employee payroll taxes on exercise of stock options included in accrued expenses	$ 348	$ —
Stock issued in connection with acquisition	$ 3,595	$ 11,541

*See Note 3 to accompanying notes to unaudited consolidated financial statements.

See accompanying notes to unaudited consolidated financial statements.

TABULA RASA HEALTHCARE, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except share and per share data)

1. Nature of Business

Tabula Rasa HealthCare, Inc. (the "Company") provides patient-specific, data-driven technology and solutions that enable healthcare organizations to optimize medication regimens to improve patient outcomes, reduce hospitalizations, lower healthcare costs and manage risk. The Company delivers its solutions through a comprehensive suite of technology-enabled products and services for medication risk management ("MRM") and to support health plan management. The Company serves healthcare organizations that focus on populations with complex healthcare needs and extensive medication requirements. The Company's suite of cloud-based software solutions provides prescribers, pharmacists and healthcare organizations with sophisticated and innovative tools to better manage the medication-related needs of patients.

2. Summary of Significant Accounting Policies

The Company's significant accounting policies are disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2017, which are included in the Company's annual report filed on Form 10-K on March 14, 2018. Since the date of those audited consolidated financial statements, there have been no changes to the Company's significant accounting policies, including the status of recent accounting pronouncements, other than those detailed below.

(a) Basis of Presentation

The accompanying unaudited consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and applicable rules and regulations of the Securities and Exchange Commission (the "SEC") regarding interim financial reporting. The unaudited interim consolidated financial statements have been prepared on the same basis as the annual audited consolidated financial statements and, in the opinion of management, reflect all adjustments (consisting of normal recurring accruals and adjustments), necessary for the fair statement of the Company's interim consolidated financial position for the periods indicated. The interim results for the three and nine months ended September 30, 2018 are not necessarily indicative of results to be expected for the year ending December 31, 2018, any other interim periods, or any future year or period. As such, the information included in this quarterly report on Form 10-Q should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company's annual report as filed on Form 10-K.

(b) Liquidity

The Company's unaudited consolidated financial statements have been prepared on the basis of continuity of operations, realization of assets and the satisfaction of liabilities in the ordinary course of business. Management believes that the Company's cash on hand of $13,947 as of September 30, 2018, cash flows from operations and borrowing availability under the Amended and Restated Loan and Security Agreement (as amended, the "Amended and Restated 2015 Revolving Line") are sufficient to fund the Company's planned operations through at least December 31, 2019. See Note 11 for additional information. As of the date of this filing, the Company is in the process of evaluating potential refinancing options in order to increase its borrowing capacity. There are no assurances that the Company will be successful in refinancing its borrowing capacity on terms acceptable to the Company, if at all.

(c) Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates or assumptions.

(d) Revenue Recognition

The Company evaluates its contractual arrangements to determine the performance obligations and transaction

TABULA RASA HEALTHCARE, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except share and per share data)

prices. Revenue is allocated to each performance obligation and recognized when the related performance obligations are satisfied. Shipping and handling costs associated with outbound freight after control over a product has transferred to a customer are accounted for as a fulfillment cost and are included in cost of revenue. See Note 3 for additional information about the adoption of Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"). See Note 4 for additional detail about the Company's products and service lines.

(e) Cost of Product Revenue

Cost of product revenue includes all costs directly related to the fulfillment and distribution of prescription drugs as part of the Company's MRM offerings. Costs consist primarily of the purchase price of the prescription drugs the Company dispenses, expenses to package, dispense and distribute prescription drugs, and expenses associated with the Company's prescription fulfillment centers, including employment costs and stock-based compensation, and expenses related to the hosting of the Company's technology platform. Such costs also include direct overhead expenses, as well as allocated miscellaneous overhead costs. The Company allocates miscellaneous overhead costs among functions based on employee headcount.

(f) Cost of Service Revenue

Cost of service revenue includes all costs directly related to servicing the Company's MRM service contracts, which primarily consist of labor costs, outside contractors, technology services, hosting fees and overhead costs. In addition, service costs include all labor costs, including stock-based compensation expense, directly related to the health plan management and pharmacy cost management services and expenses for claims processing, technology services and overhead costs.

(g) Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-09, *Revenue from Contracts with Customers*, and has subsequently issued a number of amendments to ASU 2014-09. ASU 2014-09, as amended, represents a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of promised goods or services to clients in an amount that reflects the consideration to which the Company expects to be entitled to receive in exchange for those goods or services. ASU 2014-09 sets forth a new five-step revenue recognition model which replaces the prior revenue recognition guidance in its entirety and is intended to eliminate numerous industry-specific pieces of revenue recognition guidance that have historically existed. For public companies, ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2017 and interim reporting periods within that reporting period. The Company adopted ASU-2014-09 as of January 1, 2018 using the full retrospective method. As a result, the Company revised the consolidated balance sheets as of December 31, 2017, and the consolidated statements of operations and cash flows for the three and nine months ended September 30, 2017, and related notes to the unaudited consolidated financial statements for the effects of adoption. See Note 3 for additional information.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02") and has subsequently issued a number of amendments to ASU 2016-02. The new standard establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. ASU 2016-02 is effective for annual periods beginning after December 15, 2018, including interim periods within those annual periods, with early adoption permitted. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is currently analyzing its leasing arrangements and evaluating the practical expedients and accounting policy elections to determine the potential impact of the adoption of this standard. The Company is also in the process of assessing any potential impacts on its internal controls, business processes, and accounting policies related to both the implementation of, and ongoing compliance, with the new standard. The Company anticipates that this standard will

TABULA RASA HEALTHCARE, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except share and per share data)

have a material impact on the Company's consolidated financial statements, as all long-term leases will be capitalized on the consolidated balance sheet.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"). ASU 2016-15 provides guidance to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. ASU 2016-15 is effective for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company has adopted ASU 2016-15 effective January 1, 2018. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In January 2017, the FASB issued Accounting Standards Update No. 2017-01, *Business Combinations* ("ASU 2017-01"). ASU 2017-01 provides guidance for evaluating whether a set of transferred assets and activities (the "set") should be accounted for as an acquisition of a business or group of assets. The guidance provides a screen to determine when a set does not qualify to be a business. When substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in an identifiable asset or a group of similar assets, the set is not a business. Also to be considered a business, the set would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. ASU 2017-01 is effective for financial statements issued for fiscal years beginning after December 15, 2017. The Company has adopted ASU 2017-01 effective January 1, 2018. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* ("ASU 2017-04"). ASU 2017-04 simplifies the accounting for goodwill impairment by eliminating the requirement to calculate the implied fair value of goodwill to measure an impairment charge. Instead, entities will be required to record an impairment charge based on the excess of a reporting unit's carrying value over its fair value. ASU 2017-04 is effective for financial statements issued for fiscal years beginning after December 15, 2019 and early adoption is permitted. The Company believes the adoption of ASU 2017-04 will not have a material effect on the Company's consolidated financial statements.

In May 2017, the FASB issued ASU No. 2017-09, *Compensation – Stock Compensation (Topic 718): Scope of Modification Accounting* ("ASU 2017-09"). ASU 2017-09 amends the scope of modification accounting for share-based payment arrangements. The guidance requires modification accounting only if the fair value, vesting conditions, or the classification of the award (as equity or liability) changes as a result of a change in terms or conditions. ASU 2017-09 is effective for financial statements issued for fiscal years beginning after December 15, 2017. The Company has adopted ASU 2017-09 effective January 1, 2018. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07, *Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounts* ("ASU 2018-07"). ASU 2018-07 simplifies the accounting for share-based payments granted to nonemployees for goods and services and aligns such payments to nonemployees with the current accounting requirements for share-based payments to employees. ASU 2018-07 is effective for financial statements issued for fiscal years beginning after December 15, 2019, with early adoption permitted. The Company has elected to early adopt ASU 2018-07 as of September 30, 2018. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement* ("ASU 2018-13"). ASU 2018-13 updates the disclosure requirements for fair value measurements and is effective for financial statements issued for fiscal years beginning after December 15, 2019. The Company is currently evaluating the potential impact of the adoption of this standard on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract* ("ASU 2018-15"). ASU 2018-15 aligns the requirements for capitalizing implementation costs

incurred in a hosting arrangement that is a service contract with the requirements for capitalization implementation costs incurred to develop or obtain internal-use software and hosting arrangements that include an internal-use software license. ASU 2018-15 is effective for financial statements issued for fiscal years beginning after December 15, 2019. The Company is currently evaluating the potential impact of the adoption of this standard on the Company's consolidated financial statements.

3. Adoption of New Accounting Policy

As described in Note 2, the Company adopted ASU 2014-09 on January 1, 2018 using the full retrospective method and applying the practical expedient in paragraph 606-10-65-1(f)(2) of the FASB Accounting Standards Codification ("ASC"), under which the Company used the transaction price at the date the contract was completed rather than estimating variable consideration amounts in the comparative reporting periods for those completed contracts with variable consideration. The following is a summary of the changes in accounting policies and presentation resulting from the adoption of ASU 2014-09 on the Company's consolidated unaudited financial statements.

MRM services

Per member per month fees bundled with prescription fulfillment services fees in the Company's MRM contracts were previously classified as product revenue. Under ASU 2014-09, the per member per month fees are classified as service revenue and based on relative stand-alone selling prices. The Company continues to recognize the per member per month fees as the services are provided.

Health plan management services

Certain contracts for the Company's health plan management services include fees based on the gains recognized by clients as a result of services provided. Revenue for these contracts was historically recognized when billed because the price was not fixed or determinable. Under ASU 2014-09, revenue from these contracts is recognized monthly as the health plan management services are provided. The revenue includes the contractual per member per month rate and an estimated gain earned during each reporting period.

Pharmacy cost management services

Data and statistics fees from drug manufacturers were previously recognized as revenue when received due to the unpredictable nature of the payment amounts and because fees were not fixed and determinable until received. Under ASU 2014-09, these fees are recognized when the data is submitted to the drug manufacturers. The fees recognized are estimated using historical data, and adjusted as necessary to reflect new information. The estimated fees are recorded as data analytics related contract assets and are included in other current assets on the consolidated balance sheets. As of September 30, 2018 and December 31, 2017, the balance of the data analytics contract asset was $4,732 and $1,842, respectively.

Impact on financial statements

The following tables summarize the impact of the adoption of ASU 2014-09 on the previously reported consolidated balance sheets as of December 31, 2017 and consolidated statements of operations for the three and nine months ended September 30, 2017. Financial statement line items that were not materially affected by the adoption of ASU 2014-09 are excluded. The adoption of ASU 2014-09 had no impact on cash provided by or used in operating, investing or financing activities in the consolidated statements of cash flows for the nine months ended September 30, 2017.

TABULA RASA HEALTHCARE, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except share and per share data)

	For the year ended December 31, 2017		
	As Previously Reported	Adjustment for ASU on Revenue Recognition	As Adjusted
Assets			
Current assets:			
Other current assets	$ 702	$ 1,842	$ 2,544
Total current assets	33,609	1,842	35,451
Total assets	$ 185,990	$ 1,842	$ 187,832
Liabilities and stockholders' equity			
Deferred income tax liability	$ 545	$ 444	$ 989
Total liabilities	63,500	444	63,944
Stockholders' equity:			
Accumulated deficit	(20,627)	1,398	(19,229)
Total stockholders' equity	122,490	1,398	123,888
Total liabilities and stockholders' equity	$ 185,990	$ 1,842	$ 187,832

	Three Months Ended September 30, 2017			Nine Months Ended September 30, 2017		
	As Previously Reported	Adjustment for ASU on Revenue Recognition	As Adjusted	As Previously Reported	Adjustment for ASU on Revenue Recognition	As Adjusted
Revenue:						
Product revenue	$ 24,621	$ (841)	$ 23,780	$ 71,391	$ (2,396)	$ 68,995
Service revenue	8,647	304	8,951	19,222	1,928	21,150
Total revenue	33,268	(537)	32,731	90,613	(468)	90,145
Cost of revenue, exclusive of depreciation and amortization shown below:						
Product cost	18,979	(561)	18,418	54,847	(1,696)	53,151
Service cost	4,486	561	5,047	9,241	1,696	10,937
Total cost of revenue, exclusive of depreciation and amortization	23,465	—	23,465	64,088	—	64,088
Loss from operations	(236)	(537)	(773)	(4,168)	(468)	(4,636)
Net income	$ 7,695	$ (1,530)	$ 6,165	$ 3,350	$ (1,461)	$ 1,889
Net income attributable to common stockholders, basic	$ 7,695	$ (1,530)	$ 6,165	$ 3,350	$ (1,461)	$ 1,889
Net income attributable to common stockholders, diluted	$ 7,695	$ (1,530)	$ 6,165	$ 3,350	$ (1,461)	$ 1,889
Net income per share attributable to common stockholders, basic	$ 0.46	$ (0.09)	$ 0.37	$ 0.20	$ (0.09)	$ 0.11
Net income per share attributable to common stockholders, diluted	$ 0.41	$ (0.08)	$ 0.33	$ 0.18	$ (0.08)	$ 0.10

4. Revenue

The Company provides a comprehensive suite of technology-enabled solutions tailored toward the specific needs of the healthcare organizations and health plans it serves. These solutions can be integrated or provided on a standalone basis. Contracts generally have a term of one to five years and in some cases automatically renew at the end of the initial term. In most cases, clients may terminate their contracts with a notice period ranging from 0 to 180 days without cause, thereby limiting the term in which the Company has enforceable rights and obligations. Revenue is recognized in an amount that reflects the consideration that is expected in exchange for the goods or services. The Company uses the practical expedient not to account for significant financing components because the period between recognition and collection does not exceed one year for most of the Company's contracts.

Product Revenue

MRM prescription fulfillment services. The Company has a stand ready obligation to provide prescription fulfillment pharmacy services, including dispensing and delivery of an unknown mix and quantity of medications,

TABULA RASA HEALTHCARE, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except share and per share data)

directly to healthcare organizations. Revenue from MRM prescription fulfillment services is recognized when medications are shipped and control has generally passed to the client and is generally billed monthly. At the time of shipment, the Company has performed substantially all of its performance obligations under its client contracts and does not experience a significant level of returns or reshipments.

Service Revenue

MRM services. The Company provides an array of MRM services. These services include enrollment, medication regimen reviews, and software to identify high risk members and provide medication risk alerts and intervention tracking that enable pharmacists to optimize medication therapy. Revenue related to these performance obligations primarily consists of per member per month fees, monthly subscription fees, and per comprehensive medication review fees. MRM per member per month fees and monthly subscription fees are recognized based on their relative stand-alone selling prices as the services are provided. Additionally, certain of the Company's MRM service contracts include a performance guarantee based on the number of comprehensive medication reviews completed and guarantees by the Company for specific service level performance. For these contracts, revenue is recognized as comprehensive medication reviews are completed at their relative stand-alone selling price which is estimated based on the Company's assessment of the total transaction price under each contract. The stand-alone selling price and amount of variable consideration recognized are adjusted as necessary at the end of each reporting period. If client performance guarantees are not being realized, the Company records, as a reduction to revenue, an estimate of the amount that will be due at the end of the respective client's contractual period. Fees for these services are generally billed monthly.

Health plan management services. The Company has a stand ready obligation to provide risk adjustment services, electronic health records solutions, and third party administration services, which the Company collectively refers to as health plan management services. The performance obligations are a series of distinct services that are substantially the same and have the same pattern of transfer. Revenue related to these performance obligations primarily consists of setup fees, per member per month fees, and in certain contracts a gain-share component. Revenue from these contracts is recognized monthly as the health plan management services are provided. The revenue includes the contractual per member per month rate and an estimated gain earned during each reporting period. Set-up fees related to health plan management contracts represent an upfront fee from the client to compensate the Company for its efforts to prepare the client and configure its system for the data collection process. The set-up activities do not have value apart from the broader health plan management services provided to the client and do not represent a separate performance obligation and as such, setup fees are recognized over the contract term as services are provided. Fees for these services are generally billed monthly.

Pharmacy cost management services. The Company has a stand ready obligation to provide monthly pharmacy cost management services which includes adjudication, pricing validation, utilization analysis and pharmacy transaction review services. The performance obligation is a series of distinct services that are substantially the same and have the same pattern of transfer. Revenue related to this performance obligation primarily consists of subscription fees based on a monthly flat fee or as a percentage of monthly transactions incurred and revenue generated from drug manufacturers for the sale of drug utilization data. Revenue from these services is recognized monthly as the pharmacy cost management services are provided at the contractual subscription fee rate and when the data is submitted to the drug manufacturers based on the estimated fair value of the data. The drug utilization fees recognized are estimated using historical data, and are adjusted as necessary to reflect new information. Drug utilization data is generally submitted monthly and collected 180 days after submission.

Disaggregation of revenue

In the following table, revenue is disaggregated by major service line. The Company manages its operations and allocates its resources as a single reportable segment. All of the Company's revenue is recognized in the United States and all of the Company's assets are located in the United States.

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The Company's MRM and health plan management clients consist primarily of healthcare organizations, commercial health plans, and pharmacies. The Company's pharmacy cost management clients consist primarily of post-acute care facilities.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Major service lines				
MRM prescription fulfillment services	$ 28,045	$ 23,780	$ 82,603	$ 68,995
MRM services	15,467	6,138	45,821	12,526
Health plan management services	5,383	1,466	10,220	4,204
Pharmacy cost management services	5,412	1,289	8,073	4,264
Other services	111	58	243	156
	$ 54,418	$ 32,731	$ 146,960	$ 90,145

Contract balances

Assets and liabilities related to the Company's contracts are reported on a contract-by-contract basis at the end of each reporting period. The following table provides information about the Company's contract assets and contract liabilities from contracts with clients as of September 30, 2018 and December 31, 2017.

	September 30, 2018	December 31, 2017
	(unaudited)	(as adjusted)*
Contract assets	$ 6,857	$ 1,842
Contract liabilities	4,240	1,350

*See Note 3 for additional information.

Contract assets as of September 30, 2018 consisted of $4,732 related to data analytics contract assets, $2,030 related to consideration for performance obligations completed related to MRM service contracts but which the Company does not have an unconditional right to the consideration, and $95 related to the gain-share component of completed health plan management services contracts. Contract assets as of December 31, 2017 consisted of $1,842 related to the data analytics contract asset. Contract assets are included in other current assets on the Company's consolidated balance sheets. The contract assets are transferred to receivables when the rights to the additional consideration becomes unconditional. The contract liabilities primarily relate to advanced billings for prescription medications not yet fulfilled or dispensed, advanced payments received for service obligations on MRM performance guaranteed contracts, acquired performance obligations related to software maintenance contracts associated with our Mediture acquisition (see Note 6), and unamortized setup fees on health plan management contracts. Contract liabilities are included in accrued expenses and other current liabilities and in other long-term liabilities on the Company's consolidated balance sheets. The Company anticipates that it will satisfy most of its performance obligations associated with its contract liabilities within a year.

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Significant changes in the contract assets and the contract liabilities balances during the period are as follows:

	September 30, 2018 (unaudited)
Contract asset:	
Contract asset, beginning of period	$ 1,842
Decreases due to cash received	(1,949)
Increases, net of reclassifications to receivables	6,964
Contract asset, end of period	$ 6,857
Contract liability	
Contract liability, beginning of period	$ 1,350
Revenue recognized that was included in the contract liability balance at the beginning of the period	(1,278)
Increases due to cash received, excluding amounts recognized as revenue during the period	3,306
Increases due to business combination	948
Revenue recognized from business combinations that was included in the contract liability balance on the acquisition date	(86)
Contract liability, end of period	$ 4,240

5. Net Income (Loss) per Share

Basic net income (loss) per share is computed by dividing net income (loss) attributable to common stockholders by the weighted average number of shares of common stock of the Company outstanding during the period. The Company computed net income (loss) per share of common stock using the treasury stock method for the three and nine months ended September 30, 2018 and September 30, 2017, respectively. Diluted net income (loss) per share is computed by dividing net income (loss) attributable to common stockholders by the weighted average number of shares of common stock outstanding during the period plus the impact of dilutive securities, to the extent that they are not anti-dilutive. The following table presents the calculation of basic and diluted net income (loss) per share for the Company's common stock:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017*	2018	2017*
Numerator:				
Net income (loss) attributable to common stockholders, basic and diluted	$ 10,416	$ 6,165	$ (36,704)	$ 1,889
Denominator:				
Weighted average shares of common stock outstanding, basic	19,217,623	16,699,102	18,989,334	16,483,169
Denominator (diluted):				
Weighted average shares of common stock outstanding	19,217,623	16,699,102	18,989,334	16,483,169
Effect of potential dilutive securities:				
Weighted average dilutive effect of stock options	1,898,543	1,235,883	—	1,308,202
Weighted average dilutive effect of restricted shares	898,821	711,046	—	607,988
Weighted average dilutive effect of contingently issuable shares	273,886	—	—	—
Weighted average dilutive effect of common shares from warrants	—	—	—	12,441
Weighted average shares of common stock outstanding, diluted	22,288,873	18,646,031	18,989,334	18,411,800
Net income (loss) per share attributable to common stockholders, basic	$ 0.54	$ 0.37	$ (1.93)	$ 0.11
Net income (loss) per share attributable to common stockholders, diluted	$ 0.47	$ 0.33	$ (1.93)	$ 0.10

*As adjusted. See Note 3 for additional information.

The following potential common shares, presented based on amounts outstanding or shares contingently issuable for the nine months ended September 30, 2018, were excluded from the calculation of diluted net loss per share

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attributable to common stockholders for the periods indicated because including them would have had an anti-dilutive effect:

	Nine Months Ended September 30, 2018
Stock options to purchase common stock	2,566,855
Unvested restricted stock	1,063,681
Contingently issuable shares	142,679
	3,773,215

6. Acquisitions

Mediture

On August 31, 2018, the Company entered into a membership interest purchase agreement with each member of Mediture LLC and eClusive L.L.C. (collectively, "Mediture") pursuant to which the Company acquired all of the issued and outstanding membership and/or economic interests of Mediture. Mediture is a provider of electronic health record solutions and third party administrator services in the PACE market and also services several managed long-term care organizations in the State of New York. The consideration for the acquisition was comprised of (i) $18,500 cash consideration paid upon closing, subject to certain customary post-closing adjustments, upon the terms and subject to the conditions contained in the purchase agreement and (ii) the issuance of 45,561 shares of the Company's common stock, based on a value of $3,500 and calculated based on the arithmetic average of the day volume-weighted average (rounded to two decimal places) trading price per share of the Company's common stock for the 15 full trading days ended on and including the trading day prior to the closing of the acquisition, using trading prices reported on the NASDAQ Global Market. The stock consideration issued at the closing of the acquisition had an acquisition-date fair value of $3,595 based on the closing trading price on August 31, 2018. A portion of the cash consideration paid at closing is being held in escrow to secure potential claims by the Company for indemnification under the agreement and in respect of adjustments to the purchase price.

In connection with the acquisition of Mediture, the Company incurred direct acquisition and integration costs of $355 and $367 during the three and nine months ended September 30, 2018, respectively, which were recorded in general and administrative expenses in the consolidated statements of operations.

The following table summarizes the purchase price consideration based on the estimated acquisition-date fair value of the acquisition consideration.

Cash consideration at closing, net of post-closing adjustments	$	17,452
Stock consideration at closing		3,595
Total fair value of acquisition consideration	$	21,047

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The following table summarizes the preliminary allocation of the purchase price based on the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition:

Cash	$	2,427
Accounts receivable		898
Prepaid expenses and other current assets		136
Property and equipment		219
Trade name		300
Developed technology		2,300
Client relationships		4,400
Non-competition agreement		1,300
Goodwill		13,167
Total assets acquired	$	25,147
Accrued expenses and other liabilities		(3,811)
Trade accounts payable		(112)
Other long-term liabilities		(177)
Total purchase price	$	21,047

The purchase price was allocated to the tangible assets and identifiable intangible assets acquired and liabilities assumed based on their acquisition-date estimated fair values. The identifiable intangible assets principally included a trade name, developed technology, client relationships, and non-competition agreements, all of which are subject to amortization on a straight-line basis and are being amortized over a weighted average of 3, 8.5, 11.9, and 5 years, respectively. The weighted average amortization period for acquired intangible assets as of the date of acquisition is 9.54 years.

The Company, with the assistance of a third-party appraiser, assessed the fair value of the assets of Mediture. The fair value of the trade name and developed technology was estimated using the relief from royalty method. The Company derived the hypothetical royalty income from the projected revenues of Mediture. The fair value of client relationships was estimated using a multi period excess earnings method. To calculate fair value, the Company used cash flows discounted at a rate considered appropriate given the inherent risks associated with each client grouping. The fair value of the non-competition agreements was estimated using the discounted earnings method by estimating the potential loss of earnings absent the non-competition agreements, assuming the covenantor competes at different time periods during the life of the agreements.

The useful lives of the intangible assets were estimated based on the expected future economic benefit of the assets and are being amortized over the estimated useful life in proportion to the economic benefits consumed using the straight-line method.

The amortization of intangible assets is deductible for income tax purposes.

The Company believes the goodwill related to the acquisition was a result of providing the Company a complementary client base and service offering that will enable the Company to leverage its services with existing and new clients. The goodwill is deductible for income tax purposes.

Revenue from Mediture is primarily comprised of per member per month fees and annual subscription fees for electronic health record solutions and third party administration services. Revenue for these services and the related costs are recognized each month as performance obligations are satisfied and costs are incurred, and is included in service revenue and cost of revenue – service cost, respectively, in the Company's consolidated statements of operations. For the three and nine months ended September 30, 2018, service revenue of $1,114 and net income of $453 from Mediture were included in the Company's consolidated statements of operations.

The Company continues to evaluate the fair value of certain assets acquired and liabilities assumed related to

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the acquisition. Additional information, which existed as of the acquisition date, but was at that time unknown to the Company, may become known during the remainder of the measurement period. Changes to amounts recorded as a result of the final determination may result in a corresponding adjustment to these assets and liabilities, including goodwill. The determination of the estimated fair values of all assets acquired is expected to be completed within one year from the date of acquisition

Peak PACE Solutions

On May 1, 2018, the Company entered into an asset purchase agreement with Peak PACE Solutions, LLC ("Peak PACE") and certain other parties thereto pursuant to which such subsidiary acquired substantially all of the assets, and assumed certain enumerated liabilities, of Peak PACE, an organization that helps PACE organizations manage the business functions that drive the major sources of reimbursement revenue and utilization costs. The acquisition consideration was comprised of cash consideration consisting of (i) $7,719 payable upon the closing of the acquisition, subject to certain customary post-closing adjustments, upon the terms and subject to the conditions contained in the asset purchase agreement, and (ii) contingent purchase price with a preliminary estimated acquisition-date fair value of $1,620 to be paid in cash based on the achievement of certain performance goals for the twelve-month period ending December 31, 2018. In no event is the Company obligated to pay more than $10,000 in cash purchase price for the entire transaction and a portion of the cash consideration paid at closing is being held in escrow to secure potential claims by the Company for indemnification under the agreement.

In connection with the acquisition of Peak PACE, the Company incurred direct acquisition and integration costs of $7 and $269 during the three and nine months ended September 30, 2018, respectively, which were recorded in general and administrative expenses in the consolidated statements of operations.

The Company, with the assistance of a third-party appraiser, utilized a Monte Carlo simulation to determine the estimated acquisition-date fair value of the acquisition-related contingent consideration of $1,620. The fair value measurement was based on significant inputs not observable in the market and thus represents a Level 3 measurement within the fair value hierarchy. See Note 16 for additional information.

The following table summarizes the purchase price consideration based on the estimated acquisition-date fair value of the acquisition consideration:

Cash consideration at closing, net of post-closing adjustments	$	7,563
Estimated fair value of contingent consideration		1,620
Total fair value of acquisition consideration	$	9,183

The following table summarizes the preliminary allocation of the purchase price based on the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition:

Cash	$	606
Property and equipment		84
Trade name		290
Client relationships		5,220
Non-competition agreement		50
Goodwill		3,559
Total assets acquired	$	9,809
Accrued expenses and other liabilities		(626)
Total purchase price, including contingent consideration of $1,620	$	9,183

The purchase price was allocated to the tangible assets and identifiable intangible assets acquired and liabilities assumed based on their acquisition-date estimated fair values. The identifiable intangible assets principally included a trade name, client relationships, and non-competition agreements, all of which are subject to amortization on a straight-

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line basis and are being amortized over a weighted average of 1.5, 10, and 5 years, respectively. The weighted average amortization period for acquired intangible assets as of the date of acquisition is 9.51 years.

The Company, with the assistance of a third-party appraiser, assessed the fair value of the assets of Peak PACE. The fair value of the trade name was estimated using the relief from royalty method. The Company derived the hypothetical royalty income from the projected revenues of Peak PACE. The fair value of client relationships was estimated using a multi period excess earnings method. To calculate fair value, the Company used cash flows discounted at a rate considered appropriate given the inherent risks associated with each client grouping. The fair value of the non-competition agreements was estimated using the differential approach which involves valuing the business under two different scenarios. The first valuation assumes the non-compete agreements are in place and the second valuation assumes that they are not. The difference in the value of the business under each approach is attributed to the non-compete agreements.

The useful lives of the intangible assets were estimated based on the expected future economic benefit of the assets and are being amortized over the estimated useful life in proportion to the economic benefits consumed using the straight-line method.

The amortization of intangible assets is deductible for income tax purposes.

The Company believes the goodwill related to the acquisition was a result of providing the Company a complementary client base and service offering that will enable the Company to leverage its services with existing and new clients. The goodwill is deductible for income tax purposes.

Revenue from Peak PACE is primarily comprised of per member per month fees for third party administration services. Revenue for these services and the related costs are recognized each month as performance obligations are satisfied and costs are incurred, and is included in service revenue and cost of revenue – service cost, respectively, in the consolidated statements of operations. For the three and nine months ended September 30, 2018, service revenue of $2,330 and $3,679, respectively, and net income of $479 and $254, respectively, from Peak PACE were included in the Company's consolidated statements of operations.

The Company continues to evaluate the fair value of certain assets acquired and liabilities assumed related to the acquisition. Additional information, which existed as of the acquisition date but was at that time unknown to the Company, may become known during the remainder of the measurement period. Changes to amounts recorded as a result of the final determination may result in a corresponding adjustment to these assets and liabilities, including goodwill. The determination of the estimated fair values of all assets acquired is expected to be completed within one year from the date of acquisition.

SinfoníaRx

On September 6, 2017, the Company, TRCRD, Inc., a Delaware corporation and wholly-owned subsidiary of the Company ("Merger Sub I"), and TRSHC Holdings, LLC, a Delaware limited liability company and a wholly-owned subsidiary of the Company ("Merger Sub II," and together with Merger Sub I, the "Merger Subs"), entered into, and consummated the transactions contemplated by, an Agreement and Plan of Merger (the "Merger Agreement"), by and among the Company, the Merger Subs, Sinfonía HealthCare Corporation, a Delaware corporation ("Sinfonía"), Michael Deitch, Fletcher McCusker and Mr. Deitch in his capacity as the Stockholders' Representative. Under the terms of the Merger Agreement, the Company acquired the SinfoníaRx business ("SRx") as a result of Merger Sub I merging with and into Sinfonía, with Sinfonía surviving as a wholly-owned subsidiary of the Company (the "First Merger"), and, immediately following the First Merger, Sinfonía merging with and into Merger Sub II, with Merger Sub II surviving as a wholly-owned subsidiary of the Company. The SRx business provides medication therapy management technology and services for Medicare, Medicaid, commercial health plans and pharmacies. These service offerings fall under the Company's MRM services. A portion of the cash consideration is being held in escrow to secure potential claims by the Company for indemnification under the Merger Agreement.

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The consideration for the acquisition of SRx was comprised of (i) cash consideration of $35,000 paid upon closing, subject to certain customary post-closing adjustments, in each case upon the terms and subject to the conditions contained in the Merger Agreement; (ii) common stock consideration issued upon closing valued at $11,541; and (iii) contingent purchase price consideration with an acquisition-date estimated fair value of $38,092 to be paid 50% in cash and 50% in the Company's common stock, subject to adjustments as set forth in the Merger Agreement, based on the achievement of certain performance goals for each of the twelve-month periods ended December 31, 2017 and December 31, 2018. In addition, the Company is not obligated to pay more than $35,000 in cash and the Company's common stock for the first contingent payment, or more than $130,000 for the aggregate overall closing consideration (not taking into account certain adjustments set forth in the Merger Agreement) and contingent payments. No contingent purchase price consideration was earned or paid with respect to the twelve-month period ended December 31, 2017 as a result of the applicable performance goals not being achieved.

The Company issued 520,821 shares of the Company's common stock valued at $19.20 per share in satisfaction of the stock consideration issued at closing. The value for the stock consideration issued was calculated based on the arithmetic average of the daily volume-weighted average trading price per share of the Company's common stock for the 20 trading days ended on and including the trading day prior to the date of the Merger Agreement, using trading prices reported on the NASDAQ Global Market. The stock consideration issued at the closing of the acquisition had an acquisition-date fair value of $11,541.

In connection with the acquisition of SRx, the Company incurred direct acquisition and integration costs of $1,015 during the 2017 fiscal year, which were recorded in general and administrative expenses in the consolidated statements of operations. During the three and nine months ended September 30, 2018, the Company incurred an additional $11 and $72, respectively, of acquisition and integration costs related to the SRx acquisition, which were recorded in general and administrative expenses in the Company's consolidated statements of operations.

The Company, with the assistance of a third-party appraiser, utilized a Monte Carlo simulation to determine the estimated acquisition-date fair value of the acquisition-related contingent consideration of $38,092. The fair value measurement was based on significant inputs not observable in the market and thus represents a Level 3 measurement within the fair value hierarchy. See Note 16 for additional information.

The following table summarizes the purchase price consideration based on the estimated acquisition-date fair value of the acquisition consideration:

Cash consideration at closing, net of post-closing adjustments	$	34,492
Stock consideration at closing		11,541
Estimated fair value of contingent consideration		38,092
Total fair value of acquisition consideration	$	84,125

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The following table summarizes the allocation of the purchase price based on the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition:

Cash	$	218
Accounts receivable		8,309
Prepaid expenses and other current assets		1,056
Property and equipment		1,419
Other assets		127
Trade name		4,776
Developed technology		13,291
Client relationships		20,265
Non-competition agreement		4,752
Goodwill		52,507
Total assets acquired	$	106,720
Accrued expenses and other liabilities		(3,819)
Trade accounts payable		(8,868)
Debt assumed		(675)
Deferred income tax liability, net		(9,233)
Total purchase price, including contingent consideration of $38,092	$	84,125

The purchase price was allocated to the tangible assets and identifiable intangible assets acquired and liabilities assumed based on their acquisition-date estimated fair values. The identifiable intangible assets principally included a trade name, developed technology, client relationships, and non-competition agreements, all of which are subject to amortization on a straight-line basis and are being amortized over a weighted average of 10, 7, 7.46 and 5 years, respectively. The weighted average amortization period for acquired intangible assets as of the date of acquisition is 7.33 years.

The Company, with the assistance of a third-party appraiser, assessed the fair value of the assets of SRx. The fair values of the trade name and technology were estimated using the relief from royalty method. The Company derived the hypothetical royalty income from the projected revenues of SRx. The fair value of client relationships was estimated using a multi period excess earnings method. To calculate fair value, the Company used cash flows discounted at a rate considered appropriate given the inherent risks associated with each client grouping. The fair value of the non-competition agreements was estimated using the differential approach which involves valuing the business under two different scenarios. The first valuation assumes the non-compete agreements are in place and the second valuation assumes that they are not. The difference in the value of the business under each approach is attributed to the non-compete agreements.

The useful lives of the intangible assets were estimated based on the expected future economic benefit of the assets and are being amortized over the estimated useful life in proportion to the economic benefits consumed using the straight-line method.

The amortization of intangible assets is not deductible for income tax purposes.

The Company believes the goodwill related to the acquisition was a result of providing the Company exposure to a larger client base that will enable the Company to leverage its technology in the broader market, as well as offering cross-selling market exposure opportunities. The goodwill is not deductible for income tax purposes.

Revenue from SRx is primarily comprised of per member per month fees, monthly subscription fees, and per comprehensive medication review fees. Revenue for these services and the related costs are recognized each month as performance obligations are satisfied and costs are incurred, and are included in service revenue and cost of revenue – service cost, respectively, in the consolidated statements of operations.

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Pro forma

The unaudited pro forma results presented below include the results of the SRx, Peak PACE and Mediture acquisitions as if they had been consummated as of January 1, 2017. The unaudited pro forma results include the amortization associated with acquired intangible assets, interest expense on the debt incurred to fund these acquisitions, insurance expense for additional required business insurance coverage, stock compensation expense related to equity awards granted to certain employees of SRx, Peak PACE and Mediture at the closing of the acquisition, and the estimated tax effect of adjustments to income before income taxes. Material nonrecurring charges, including direct acquisition costs, directly attributable to the transactions are excluded. In addition, the unaudited pro forma results do not include any expected benefits of the acquisitions. Accordingly, the unaudited pro forma results are not necessarily indicative of either future results of operations or results that might have been achieved had the acquisitions been consummated as of January 1, 2017.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenue	$ 57,343	$ 43,572	$ 159,764	$ 126,326
Net income (loss)	11,278	(1,216)	(35,816)	(5,753)
Net income (loss) per share attributable to common stockholders, basic	0.59	(0.07)	(1.88)	(0.34)
Net income (loss) per share attributable to common stockholders, diluted	0.51	(0.07)	(1.88)	(0.34)

7. Property and Equipment

Depreciation expense on property and equipment for the three months ended September 30, 2018 and 2017 was $851 and $542, respectively. Depreciation expense on property and equipment for the nine months ended September 30, 2018 and 2017 was $2,566 and $1,396, respectively.

8. Software Development Costs

The Company capitalizes certain costs incurred in connection with obtaining or developing internal-use software, including external direct costs of material and services and payroll costs for employees directly involved with the software development. As of September 30, 2018 and December 31, 2017, capitalized software costs consisted of the following:

	September 30, 2018	December 31, 2017
Software development costs	$ 13,328	$ 9,873
Less: accumulated amortization	(6,467)	(4,872)
Software development costs, net	$ 6,861	$ 5,001
Capitalized software costs not yet subject to amortization	$ 2,106	$ 1,021

Amortization expense for the three months ended September 30, 2018 and 2017 was $464 and $426, respectively. Amortization expense for the nine months ended September 30, 2018 and 2017 was $1,594 and $1,237, respectively.

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9. Goodwill and Intangible Assets

The Company's goodwill and related changes during the nine months ended September 30, 2018 are as follows:

Balance at December 31, 2017	$ 74,613
Goodwill from 2018 acquisitions	16,726
Adjustments to Goodwill	(420)
Balance at September 30, 2018	$ 90,919

During the nine months ended September 30, 2018, the Company recorded a decrease of $420 in the acquisition date fair value of accrued expenses and other liabilities and deferred tax liabilities with respect to the acquisition of SRx, with a corresponding reduction in goodwill, as a result of additional information that became known during the period.

Goodwill is not amortized, but instead tested for impairment annually. The Company conducted its annual impairment test as of October 1, 2017 and determined that there were no indicators of impairment during 2017. The next annual impairment test will be conducted as of October 1, 2018, unless the Company identifies a triggering event in the interim. Management has not identified any triggering events during the nine months ended September 30, 2018.

Intangible assets consisted of the following as of September 30, 2018 and December 31, 2017:

	Weighted Average Amortization Period (in years)	Gross Value	Accumulated Amortization	Intangible Assets, net
September 30, 2018				
Trade names	8.05	$ 7,306	$ (2,058)	$ 5,248
Client relationships	8.98	44,569	(9,257)	35,312
Non-competition agreements	6.99	6,754	(1,558)	5,196
Developed technology	7.02	29,091	(6,221)	22,870
Domain name	10.00	59	(8)	51
Total intangible assets		$ 87,779	$ (19,102)	$ 68,677

	Weighted Average Amortization Period (in years)	Gross Value	Accumulated Amortization	Intangible Assets, net
December 31, 2017				
Trade names	8.56	$ 6,716	$ (1,320)	$ 5,396
Client relationships	8.48	34,949	(5,652)	29,297
Non-competition agreements	4.96	5,404	(739)	4,665
Developed technology	7.38	26,791	(3,438)	23,353
Domain name	10.00	29	(4)	25
Total intangible assets		$ 73,889	$ (11,153)	$ 62,736

Amortization expense for intangible assets for the three months ended September 30, 2018 and 2017 was $2,782 and $1,198, respectively. Amortization expense for intangible assets for the nine months ended September 30, 2018 and 2017 was $7,949 and $3,095, respectively.

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The estimated amortization expense for each of the next five years and thereafter is as follows:

Years Ending December 31,	
2018 (October 1 - December 31)	$ 2,949
2019	11,334
2020	10,833
2021	10,787
2022	10,412
Thereafter	22,362
Total estimated amortization expense	$ 68,677

10. Accrued Expenses and Other Liabilities

As of September 30, 2018 and December 31, 2017, accrued expenses and other liabilities consisted of the following:

	September 30, 2018	December 31, 2017
Employee related expenses	$ 8,059	$ 4,572
Contract liability	4,063	1,350
Accrued payables due to customers	—	1,200
Client funds obligations*	4,316	—
Contract labor	2,469	463
Interest	111	13
Deferred rent	126	163
Professional fees	817	288
Income taxes payable	167	20
Other expenses	1,817	919
Total accrued expenses and other liabilities	$ 21,945	$ 8,988

*This amount represents clients funds held by the Company, with an offsetting amount included in cash.

11. Lines of Credit and Long-Term Debt

(a) Lines of Credit

On September 6, 2017, in connection with the acquisition of SRx, the Company entered into the Amended and Restated 2015 Revolving Line whereby the Company's revolving line of credit, entered into with Bridge Bank (now Western Alliance Bank) in 2015, was amended and restated to, among other modifications, extend the maturity date to September 6, 2020, and increase the Company's borrowing availability to up to $40,000 with a $1,000 sublimit for cash management services, letters of credit and foreign exchange transactions. The Company may also request an increase in the Amended and Restated 2015 Revolving Line of up to $10,000 upon the successful syndication of such additional amounts. In connection with the acquisitions of Peak PACE and Mediture, the Company has further amended the Amended and Restated 2015 Revolving Line in May 2018 and August 2018 to incorporate the Peak PACE business and Mediture into the agreement.

Interest on the Amended and Restated 2015 Revolving Line was also amended to be calculated at a variable rate based upon Western Alliance Bank's prime rate plus an applicable margin which will range from (0.25%) to 0.25% depending on the Company's leverage ratio, with Western Alliance Bank's prime rate having a floor of 3.5%. Financial covenants under the Amended and Restated 2015 Revolving Line require that the Company (i) maintain an unrestricted cash and unused availability balance under the Amended and Restated 2015 Revolving Line of at least $3,000 at all times (the liquidity covenant), (ii) maintain a leverage ratio of less than 2.50:1.00, on a trailing twelve-month basis starting with the twelve-month period ended December 31, 2017, measured quarterly, and (iii) maintain a minimum quarterly EBITDA starting with the quarter ended December 31, 2017 and each quarter thereafter, of at least 75% of the

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plan approved by the Company's Board of Directors (the "Board"). In addition, the Company may not contract to make capital expenditures, excluding capitalized software development costs and tenant leasehold improvements, greater than $5,000 in any fiscal year without the consent of Western Alliance Bank. As of September 30, 2018, the Company was in compliance with all covenants related to the Amended and Restated 2015 Revolving Line, and management expects that the Company will be able to maintain compliance with its covenants.

In September 2015, the Company arranged for Bridge Bank to issue a $500 letter of credit on its behalf in connection with the Company's lease agreement for the office space in Moorestown, NJ. The letter of credit was issued under the Amended and Restated 2015 Revolving Line. During the fourth quarter of 2017, the letter of credit was amended and reduced to $400. During the fourth quarter of 2018, the letter of credit was further amended and reduced to $300. The letter of credit renews annually and expires in September 2027 and reduces amounts available under the Amended and Restated 2015 Revolving Line.

As of September 30, 2018, $26,500 was outstanding under the Amended and Restated 2015 Revolving Line. Amounts available for borrowings under the Amended and Restated 2015 Revolving Line were $13,100 as of September 30, 2018.

As of September 30, 2018, the interest rate on the Amended and Restated 2015 Revolving Line was 5.32% and interest expense was $185 and $252 for the three and nine months ended September 30, 2018, respectively. As of September 30, 2017, the interest rate on the Amended and Restated 2015 Revolving Line was 4.31%. Interest expense was $100 for the three and nine months September 30, 2017. In connection with the Amended and Restated 2015 Revolving Line (and all predecessor agreements prior to the amendment or the amendment and restatement thereof), the Company recorded deferred financing costs of $463. The Company is amortizing the deferred financing costs to interest expense using the effective-interest method over the term of the Amended and Restated 2015 Revolving Line and amortized $25 and $16 to interest expense for the three months ended September 30, 2018 and 2017, respectively, and $66 and $40 to interest expense for the nine months ended September 30, 2018 and 2017, respectively.

(b) Capital Lease Obligations

The following table represents the total capital lease obligations of the Company at September 30, 2018 and December 31, 2017:

	September 30, 2018	December 31, 2017
Capital leases	$ 1,368	$ 1,705
Less current portion, net	(1,028)	(921)
Total capital leases, less current portion, net	$ 340	$ 784

The Company has entered into leases for certain equipment and software, which are recorded as capital lease obligations. These leases have annual interest rates ranging from 4% to 14%. Interest expense related to the capital leases was $27 and $49 for the three months ended September 30, 2018 and 2017, respectively. Interest expense related to the capital leases was $97 and $158 for the nine months ended September 30, 2018 and 2017, respectively.

Amortization of assets held under capital leases is included in depreciation and amortization expense. The net book value of equipment and software acquired under capital leases was $1,341 and $1,918 as of September 30, 2018 and December 31, 2017, respectively, and is reflected in property and equipment on the consolidated balance sheets.

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(c) Long-Term Debt Maturities

As of September 30, 2018, the Company's long-term debt consisted of capital lease obligations and is payable as follows:

	Total long-term debt
Remainder of 2018	$ 294
2019	987
2020	150
2021	4
	1,435
Less amount representing interest	(67)
Present value of payments	1,368
Less current portion	(1,028)
Total long-term debt, net of current portion	$ 340

(d) Other Financing

In May 2016, the Company signed a prime vendor agreement with AmerisourceBergen Drug Corporation, which was effective March 2016 and requires a monthly minimum purchase obligation of approximately $1,750. The Company fully expects to meet this requirement. This agreement was subsequently amended and restated effective May 1, 2016 with a three-year term expiring April 2019. As of September 30, 2018 and December 31, 2017, the Company had $4,370 and $4,055, respectively, due to AmerisourceBergen Drug Corporation as a result of prescription drug purchases. Pursuant to the terms of a security agreement entered into in connection with the prime vendor agreement, AmerisourceBergen also holds a subordinated security interest in all of the Company’s assets.

12. Income Taxes

For the nine months ended September 30, 2018, the Company recorded an income tax benefit of $4,107, which resulted in an effective tax rate of 10.1%. The tax benefit consists of $4,451 of windfall tax benefits generated from the vesting of restricted stock, disqualifying dispositions and exercising of nonqualified stock options during the period. This benefit was offset by tax expense of $345 based on the estimated effective tax rate for the full year.

For the nine months ended September 30, 2017, the Company recorded an income tax benefit of $6,852. During the third quarter of 2017, in conjunction with the acquisition of SRx, the Company recognized a net deferred tax liability of $8,897 primarily related to intangible assets other than goodwill. The Company determined that the deferred tax liabilities related to the acquisition provide sufficient sources of recoverability to realize the Company’s deferred tax assets associated with those jurisdictions that file consolidated returns. As a result, the Company released $6,590 of its deferred tax asset valuation allowance and recognized an additional benefit of $2,830 related to tax windfall benefits generated in the nine months ended September 30, 2017. These tax benefits were partially offset by tax expense of $1,463 recorded based on the estimated annual effective tax rate expected for the full year.

13. Other Long-term Liabilities

Other long term liabilities as of September 30, 2018 and December 31, 2017 consisted of $2,785 and $2,615, respectively, which primarily represent the long-term portion of deferred rent mainly related to the Company's operating leases for office space in Moorestown, NJ and office space in Mt. Pleasant, SC dedicated to software development.

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14. Stockholders' Equity

(a) Capitalization and Initial Public Offering

On October 4, 2016, the Company closed its initial public offering ("IPO") in which the Company issued and sold 4,300,000 shares of common stock, plus the exercise of the underwriters' option to purchase an additional 645,000 shares of common stock, at an issuance price of $12.00 per share. The Company received net proceeds of $55,186 after deducting underwriting discounts and commissions of $4,154 but before deducting other offering expenses. In addition, upon the closing of the IPO, all of the Company's then outstanding Class A Non-Voting common stock and Class B Voting common stock, totaling 5,583,405 shares, were automatically redesignated into shares of common stock, and all of the Company's then outstanding convertible preferred stock converted into an aggregate 5,089,436 shares of common stock.

Upon completion of the IPO on October 4, 2016, the Company filed an amended and restated certificate of incorporation to, among other things, state that the aggregate number of shares of stock that the Company is authorized to issue is 100,000,000 shares of common stock, par value $0.0001 per share, and 10,000,000 shares of undesignated preferred stock, par value $0.0001 per share.

On December 8, 2017, the Company completed a follow-on underwritten public offering (the "Offering") in which the Company issued 1,350,000 shares of common stock, at an issuance price of $27.50 per share. The Company received net proceeds of $34,897 after deducting underwriting discounts and commissions of $2,228 but before deducting other offering expenses. Proceeds from the Offering were used to repay outstanding indebtedness under the Company's Amended and Restated 2015 Revolving Line during 2017.

(b) Common Stock Repurchase

On April 25, 2017, the Board authorized the Company to repurchase up to $5,000 of its common stock at prevailing market prices, from time to time, through open market, block and privately-negotiated transactions, at such times and in such amounts as management deems appropriate. The Company funds repurchases of its common stock through a combination of cash on hand, cash generated by operations or borrowings under the Amended and Restated 2015 Revolving Line. During the three months ended September 30, 2018, the Company did not repurchase any shares of its common stock. During the nine months ended September 30, 2018, the Company repurchased 80,000 shares at an average price of $35.82 per share for a total of $2,866. As of September 30, 2018, $1,175 of common stock remained available for repurchase.

15. Stock-Based Compensation

In September 2016, the Company adopted the 2016 Equity Compensation Plan (the "2016 Plan") and merged the 2014 Equity Compensation Plan (the "2014 Plan") into the 2016 Plan on September 28, 2016. No additional grants were made thereafter under the 2014 Plan. Outstanding grants under the 2014 Plan will continue according to their terms as in effect before the merger with the 2016 Plan, and the shares with respect to outstanding grants under the 2014 Equity Plan will be issued or transferred under the 2016 Plan. The 2016 Plan authorizes the issuance or transfer of up to the sum of the following: (1) 800,000 new shares, plus (2) the number of shares of common stock subject to outstanding grants under the 2014 Equity Plan as of the effective date of the 2016 Plan; provided, however, that the aggregate number of shares of the Company's common stock that may be issued or transferred under the 2016 Plan pursuant to incentive stock options may not exceed 800,000. During the term of the 2016 Plan, the share reserve will automatically increase on the first trading day in January of each calendar year, beginning in calendar year 2017, by an amount equal to the lesser of 5% of the total number of outstanding shares of common stock on the last trading day in December of the prior calendar year or such other number set by the Board. During 2018, in accordance with the terms of the 2016 Plan, the share reserve increased by 964,876 shares. As of September 30, 2018, 598,178 shares were available for future grants under the 2016 Plan.

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The option price per share cannot be less than the fair market value of a share on the date the option was granted, and in the case of incentive stock options granted to an employee owning more than 10% of the total combined voting power of all classes of stock of the Company, the option price shall not be less than 110% of the fair market value of Company stock on the date of grant. Stock option grants under the 2016 Plan generally expire 10 years from the date of grant, other than incentive stock option grants to 10% shareholders, which expire the earlier of 5 years from the date of grant, 90 days after termination, or one year after the date of death or termination due to disability. Stock options generally vest over a period of four years, with 25% of the options becoming exercisable on the one year anniversary of the commencement date and the remaining shares vesting monthly thereafter for 36 months in equal installments of 2.08% per month.

Restricted Common Stock

The Company began issuing restricted stock awards pursuant to the 2016 Plan to certain employees, including executive officers, and non-employee directors in fiscal year 2016. Restricted stock awards vest over a one to four year period and the unvested portion of the restricted stock award is forfeited if the employee or non-employee director leaves the Company before the vesting period is completed. The grant date fair value of restricted stock awards is determined using the Company's closing stock price at grant date.

The following table summarizes the restricted stock award activity under the 2016 Plan for the nine months ended September 30, 2018:

	Number of shares	Weighted average grant-date fair value
Outstanding at December 31, 2017	753,666	$ 12.25
Granted	433,459	31.56
Vested	(120,970)	12.78
Forfeited	(2,474)	12.00
Outstanding at September 30, 2018	1,063,681	$ 20.06

For the three and nine months ended September 30, 2018, $1,074 and $2,779 of expense was recognized related to restricted stock awards, respectively. For the three and nine months ended September 30, 2017, $68 and $5,336 of expense was recognized related to restricted stock awards, respectively. As of September 30, 2018, there was unrecognized compensation expense of $11,535 related to non-vested restricted stock awards under the 2016 Plan, which is expected to be recognized over a weighted average period of 3.18 years.

Performance-Based Stock Award

On August 6, 2018, the Board approved the grant of a performance-based stock award to a consultant pursuant to the 2016 Plan. The award provides that 50,000 shares of common stock will be issued based on the achievement of certain milestones. The award has a grant-date fair value of $61.85 based on the Company's closing stock price on the grant date. Compensation cost is being recognized over the service period based on management's determination that it is probable that the milestones will be achieved. For the three and nine months ended September 30, 2018, the Company recorded $623 of expense related to performance-based stock awards. As of September 30, 2018, there was unrecognized compensation expense of $2,470 related to the performance-based stock award.

Stock Options

The Company recorded $1,299 and $871 of stock-based compensation expense related to the vesting of employee and non-employee stock options for the three months ended September 30, 2018 and 2017, respectively. The Company recorded $3,719 and $2,440 of stock-based compensation expense related to the vesting of employee and non-

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employee stock options for the nine months ended September 30, 2018 and 2017, respectively. The Company records forfeitures as they occur.

The estimated fair value of options granted was calculated using a Black-Scholes option-pricing model. The computation of expected life for employees was determined based on the simplified method. The risk-free rate is based on the U.S. Treasury security with terms equal to the expected time of exercise as of the grant date. The Company's common stock had not been publicly traded until the IPO commenced on September 29, 2016; therefore, expected volatility is based on the historical volatilities of selected public companies whose services are comparable to that of the Company. The table below sets forth the weighted average assumptions for employee grants during the nine months ended September 30, 2018 and 2017:

	Nine Months Ended September 30,	
Valuation assumptions:	2018	2017
Expected volatility	58.40 %	61.00 %
Expected term (years)	6.08	6.03
Risk-free interest rate	2.41 %	2.21 %
Dividend yield	—	—

The weighted average grant date fair value of employee options granted during the nine months ended September 30, 2018 and 2017 was $19.87 and $8.13 per share, respectively.

The following table summarizes stock option activity under the 2016 Plan for the nine months ended September 30, 2018:

	Number of shares	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value
Outstanding at December 31, 2017	2,883,175	$ 9.26		
Granted	468,250	35.23		
Exercised	(695,216)	5.61		
Forfeited	(89,354)	22.03		
Outstanding at September 30, 2018	2,566,855	$ 14.54	7.25	$ 171,084
Options vested and expected to vest at September 30, 2018	2,566,855	$ 14.54	7.25	$ 171,084
Exercisable at September 30, 2018	1,331,417	$ 7.80	5.7	$ 97,708

The aggregate intrinsic value of stock options is calculated as the difference between the exercise price of the stock options and the Company’s closing stock price or estimated fair value on the last trading day of the fiscal quarter for those stock options that had exercise prices lower than the fair value of the Company's common stock. This amount changes based on the fair market value of the Company’s stock. The total intrinsic value of options exercised during the nine months ended September 30, 2018 and 2017 was $26,905 and $11,665, respectively.

As of September 30, 2018, there was $13,674 of total unrecognized compensation cost related to nonvested stock options granted under the 2016 Plan, which is expected to be recognized over a weighted average period of 2.55 years.

Cash received from option exercises for the nine months ended September 30, 2018 and 2017 was $2,590 and $194, respectively. During the nine months ended September 30, 2018, 32,742 shares of common stock were delivered by option holders as payment for the exercise price and employee payroll taxes owed for the exercise of 291,031 stock options with a gross exercise value of $1,313. During the nine months ended September 30, 2017, 362,440 shares of

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common stock were delivered by option holders as payment for the exercise price and employee payroll taxes owed for the exercise of 956,327 stock options with a gross exercise value of $3,187.

The Company recorded total stock-based compensation expense for the three and nine months ended September 30, 2018 and 2017 in the following expense categories of its consolidated statement of operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Cost of revenue - product	$ 171	$ 138	$ 592	$ 359
Cost of revenue - service	412	91	1,055	203
Research and development	912	195	1,431	515
Sales and marketing	401	158	1,172	440
General and administrative	1,100	357	2,871	6,259
Total stock-based compensation expense	$ 2,996	$ 939	$ 7,121	$ 7,776

16. Fair Value Measurements

The Company's financial instruments consist of accounts receivable, contract assets, accounts payable, contract liabilities, accrued expenses, acquisition-related contingent consideration, and long-term debt. The carrying values of accounts receivable, accounts payable and accrued expenses are representative of their fair value due to the relatively short-term nature of those instruments. The carrying value of the Company's long-term debt approximates fair value based on the terms of the debt.

The Company has classified liabilities measured at fair value on a recurring basis at September 30, 2018 and December 31, 2017 as follows:

	Fair Value Measurement at Reporting Date Using			
	Level 1	Level 2	Level 3	Balance as of September 30, 2018
Liabilities				
Acquisition-related contingent consideration - short-term	$ —	$ —	$ 73,788	$ 73,788

	Fair Value Measurement at Reporting Date Using			
	Level 1	Level 2	Level 3	Balance as of December 31, 2017
Liabilities				
Acquisition-related contingent consideration - short-term	$ —	$ —	$ 1,640	$ 1,640
Acquisition-related contingent consideration - long-term	—	—	31,789	31,789
	$ —	$ —	$ 33,429	$ 33,429

Acquisition-related contingent consideration is measured at fair value on a recurring basis using unobservable inputs, hence these instruments represent Level 3 measurements within the fair value hierarchy. The acquisition-related contingent consideration liability represents the estimated fair value of the additional cash and equity consideration payable that is contingent upon the achievement of certain financial and performance milestones.

During 2018, the Company recorded a $6 adjustment to the fair value of the acquisition-related contingent consideration associated with the acquisition of Medliance LLC ("Medliance") in 2014 and made the final $1,646 cash payment toward the Medliance acquisition-related contingent consideration. As of September 30, 2018, the Medliance contingent consideration was paid in full and no amounts are outstanding.

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The SRx acquisition-related contingent consideration, which is liability-classified, was recorded at the estimated fair value at the acquisition date of September 6, 2017. In accordance with ASC 802, *Business Combinations,* all changes in liability-classified contingent consideration subsequent to the initial acquisition-date measurement are recorded in net income or loss. The contingent consideration payable is based on SRx's EBITDA, as defined in the Merger Agreement, multiplied by a variable EBITDA multiple, which is based on a formula as set forth in the Merger Agreement. As a result, relatively small changes in SRx's forecasted results and/or the EBITDA multiple can result in a significant change to the contingent consideration liability, with such changes recorded as adjustments to net income or loss. The Company, with the assistance of a third-party appraiser, utilizes a Monte Carlo simulation to derive estimates of the contingent consideration payments as of the acquisition date and at each subsequent period. During the three months ended September 30, 2018, the Company recorded an $8,319 remeasurement gain for the change in the fair value of the SRx acquisition-related contingent consideration primarily based on a decrease in SRx's projected EBITDA for the year. During the nine months ended September 30, 2018, the Company recorded a $40,069 charge for the change in the fair value of the SRx acquisition-related contingent consideration primarily based on an increase in the projected EBITDA multiple used in the contingent consideration payment calculation as a result of an increase in the Company's market capitalization and an increase in SRx's projected EBITDA for the year. The fair value of the SRx acquisition-related contingent consideration was calculated to be $71,858, of which 50% is payable in stock, subject to certain limitations, as of September 30, 2018 and the final amount of the contingent consideration liability will be fixed as of December 31, 2018.

The Peak PACE acquisition-related contingent consideration, which is liability-classified, was recorded at the estimated fair value at the acquisition date of May 1, 2018. In accordance with ASC 802, *Business Combinations,* all changes in liability-classified contingent consideration subsequent to the initial acquisition-date measurement are recorded in net income or loss. The contingent consideration payable is based on Peak PACE's EBITDA, as defined in the asset purchase agreement, multiplied by an EBITDA multiple. The Company, with the assistance of a third-party appraiser, utilizes a Monte Carlo simulation to derive estimates of the contingent consideration payments as of the acquisition date and at each subsequent period. During the three months ended September 30, 2018, the Company recorded a $100 remeasurement gain for the change in the fair value of the Peak PACE acquisition-related contingent consideration based on a slight decrease in the projected EBITDA used in the contingent consideration payment calculation. During the nine months ended September 30, 2018, the Company recorded a $310 charge for the change in the fair value of the Peak PACE acquisition-related contingent consideration primarily based on an increase in the projected EBITDA used in the contingent consideration payment calculation. The fair value of the Peak PACE acquisition-related contingent consideration was calculated to be $1,930 as of September 30, 2018 and the final amount of the contingent consideration liability will be fixed as of December 31, 2018.

The changes in fair value of the Company's acquisition-related contingent consideration for the nine months ended September 30, 2018 was as follows:

Balance at December 31, 2017	$ 33,429
Acquisition date fair value of Peak PACE contingent consideration	1,620
Fair value of cash consideration paid	(1,646)
Adjustments to fair value measurement	40,385
Balance at September 30, 2018	$ 73,788

17. Commitments and Contingencies

(a) *Legal Proceedings*

The Company is not currently involved in any significant claims or legal actions that, in the opinion of management, will have a material adverse impact on the Company.

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(b) ***Letter of Credit***

As of September 30, 2018 and December 31, 2017, the Company was contingently liable for $400 under an outstanding letter of credit related to the Company's lease agreement for the office space in Moorestown, NJ. During the fourth quarter of 2018, the letter of credit was reduced to $300. See Note 11 for additional information.

(c) ***Employment Agreements and Annual Incentive Plan***

On April 25, 2017, the Company entered into employment agreements with each of the Company's named executive officers, which were effective as of April 1, 2017. On February 26, 2018, the Company entered into new employment agreements that replaced and superseded the previous agreements between the named executive officers and the Company entered into in April 2017. The employment agreements provide for, among other things, salary, incentive compensation, payments in the event of termination of the executives upon the occurrence of a change in control, and restrictive covenants pursuant to which the executives have agreed to refrain from competing with the Company or soliciting the Company's employees or clients for a period following the executive's termination of employment. The agreements have an initial term of three years and will automatically renew annually.

On April 25, 2017, the Board also adopted the Annual Incentive Plan, effective as of January 1, 2017, which formalizes the Company's annual short-term incentive program and does not represent a new compensation program for the named executive officers. The Annual Incentive Plan provides pay for performance incentive compensation to the Company's employees, including its named executive officers, rewarding them for their contributions to the Company with cash incentive compensation based on attainment of pre-determined corporate and individual performance goals, as applicable. On February 26, 2018, the Board approved an amendment to the Annual Incentive Plan, effective January 1, 2018, to allow the payments of awards under the Annual Incentive Plan to be made in the form of cash, equity, or other consideration determined in the discretion of the Compensation Committee of the Board.

18. Retirement Plan

The Company has established a 401(k) plan that qualifies as a defined contribution plan under Section 401 of the Internal Revenue Code. The Company's contributions to this plan are based on a percentage of eligible employees' plan year earnings, as defined. The Company made contributions to participants' accounts totaling $306 and $194 during the three months ended September 30, 2018 and 2017, respectively. The Company made contributions to participants' accounts totaling $1,183 and $478 during the nine months ended September 30, 2018 and 2017, respectively.

19. Subsequent Event

On October 19, 2018, the Company completed the acquisition of all the issued and outstanding capital stock of Cognify, Inc., a leading electronic health records solutions and services provider in the PACE market, for a closing cash consideration payment of $10,800, which is subject to certain customary post-closing adjustments, the issuance of 93,579 shares of the Company's common stock and the potential for a contingent earn out payment of up to $14,000, payable in cash and common stock, based on the financial performance of the acquired business. A portion of the cash consideration paid at closing is being held in escrow to secure potential claims by the Company for indemnification under the agreement and in respect of adjustments to the purchase price.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with our unaudited consolidated financial statements and related notes and other financial information included in Part 1, Item 1 of this Quarterly Report on Form 10-Q and with our audited consolidated financial statements and related notes thereto for the year ended December 31, 2017, included in our Annual Report on Form 10-K for the year ended December 31, 2017 filed with the Securities and Exchange Commission on March 14, 2018.

Forward-Looking Statements

This discussion contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are identified by words such as "believe," "will," "may," "estimate," "continue," "anticipate," "intend," "should," "plan," "expect," "predict," "could," "potentially" or the negative of these terms or similar expressions. You should read these statements carefully because they discuss future expectations, contain projections of future results of operations or financial condition, or state other "forward-looking" information. These statements relate to our future plans, objectives, expectations, intentions and financial performance and the assumptions that underlie these statements. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed elsewhere in this report, as well as in our Annual Report on Form 10-K for the year ended December 31, 2017. Forward-looking statements are based on our management's beliefs and assumptions and on information currently available to our management. These statements, like all statements in this report, speak only as of their date, and we undertake no obligation to update or revise these statements in light of future developments. We caution investors that our business and financial performance are subject to substantial risks and uncertainties.

Overview

We are a healthcare technology company disrupting the field of medication safety. For over thirty years, traditional pharmacy software systems have offered clinicians a binary view of drug-to-drug interactions, presenting an assessment of one single drug against one single drug. These legacy systems may be adequate to assess the safety of a medication regimen consisting of only one or two medications. However, the elderly, the chronically ill and those with behavioral health challenges, are more likely to be prescribed more than two medications, and are typically at high risk of an adverse drug event, or ADE. In these populations, many patients take more than 10 different medications a day and the current technologies are inadequate to optimize safety and minimize risk. Our novel and proprietary Medication Risk Mitigation Matrix, or MRM Matrix, delivers a simultaneous, multi-drug review which identifies medication-related risks across a variety of safety factors and presents meaningful opportunities to mitigate such risks. We partner with health plans and provider groups in comprehensive medication management and care transitions programs to identify and substantially mitigate the risks associated with ADEs, to personalize medication regimens, and to promote adherence. By working with us, health plans and provider groups have reduced their pharmacy and medical spend and their hospital admissions rates.

We are a leader in providing patient-specific, data-driven technology and solutions that enable healthcare organizations to optimize medication regimens to improve patient outcomes, reduce hospitalizations, lower healthcare costs and manage risk. We deliver our solutions through a comprehensive suite of technology-enabled products and services for medication risk management, which includes bundled prescription fulfillment and reminder packaging services for client populations with complex prescription needs. We also provide health plan management services and pharmacy cost management services, which help our clients to properly characterize patient acuity (severity of health condition), optimize and reconcile the associated payments for care, assure vendor compliance with contracted terms and document clinical interactions.

Our suite of cloud-based software solutions provides prescribers, pharmacists and healthcare organizations with sophisticated and innovative tools to better manage the medication-related needs of their patients. We believe we offer the first prospective clinical approach to medication risk management, which is designed to increase patient safety and promote adherence to a patient's personalized medication regimen. Furthermore, our medication risk management technology helps healthcare organizations lower costs by reducing ADEs, enhancing quality of care and avoiding preventable hospital admissions. Most of our products and services are built around our novel and proprietary MRM

Matrix which enables both optimization of a patient's medication regimen, through personalized medication selection, dosage levels, and time-of-day administration, and reduction of the total medication burden by eliminating unnecessary prescriptions. The MRM Matrix analyzes a combination of clinical and pharmacology data, population-based algorithms and extensive patient-specific data, including medical history, lab results, medication lists and individual genomic data, to deliver "precision medicine" decision support. Our software-enabled solutions can be bundled with adherence-focused prescription fulfillment and reminder packaging services, which are informed by a patient's personalized MRM Matrix, through our three prescription fulfillment pharmacies. Our prescription fulfillment pharmacies are strategically located to efficiently distribute medications nationwide for our clients. These pharmacies use cutting-edge packaging technology that promotes adherence to patients' personalized regimens and dosing schedules. Our team of clinical pharmacists, located in eight call centers throughout the U.S., is available to support prescribers at the point of care through our proprietary technology platform, including real-time secure messaging, with more than 96,000 messages exchanged during September 2018, and support health plan members and prescribers with telephonic outreach and interventions based on drug therapy problems identified through the review of historical claims data.

Our technology-driven approach to medication risk management represents an evolution from prevailing non-personalized approaches that primarily rely on single drug-to-drug interaction analysis. At the end of 2017 we were serving 170 healthcare organizations and, as of September 30, 2018, this number has grown to 218 healthcare organizations that focus on populations with complex healthcare needs and extensive medication requirements.

Our total revenues for the three and nine months ended September 30, 2018 were $54.4 and $147.0 million, respectively, compared to $32.7 million and $90.1 million for the three and nine months ended September 30, 2017, as adjusted, respectively. We generated net income of $10.4 million and incurred a net loss of $36.7 million for the three and nine months ended September 30, 2018, respectively. We generated net income of $6.2 million and $1.9 million for the three and nine months ended September 30, 2017, as adjusted, respectively. Our Adjusted EBITDA for the three and nine months ended September 30, 2018 was $9.3 million and $20.8 million, respectively, compared to $4.1 million and $10.8 million for the three and nine months ended September 30, 2017, respectively. See "Non-GAAP Financial Measures — Adjusted EBITDA" for our definition of Adjusted EBITDA, why we present Adjusted EBITDA and a reconciliation of net loss to Adjusted EBITDA

We face a variety of challenges and risks, which we will need to address and manage as we pursue our growth strategy. In particular, we will need to continue to innovate in the face of a rapidly changing healthcare landscape if we are to remain competitive. We will also need to effectively manage our growth, especially related to our expansion beyond the PACE and post-acute markets to other at-risk providers and payors. Our senior management continuously focuses on these and other challenges, and we believe that our culture of innovation and our history of growth and expansion will contribute to the success of our business. We cannot, however, assure you that we will be successful in addressing and managing the many challenges and risks that we face.

We manage our operations and allocate resources as a single reportable segment. All of our revenue is recognized in the United States and all of our assets are located in the United States.

Unless the context requires otherwise, the terms the “Company,” “Tabula Rasa HealthCare, Inc.,” “we,” “us” and “our” mean Tabula Rasa HealthCare, Inc., a Delaware Corporation, and its consolidated subsidiaries.

Key Business Metrics

We regularly review a number of metrics, including the following key metrics, to evaluate and manage our business and that are useful in evaluating our operating performance compared to that of other companies in our industry.

	Three Months Ended September 30,		Change	
	2018	2017*	$	%
	(Dollars in thousands)			
Revenues	$ 54,418	$ 32,731	$ 21,687	66 %
Net income	10,416	6,165	4,251	69
Adjusted EBITDA	9,266	4,110	5,156	125

	Nine Months Ended September 30,		Change	
	2018	2017*	$	%
	(Dollars in thousands)			
Revenues	$ 146,960	$ 90,145	$ 56,815	63 %
Net (loss) income	(36,704)	1,889	(38,593)	nm
Adjusted EBITDA	20,832	10,780	10,052	93

nm = not meaningful

* As adjusted. See Note 3 in the notes to our unaudited consolidated financial statements included in Part 1, Item 1 of this Quarterly Report on Form 10-Q.

We monitor the key metrics set forth in the preceding table to help us evaluate trends, establish budgets, measure the effectiveness and efficiency of our operations and gauge our cash generation. We discuss Adjusted EBITDA in more detail in "Non-GAAP Financial Measures — Adjusted EBITDA." We also monitor revenue retention rate and client retention rate described as follows.

Revenue retention rate

We believe that our ability to retain revenue associated with new or existing client relationships is an indicator of the stability of our revenue base and the long-term value we provide to our clients. We assess our performance in this area using a metric we refer to as our revenue retention rate. We calculate our revenue retention rate at the end of each calendar year by dividing total revenue in the year from client contracts that have not renewed or have been terminated during the year by our total revenue for that year, and subtracting this quotient from 100%. Our annual revenue retention rate was 99% for 2017.

Client retention rate

We monitor our client retention rate as a measure of our overall business performance. We believe that our ability to retain clients is an indicator of the stability of our revenue base and the long-term value of our client relationships. We assess our performance in this area using a metric we refer to as our client retention rate. We calculate this rate by dividing the number of client terminations and client non-renewals during a calendar year by the total number of clients serviced during that year, and subtracting this quotient from 100%. Our annual client retention rate was 95% for 2017.

Factors Affecting our Future Performance

We believe that our future success will be dependent on many factors, including our ability to maintain and grow our relationships with existing clients, expand our client base, continue to enter new markets and expand our offerings to meet evolving market needs. While these areas present significant opportunity, they also present risks that we must manage to ensure successful results. See the section entitled "Risk Factors" for a discussion of certain risks and uncertainties that may impact our future success.

Recent Developments

Acquisitions

On August 31, 2018, we entered into a membership interest purchase agreement with each member of Mediture LLC and eClusive L.L.C. which we collectively refer to as Mediture, pursuant to which we acquired all of the issued and outstanding membership and/or economic interests of Mediture. Mediture is a provider of electronic health record solutions and third party administrator services in the PACE market and also provides services for several managed long-term care organizations in the State of New York. The consideration for the acquisition was comprised of (i) $18.5 million in cash consideration paid upon closing, subject to certain customary post-closing adjustments and (ii) the issuance of 45,561 shares of our common stock based on a value of $3.5 million and calculated based on the arithmetic average of the day volume-weighted average (rounded to two decimal places) trading price per share of our common stock for the 15 full trading days ended on and including the trading day prior to the closing of the acquisition, using trading prices reported on the NASDAQ Global Market. The stock consideration issued upon closing had an acquisition-date fair value of $3.6 million. A portion of the cash consideration paid at closing is being held in escrow to

secure potential claims by us for indemnification under the agreement and in respect of adjustments to the purchase price.

On May 1, 2018, we entered into an asset purchase agreement with Peak PACE Solutions, LLC, or Peak PACE, and certain other parties thereto pursuant to which we acquired substantially all of the assets, and assumed certain enumerated liabilities, of Peak PACE, an organization that helps PACE organizations manage the business functions that drive the major sources of reimbursement revenue and utilization costs. The acquisition consideration was comprised of cash consideration consisting of (i) $7.7 million payable upon the closing of the acquisition, subject to certain customary post-closing adjustments pursuant to the terms and subject to the conditions contained in the asset purchase agreement and (ii) contingent purchase price with a preliminary estimated fair value of $1.6 million to be paid in cash based on the achievement of certain performance goals for the twelve-month period ended December 31, 2018. In no event are we obligated to pay more than $10.0 million in cash purchase price for the entire transaction and a portion of the cash consideration paid at closing is being held in escrow to secure potential claims by us for indemnification under the agreement.

We account for acquisitions using the purchase method of accounting. We allocated the purchase price to the assets and liabilities acquired, including intangible assets and liabilities assumed, based on estimated fair values at the date of the acquisition. The results of operations from the acquisition are included in our consolidated financial statements from the acquisition date.

Components of Our Results of Operations

Revenue

Our revenue is derived from our product sales and service activities. For the three months ended September 30, 2018 and 2017, product sales represented 52% and 73% of our total revenue, respectively, and service revenue represented 48% and 27% of our total revenue, respectively. For the nine months ended September 30, 2018 and 2017, product sales represented 56% and 77% of our total revenue, respectively, and service revenue represented 44% and 23% of our total revenue, respectively.

Product Revenue

MRM prescription fulfillment services. We have a stand ready obligation to provide prescription fulfillment pharmacy services, including dispensing and delivery of an unknown mix and quantity of medications, directly to healthcare organizations. Revenue from MRM prescription fulfillment services is recognized when medications are shipped to the client. At the time of shipment, we have performed substantially all of our performance obligations under our client contracts and we do not experience a significant level of returns or reshipments.

Service Revenue

MRM services. We provide an array of medication risk management services. These services include enrollment, medication regimen reviews, and software to identify high risk members and provide medication risk alerts and intervention tracking that enable pharmacists to optimize medication therapy. Revenue related to these performance obligations primarily consist of per member per month fees, monthly subscription fees, and per comprehensive medication review fees. MRM per member per month fees and monthly subscription fees are recognized based on their relative stand-alone selling prices as the services are provided. Additionally, certain of our MRM service contracts include a performance guarantee based on the number of comprehensive medication reviews completed and guarantees by us for specific service level performance. For these contracts, revenue is recognized as comprehensive medication reviews are completed at their relative stand-alone selling price which is estimated based on our assessment of the total transaction price under each contract. The stand-alone selling price and amount of variable consideration recognized are adjusted as necessary at the end of each reporting period. If client performance guarantees are not being realized, we record, as a reduction to revenue, an estimate of the amount that will be due at the end of the respective client's contractual period.

*Health plan management services.*We have a stand ready obligation to provide risk adjustment services, electronic health record solutions and third party administration services, which we collectively refer to as health plan management services. The performance obligations are a series of distinct services that are substantially the same and

have the same pattern of transfer. Revenue related to these performance obligations primarily consist of setup fees, per member per month fees, and in certain contracts a gain-share component. Revenue from these contracts is recognized monthly as the health plan management services are provided. The revenue includes the contractual per member per month rate and an estimated gain earned during each reporting period. Set-up fees related to health plan management contracts represents an upfront fee to the client to compensate us for our effort to prepare the client and configure its system for the data collection process. The set-up activities do not have value apart from the broader health plan management services provided to the client and do not represent a separate performance obligation and as such, setup fees are recognized over the contract term as services are provided.

Pharmacy cost management services. We have a stand ready obligation to provide monthly pharmacy cost management services which includes adjudication, pricing validation, utilization analysis and pharmacy transaction review services. The performance obligation is a series of distinct services that are substantially the same and have the same pattern of transfer. Revenue related to this performance obligation primarily consists of subscription fees based on a monthly flat fee or as a percentage of monthly transactions incurred and revenue generated from drug manufacturers for the sale of drug utilization data. Revenue from these services is recognized monthly as the pharmacy cost management services are provided at the contractual subscription fee rate and when the data is submitted to the drug manufacturers based on the fair value of the data. The drug utilization fees recognized are estimated using historical data. Due to the unpredictable nature of these drug utilization fees, the estimates are adjusted as necessary to reflect new information when received.

Cost of Revenue

Product Cost

Cost of product revenue includes all costs directly related to the fulfillment and distribution of prescription medications under our medication risk management offerings. Costs consist primarily of the purchase price of the prescription medications we dispense. For the three months ended September 30, 2018 and 2017, prescription medication costs represented 79% and 79% of our total product costs, respectively. For the nine months ended September 30, 2018 and 2017, prescription medication costs represented 79% and 78% of our total product costs, respectively. In addition to costs incurred for the prescription medications we dispense, other costs include expenses to package, dispense and distribute prescription medications, expenses associated with our prescription fulfillment centers, including employment costs and stock-based compensation, and expenses related to the hosting of our technology platform. Such costs also include direct overhead expenses, as well as allocated miscellaneous overhead costs. We allocate miscellaneous overhead costs among functions based on employee headcount.

Service Cost

Cost of service revenue includes all costs directly related to our MRM services which primarily consist of labor costs, outside contractors, and expenses related to supporting our technology platforms. In addition, cost of service revenue includes all labor costs, including stock-based compensation expense, directly related to the health plan management and pharmacy cost management services and expenses for claims processing, technology services and overhead costs. Cost of service revenue also includes direct overhead expenses, as well as allocated miscellaneous overhead costs. We allocate miscellaneous overhead costs among functions based on employee headcount.

Research and Development Expenses

Our research and development expenses consist primarily of salaries and related costs, including stock-based compensation expense, for personnel in our research and development functions, which include software developers, project managers and other employees engaged in scientific education and research, and the development and enhancement of our service offerings. Research and development expenses also include costs for design and development of new software and technology and new service offerings, as well as enhancement of existing software and technology and service offerings, including fees paid to third-party consultants, costs related to quality assurance and testing, and other allocated facility-related overhead and expenses.

We continue to focus our research and development efforts on adding new features and applications, increasing the functionality and enhancing the ease of use of our existing suite of software solutions.

We capitalize certain costs incurred in connection with obtaining or developing internal-use software, including external direct costs of material and services and payroll costs for employees directly involved with the software development. Capitalized software costs are amortized beginning when the software project is substantially complete and the asset is ready for its intended use. Costs incurred during the preliminary project stage and post-implementation stage, as well as maintenance and training costs, are expensed as incurred as part of research and development expenses.

We expect our research and development expenses will increase in absolute dollars as we increase our research and development headcount to further strengthen and enhance our software solutions and service offerings, but will decrease as a percentage of revenue in the long term as we expect our revenue to increase at a greater rate than such expenses.

Sales and Marketing Expenses

Sales and marketing expenses consist principally of salaries, commissions, bonuses, stock-based compensation and employee benefits for sales and marketing personnel, as well as travel costs related to sales, marketing and client service activities. Marketing costs also include costs of communication and branding materials, trade shows and public relations, as well as allocated overhead.

We expect our sales and marketing expenses to increase in absolute dollars as we strategically invest to grow our marketing operations and expand into new products and markets, but decrease as a percentage of revenue in the long term. We expect to hire additional sales personnel and related account management and sales support personnel as we continue to grow.

General and Administrative Expenses

General and administrative expenses consist principally of employee-related expenses, including compensation, benefits and stock-based compensation for employees who are responsible for management of information systems, administration, human resources, finance, legal and executive management as well as other corporate expenses associated with these functional areas. General and administrative expenses also include professional fees for legal, consulting and accounting services and allocated overhead. General and administrative expenses are expensed when incurred.

We expect that our general and administrative expenses will increase as we expand our infrastructure and continue to grow as a public company. These increases have included, and will likely continue to include, increased costs for director and officer liability insurance, costs related to the hiring of additional personnel and increased fees for directors, outside consultants, lawyers and investor relations. We also expect to continue to incur significant costs to comply with corporate governance, internal controls and similar requirements applicable to public companies.

Remeasurement of Acquisition-related Contingent Consideration

We classify our acquisition-related contingent consideration as a liability. Acquisition-related contingent consideration is subject to remeasurement at each balance sheet date. Any change in the fair value of such acquisition-related contingent consideration is reflected in our consolidated statements of operations as a change in fair value of the liability. We will continue to adjust the carrying value of the acquisition-related contingent consideration until the contingency is finally determined.

Depreciation and Amortization Expenses

Depreciation and amortization expenses are primarily attributable to our capital investment in equipment and our capitalized software and acquisition-related intangibles.

Interest Expense

Interest expense is primarily attributable to interest expense associated with our revolving credit facility and capital lease obligations. It also includes the amortization of deferred financing costs related to these various debt arrangements.

Results of Operations

The following table summarizes our results of operations for the three and nine months ended September 30, 2018 and 2017:

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2018	2017 (as adjusted)*	$	%	2018	2017 (as adjusted)*	$	%
Revenue:								
Product revenue	$ 28,045	$ 23,780	$ 4,265	18 %	$ 82,603	$ 68,995	$ 13,608	20 %
Service revenue	26,373	8,951	17,422	195	64,357	21,150	43,207	204
Total revenue	54,418	32,731	21,687	66	146,960	90,145	56,815	63
Cost of revenue, exclusive of depreciation and amortization shown below:								
Product cost	21,100	18,418	2,682	15	62,007	53,151	8,856	17
Service cost	13,958	5,047	8,911	177	37,125	10,937	26,188	239
Total cost of revenue, exclusive of depreciation and amortization	35,058	23,465	11,593	49	99,132	64,088	35,044	55
Operating expenses:								
Research and development	3,380	1,527	1,853	121	8,515	4,037	4,478	111
Sales and marketing	2,669	1,325	1,344	101	6,985	3,869	3,116	81
General and administrative	7,824	4,098	3,726	91	20,229	16,097	4,132	26
Change in fair value of acquisition-related contingent consideration (income) expense	(8,419)	923	(9,342)	nm	40,385	960	39,425	nm
Depreciation and amortization	4,096	2,166	1,930	89	12,110	5,730	6,380	111
Total operating expenses	9,550	10,039	(489)	(5)	88,224	30,693	57,531	187
Income (loss) from operations	9,810	(773)	10,583	nm	(40,396)	(4,636)	(35,760)	nm
Other expense:								
Interest expense	232	174	58	33	415	327	88	27
Total other expense	232	174	58	33	415	327	88	27
Income (loss) before income taxes	9,578	(947)	10,525	nm	(40,811)	(4,963)	(35,848)	nm
Income tax (benefit) expense	(838)	(7,112)	6,274	(88)	(4,107)	(6,852)	2,745	(40)
Net income (loss)	$ 10,416	$ 6,165	$ 4,251	69	$ (36,704)	$ 1,889	$ (38,593)	nm

nm = not meaningful

*See Note 3 in the notes to our unaudited consolidated financial statements included in Part 1, Item 1 of this Quarterly Report on Form 10-Q.

Comparison of the Three Months Ended September 30, 2018 and 2017

Product Revenue

Product revenue increased $4.3 million, or 18%, from $23.8 million for the three months ended September 30, 2017 to $28.1 million for the comparable period in 2018. The increase was primarily driven by organic growth in our MRM prescription fulfillment services, which represented approximately $2.7 million of the increase. Of that $2.7 million increase, approximately $1.4 million was attributable to new clients acquired period over period, while the remaining $1.3 million was attributable to increased prescription fulfillment volume from an increase in patients served at our existing clients. Medication mix of prescriptions filled and payor mix contributed to an additional $1.6 million of the overall increase in product revenue.

Service Revenue

Service revenue increased $17.4 million, or 195%, from $9.0 million for the three months ended September 30, 2017 to $26.4 million for the three months ended September 30, 2018. The increase in service revenue was primarily due to an increase in MRM services, which was attributable to $8.9 million of revenues generated by the acquisition of the SinfoníaRx business, which we refer to as SRx, the majority of which relate to fees for comprehensive medication reviews. MRM service revenue also increased by $573 thousand due to expanded services offered to existing clients and growth related to the expansion of existing MRM clients. During the third quarter of 2018, we received notification from our data aggregation partner that they had transitioned to a new data submission platform, which involved directly contracting with pharmaceutical manufacturers versus using a third party service provider, effective January 1, 2018. As a result, revenue attributable to our pharmacy cost management services related to the sale of drug utilization data increased by $4.1 million, of which $3.4 million related to claims from the first and second quarters of 2018. Revenue from health plan management services increased $3.9 million, to which the acquisitions of Peak PACE and Mediture contributed $2.3 million and $1.1 million, respectively, and $499 thousand was primarily related to new health plan management clients brought on since September 30, 2017.

Cost of Product Revenue

Cost of product revenue increased $2.7 million, or 15%, from $18.4 million for the three months ended September 30, 2017 to $21.1 million for the comparable period in 2018. This increase was largely driven by increased prescription volume as a result of an increase in the number of patients served at our existing clients, which contributed approximately $1.6 million to the change. Manufacturer price increases and medication mix of prescriptions filled for our clients' patients contributed an additional $636 thousand to the overall increase in the cost of product revenue. Distribution charges also increased $293 thousand related to higher shipping volume for the medications we fulfilled for our clients' patients. The remaining increase is primarily attributable to an increase in personnel costs due to additional headcount as well as increases in salary and benefits for existing employees related to market adjustments and performance based increases, as well as an increase in stock compensation costs.

Cost of Service Revenue

Cost of service revenue increased $8.9 million, or 177%, from $5.1 million for the three months ended September 30, 2017 to $14.0 million for the three months ended September 30, 2018. The acquisition of SRx contributed approximately $5.8 million to the increase in MRM services costs and primarily included contract labor costs and employee compensation costs to support the completion of comprehensive medication reviews. In addition, costs of MRM services, excluding costs attributable to SRx, increased $803 thousand due to additional labor costs from added headcount and costs incurred from utilizing third-party community pharmacist services to support our other MRM services provided to healthcare organizations.

Costs related to our health plan management services increased a total of $2.2 million, of which $1.8 million was attributable to the acquisitions of Peak PACE and Mediture and primarily included employee compensation and information technology expenses. The remaining increase in costs related to health plan management services were primarily attributable to an increase in employee compensation costs and software licenses to support our risk adjustment operations.

Research and Development Expenses

Research and development expenses increased $1.9 million, or 121%, from $1.5 million for the three months ended September 30, 2017 to $3.4 million for the comparable period in 2018. The increase was largely due to the acquisition of SRx, which contributed approximately $712 thousand to the increase and consisted primarily of employee compensation costs and funded research. In addition, payroll and payroll-related costs and stock compensation costs, excluding costs attributable to SRx, increased approximately $773 thousand primarily due to additional headcount as well as increases in salary and benefits for existing employees related to market adjustments and performance based increases. The remaining increase is attributable to a $191 thousand increase in contractor costs and a $76 thousand increase in rent expense due to expanded office space for our scientific education and research department at our Moorestown, NJ headquarters.

Sales and Marketing Expenses

Sales and marketing expenses increased $1.4 million, or 101%, from $1.3 million for the three months ended September 30, 2017 to $2.7 million for the comparable period in 2018. The acquisitions of SRx, Peak PACE, and Mediture contributed $541 thousand to the increase which primarily related to employee compensation costs. Excluding costs attributable to acquisitions, the increase in sales and marketing expense was primarily due to a $490 thousand increase in personnel costs related to an increase in stock compensation expenses, added headcount to support our operational growth, and increases in salaries and benefits related to market adjustments and performance-based increases for our existing employees. The remaining increase in sales and marketing expenses was primarily due to an increase in consulting and public relations costs, as well as an increase in conference and other travel costs related to business development activities.

General and Administrative Expenses

General and administrative expenses increased $3.7 million, or 91%, from $4.1 million for the three months ended September 30, 2017 to $7.8 million for the comparable period in 2018. The acquisitions of SRx, Peak PACE, and Mediture contributed $1.5 million to the increase in expenses, which were comprised primarily of employee

compensation costs, stock compensation costs, information technology expenses, business insurance costs, and rent and utilities expenses. Excluding costs related to these acquisitions, general and administrative expenses increased by approximately $2.2 million. The increase is attributable to higher employee compensation costs of $1.4 million primarily due to an increase in headcount to support the overall growth of our operations, increases in salaries and benefits for existing employees related to market adjustments and performance-based increases, and an increase in stock compensation costs related to restricted stock grants. In addition, professional fees related to audit and internal control services increased by $410 thousand, which is primarily attributable to higher costs related to our compliance with the Sarbanes Oxley Act. The remaining increase is primarily attributable to increases in information technology spending and travel costs due to our operational growth.

Acquisition-related Contingent Consideration Expense

During the three months ended September 30, 2018 and 2017, there was an $8.4 million remeasurement gain and a $923 thousand charge incurred, respectively, related to the fair value adjustments of our acquisition-related contingent consideration liabilities. Of the total remeasurement gain recognized during the three months ended September 30, 2018, $8.3 million related to the remeasurement of the fair value of the contingent consideration associated with our acquisition of SRx and $100 thousand related to the remeasurement of the fair value of the contingent consideration associated with our acquisition of Peak PACE.

The $8.3 million adjustment to the fair value of the SRx acquisition-related contingent consideration was primarily based on an adjustment to SRx's projected EBITDA for the year. The contingent consideration payable is based on SRx's EBITDA, as defined in the Agreement and Plan of Merger, or the Merger Agreement, multiplied by a variable EBITDA multiple, which is based on a formula as set forth in the Merger Agreement. As a result, relatively small changes in SRx's forecasted results and/or the EBITDA multiple can result in a significant change to the contingent consideration liability, with such changes recorded as adjustments to our net income or loss. Because the changes in the fair value of acquisition related contingent consideration are driven in part by changes in our market capitalization, we do not believe that these amounts are reflective of our operating performance; however, such amounts are required to be included as a component of our net income or loss. As of September 30, 2018, the SRx contingent consideration liability was $71.9 million, of which 50% is payable in stock, subject to certain limitations, with the potential for up to an additional $13.1 million to be earned if the maximum contingent amount is earned, which would flow through as a charge to GAAP net income or loss. Any decreases in the contingent amount will be recorded as GAAP net income. The final amount of the SRx acquisition-related contingent consideration liability, will be fixed as of December 31, 2018.

The $100 thousand adjustment to the fair value of the Peak PACE acquisition-related contingent consideration was primarily based on a slight decrease in the projected EBITDA used in the contingent consideration payment calculation. The contingent consideration payable is based on Peak PACE's EBITDA, as defined in the asset purchase agreement, multiplied by an EBITDA multiple. As of September 30, 2018, the Peak PACE contingent consideration liability was $1.9 million, with the potential for up to an additional $507 thousand to be earned if the maximum contingent amount is earned, which would flow through as a charge to GAAP net income or loss. The final amount of the Peak PACE acquisition-related contingent consideration liability will be fixed as of December 31, 2018.

Depreciation and Amortization Expenses

Depreciation and amortization expenses increased $1.9 million, or 89%, from $2.2 million for the three months ended September 30, 2017 to $4.1 million for the comparable period in 2018. This increase was primarily due to a $1.6 million increase in amortization expense of intangible assets acquired from SRx, Peak PACE, and Mediture. Depreciation expense also increased by $309 thousand, of which $223 thousand related to property and equipment acquired from SRx, Peak PACE, and Mediture. The remaining increase in depreciation expense was primarily due to continued growth at our headquarters, including computer hardware and pharmacy equipment purchases. The increase in amortization expense was also due to a $38 thousand increase in the amortization of capitalized software related to new software functionality placed into service since September 30, 2017.

Interest Expense

Interest expense increased $58 thousand, or 33%, from $174 thousand for the three months ended September 30, 2017 to $232 thousand for the three months ended September 30, 2018 primarily due to interest on the Amended and

Restated 2015 Revolving Line, which was drawn upon in May 2018 and August 2018 in connection with the Peak PACE acquisition and the Mediture acquisition, respectively. In comparison, only one month of interest expense on the Amended and Restated 2015 Revolving Line was incurred for the three months ended September 30, 2017 as the line was drawn upon in September 2017 in connection with the SRx acquisition. See Note 11 in the notes to our unaudited consolidated financial statements included in Part I, Item 1 of this Quarterly Report for additional information.

Income Taxes

For the three months ended September 30, 2018, we recorded an income tax benefit of $838 thousand, which resulted in an effective tax rate of (8.7)%. Windfall tax benefits related to share-based awards was the primary driver, contributing approximately $711 thousand to the tax benefit recognized.

For the three months ended September 30, 2017, we recorded an income tax benefit of $7.1 million. During the third quarter of 2017, in conjunction with the acquisition of SRx, we recognized a net deferred tax liability of $8.9 million primarily related to intangible assets other than goodwill. We determined that the deferred tax liabilities related to the acquisition provide sufficient sources of recoverability to realize the deferred tax assets associated with those jurisdictions where we file consolidated returns. As a result, we released $6.6 million of the deferred tax asset valuation allowance and recognized an additional benefit of $2.8 million related to tax windfall benefits generated in the nine months ended September 30, 2017. These tax benefits were partially offset by tax expense of $2.2 million based on our estimated annual effective tax rate.

Comparison of the Nine Months Ended September 30, 2018 and 2017

Product Revenue

Product revenue increased $13.6 million, or 20%, from $69.0 million for the nine months ended September 30, 2017 to $82.6 million for the comparable period in 2018. The increase was primarily driven by organic growth in medication risk management, which represented approximately $8.9 million of the increase. Of that $8.9 million increase, approximately $2.9 million was attributable to new clients acquired period over period, while the remaining $6.0 million was attributable to increased prescription fulfillment volume from an increase in patients served at our existing clients. Medication mix of prescriptions filled and payor mix contributed to an additional $4.7 million of the overall increase in product revenue.

Service Revenue

Service revenue increased $43.2 million, or 204%, from $21.2 million for the nine months ended September 30, 2017 to $64.4 million for the nine months ended September 30, 2018. The increase in MRM services was primarily due to $30.7 million of revenues generated by the acquisition of SRx, the majority of which relate to fees for comprehensive medication reviews. MRM service revenue also increased approximately $2.2 million due to growth related to the expansion of existing MRM clients and the addition of new clients compared to the prior period, and increased due to expanded services offered to existing clients, which consisted of a fixed fee opioid project that contributed $444 thousand to the favorable variance. Revenue from health plan management services increased $6.1 million, of which the acquisitions of Peak PACE and Mediture contributed $3.7 million and $1.1 million, respectively, and $1.2 million was primarily related to health plan management services clients brought on since September 30, 2017. The remaining increase in service revenue is the result of our data aggregation partner transitioning to a new data submission platform, which involved directly contracting with pharmaceutical manufacturers versus using a third party service, effective January 1, 2018. As a result, revenue attributable to our pharmacy cost management services related to the sale of drug utilization data increased by $3.8 million.

Cost of Product Revenue

Cost of product revenue increased $8.9 million, or 17%, from $53.1 million for the nine months ended September 30, 2017 to $62.0 million for the comparable period in 2018. This increase was largely driven by increased volume of revenue as a result of an increase in the number of patients served at our existing clients, which contributed approximately $5.4 million to the change. Manufacturer price increases and medication mix of prescriptions filled for our clients' patients contributed an additional $2.3 million to the overall increase in the cost of product revenue. Distribution charges represented $706 thousand of the increase related to higher shipping volume for the medications we

fulfilled for our clients' patients. The remaining increase is primarily attributable to an increase in personnel costs due to additional headcount as well as increases in salary and benefits for existing employees related to market adjustments and performance based increases, as well as an increase in stock compensation costs.

Cost of Service Revenue

Cost of service revenue increased $26.2 million, or 239%, from $10.9 million for the nine months ended September 30, 2017 to $37.1 million for the nine months ended September 30, 2018. The acquisition of SRx contributed approximately $19.4 million to the increase in MRM services costs and primarily included contract labor costs and employee compensation costs to support the completion of comprehensive medication reviews. In addition, costs of MRM services, excluding costs attributable to SRx, increased $2.4 million due to additional labor costs from added headcount and additional costs incurred from utilizing third-party community pharmacist services to support our other MRM services provided to healthcare organizations.

Costs related to our health plan management services increased a total of $3.8 million, of which $2.6 million was attributable to the acquisitions of Peak PACE and Mediture, and primarily represented an increase in employee compensation costs and software licenses to support our operations. An increase in risk adjustment services costs of $1.2 million primarily related to increased employee compensation and related costs as a result of increased headcount as well as standard increases in salary and benefits to existing employees accounted for the remainder of the increase in health plan management services costs.

Research and Development Expenses

Research and development expenses increased $4.5 million, or 111%, from $4.0 million for the nine months ended September 30, 2017 to $8.5 million for the comparable period in 2018. The increase was primarily due to the acquisition of SRx, which contributed approximately $2.3 million to the increase and consisted primarily of employee compensation costs and funded research. In addition, payroll and payroll-related costs and stock compensation costs excluding costs attributable to SRx, increased approximately $1.5 million primarily due to additional headcount as well as increases in salary and benefits for existing employees related to market adjustments and performance based increases. The remaining increase is attributable to a $280 thousand increase in professional consulting and services costs and a $208 thousand increase in rent expense due to expanded office space for our scientific education and research department at our Moorestown, NJ headquarters.

Sales and Marketing Expenses

Sales and marketing expenses increased $3.1 million, or 81%, from $3.9 million for the nine months ended September 30, 2017 to $7.0 million for the comparable period in 2018. The increase in sales and marketing expense was primarily due to a $1.5 million increase in personnel costs related to added headcount and increases in salaries and benefits related to market adjustments and performance-based increases for our existing employees. The acquisitions of SRx, Peak PACE, and Mediture contributed $1.2 million to the increase, which primarily included employee compensation costs. Public relations and consulting costs increased $257 thousand, and the remaining increase was primarily attributable to an increase in conference and other travel expenses related to business development activities.

General and Administrative Expenses

General and administrative expenses increased $4.1 million, or 26%, from $16.1 million for the nine months ended September 30, 2017 to $20.2 million for the comparable period in 2018. The acquisitions of SRx, Peak PACE, and Mediture contributed $4.5 million to the increase in expenses, which were comprised primarily of employee compensation costs, stock compensation costs, information technology expenses, business insurance costs, and rent and utilities expenses. Excluding costs attributable to these acquisitions, general and administrative expenses decreased by approximately $400 thousand. The decrease was primarily due to a decrease in stock compensation costs of $3.4 million, primarily related to shares of restricted common stock that were granted to certain employees on September 28, 2016 and that were fully expensed during 2017. That decrease was offset by increases in employee compensation costs, excluding stock compensation costs, of $1.6 million primarily due to an increase in headcount to support the overall growth of our operations and increases in salaries and benefits for existing employees related to market adjustments and performance-based increases. Professional fees related to audit and internal control services increased by $795 thousand, primarily due to higher costs related to our compliance with the Sarbanes Oxley Act. In addition, acquisition-related

costs increased $255 thousand during 2018 primarily due to the acquisitions of Peak PACE and Mediture. The remaining increase is primarily attributable to increases in information technology spending and travel costs as part of our operational growth.

Acquisition-related Contingent Consideration Expense

During the nine months ended September 30, 2018 and 2017, there was a $40.4 million and a $960 thousand charge incurred, respectively, related to the fair value adjustments of our acquisition-related contingent consideration liabilities. Of the total charge during 2018, $40.1 million related to the remeasurement of the fair value of the contingent consideration associated with our acquisition of SRx, $310 thousand related to the remeasurement of the fair value of the contingent consideration associated with our acquisition of Peak PACE, and $6 thousand related to the accretion of the contingent consideration associated with our acquisition of Medliance LLC, or Medliance.

The $40.1 million adjustment to the fair value of the SRx acquisition-related contingent consideration was primarily based on an increase in the projected EBITDA multiple used in the contingent consideration payment calculation as a result of an increase in our market capitalization and an increase in SRx's projected EBITDA for the year. The contingent consideration payable is based on SRx's EBITDA, as defined in the Merger Agreement, multiplied by a variable EBITDA multiple, which is based on a formula as set forth in the Merger Agreement. As a result, relatively small changes in SRx's forecasted results and/or the EBITDA multiple can result in a significant change to the contingent consideration liability, with such changes recorded as adjustments to our net income or loss. Because the changes in the fair value of acquisition related contingent consideration are driven in part by changes in our market capitalization, we do not believe that these amounts are reflective of our operating performance; however, such amounts are required to be included as a component of our net income or loss. As of September 30, 2018, the SRx contingent consideration liability was $71.9 million, of which 50% is payable in stock, subject to certain limitations, with the potential for up to an additional $13.1 million to be earned if the maximum contingent amount is earned, which would flow through as a charge to GAAP net income or loss. Any decreases in the contingent amount will be recorded as GAAP net income. The final amount of the SRx acquisition-related contingent consideration liability will be fixed as of December 31, 2018.

The $310 thousand adjustment to the fair value of the Peak PACE acquisition-related contingent consideration was primarily based on an increase in the projected EBITDA used in the contingent consideration payment calculation. The contingent consideration payable is based on Peak PACE's EBITDA, as defined in asset purchase agreement, multiplied by an EBITDA multiple. As of September 30, 2018, the Peak PACE contingent consideration liability was $1.9 million with the potential for up to an additional $507 thousand to be earned if the maximum contingent amount is earned, which would flow through as a charge to GAAP net income or loss. The final amount of the Peak PACE acquisition-related contingent consideration liability will be fixed as of December 31, 2018.

During the first quarter of 2018, the final payment related to the Medliance acquisition-related contingent consideration was paid in full. The $37 thousand charge in the nine months ended September 30, 2017 related to the accretion of the contingent consideration associated with our Medliance acquisition.

Depreciation and Amortization Expenses

Depreciation and amortization expenses increased $6.4 million, or 111%, from $5.7 million for the nine months ended September 30, 2017 to $12.1 million for the comparable period in 2018. This increase was primarily due to a $4.7 million increase in amortization expense of intangible assets acquired from SRx, Peak PACE, and Mediture. Depreciation expense also increased by $1.2 million, of which $728 thousand related to property and equipment acquired from SRx, Peak PACE, and Mediture. The remaining increase in depreciation expense was primarily due to leasehold improvements and equipment purchases at our office space in South Carolina and continued growth at our headquarters, including computer hardware and pharmacy equipment purchases. The increase in amortization expense was also due to a $358 thousand increase in the amortization of capitalized software related to new software functionality placed into service since September 30, 2017.

Interest Expense

Interest expense increased $88 thousand, or 27%, from $327 thousand for the nine months ended September 30, 2017 to $415 thousand for the nine months ended September 30, 2018 primarily due to interest on the Amended and

Restated 2015 Revolving Line, which was drawn upon in May 2018 and August 2018 in connection with the Peak PACE acquisition and the Mediture acquisition, respectively. In comparison, one month of interest on the Amended and Restated 2015 Revolving Line was incurred for the nine months ended September 30, 2017 as the line was drawn upon in September 2017 in connection with the SRx acquisition. See Note 11 in the notes to our unaudited consolidated financial statements included in Part I, Item 1 of this Quarterly Report for additional information.

Income Taxes

For the nine months ended September 30, 2018, we recorded an income tax benefit of $4.1 million, which resulted in an effective tax rate of 10.1%. The tax benefit consists of $4.5 million of windfall tax benefits generated from the vesting of restricted stock, disqualifying dispositions and exercising of nonqualified stock options during the period. This benefit was offset by tax expense of $345 thousand based on the estimated effective tax rate for the full year.

For the nine months ended September 30, 2017, we recorded an income tax benefit of $6.9 million. During the third quarter of 2017, in conjunction with the acquisition of SRx, we recognized a net deferred tax liability of $8.9 million primarily related to intangible assets other than goodwill. We determined that the deferred tax liabilities related to the acquisition provides sufficient sources of recoverability to realize the deferred tax assets associated with those jurisdictions where we file consolidated returns. As a result, we released $6.6 million of the deferred tax asset valuation allowance and recognized an additional benefit of $2.8 million related to tax windfall benefits generated in the nine months ended September 30, 2017. These tax benefits were partially offset by tax expense of $2.4 million recorded based on our estimated annual effective tax rate.

NON-GAAP FINANCIAL MEASURES

Adjusted EBITDA

To provide investors with additional information about our financial results, we disclose Adjusted EBITDA, a non-GAAP financial measure. Adjusted EBITDA consists of net income (loss) plus certain other expenses, which includes interest expense, provision (benefit) for income tax, depreciation and amortization, change in fair value of acquisition-related contingent consideration (income) expense, severance expense related to the termination of two members of senior management, acquisition-related expense, payroll tax expense related to stock option exercises and stock-based compensation expense. We present Adjusted EBITDA because it is one of the measures used by our management and board of directors to understand and evaluate our core operating performance, and we consider it an important supplemental measure of performance. We believe this metric is commonly used by the financial community, and we present it to enhance investors' understanding of our operating performance and cash flows. We believe Adjusted EBITDA provides investors and other users of our financial information consistency and comparability with our past financial performance and facilitates period-to-period comparisons of operations

Our management uses Adjusted EBITDA:

- as a measure of operating performance to assist in comparing performance from period to period on a consistent basis;
- to prepare and approve our annual budget; and
- to develop short- and long-term operational plans.

Adjusted EBITDA is not in accordance with, or an alternative to, measures prepared in accordance with GAAP. In addition, this non-GAAP measure is not based on any comprehensive set of accounting rules or principles. As a non-GAAP measure, Adjusted EBITDA has limitations in that it does not reflect all of the amounts associated with our results of operations as determined in accordance with GAAP. In particular:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA does not reflect cash interest income or expense;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the potentially dilutive impact of stock-based compensation;
- Adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to us;
- Adjusted EBITDA does not reflect severance related payments related to the termination of two members of senior management; and
- other companies, including companies in our industry, may calculate Adjusted EBITDA or similarly titled measures differently, which reduces its usefulness as a comparative measure.

Because of these and other limitations, you should consider Adjusted EBITDA alongside other GAAP-based financial performance measures, including various cash flow metrics, net income (loss) and our other GAAP financial results and not in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. You should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in the presentation, and we do not intend to imply that our future results will be unaffected by unusual or non-recurring items.

The following is a reconciliation of Adjusted EBITDA to our net loss for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017 (as adjusted)*	2018	2017 (as adjusted)*
Reconciliation of net income (loss) to Adjusted EBITDA				
Net income (loss)	$ 10,416	$ 6,165	$ (36,704)	$ 1,889
Add:				
Interest expense	232	174	415	327
Income tax (benefit) expense	(838)	(7,112)	(4,107)	(6,852)
Depreciation and amortization	4,096	2,166	12,110	5,730
Change in fair value of acquisition-related contingent consideration (income) expense	(8,419)	923	40,385	960
Severance expense	—	—	390	—
Acquisition-related expense	783	855	1,123	855
Payroll tax expense related to stock option exercises	—	—	99	95
Stock-based compensation expense	2,996	939	7,121	7,776
Adjusted EBITDA	$ 9,266	$ 4,110	$ 20,832	$ 10,780

*See Note 3 in the notes to our unaudited consolidated financial statements included in Part 1, Item 1 of this Quarterly Report on Form 10-Q.

Adjusted Diluted Net Income (Loss) Per Share Attributable to Common Stockholders, or Adjusted Diluted EPS

Adjusted Diluted EPS excludes the impact of certain items and, therefore, has not been calculated in accordance with GAAP. We believe the exclusion of these items assists in providing a more complete understanding of our underlying operations, results and trends and allows for comparability with our peer company index and industry and to be more consistent with our expected capital structure on a going forward basis. Our management uses this measure along with corresponding GAAP financial measures to manage our business and to evaluate our performance compared to prior periods and the marketplace. We define Adjusted Diluted EPS as net income (loss) attributable to common stockholders before fair value adjustments for acquisition-related contingent consideration, amortization of acquired intangibles, acquisition-related expense, payroll tax expense related to stock option exercises, stock-based compensation expense, severance expense related to the termination of two members of senior management, and the tax impact of those items, as well as adjustments for tax benefits related to the recognition of tax windfall benefits, expressed on a per share basis using weighted average diluted shares outstanding.

Adjusted Diluted EPS is a non-GAAP financial measure and should not be considered in isolation or as a substitute for financial information provided in accordance with GAAP. This non-GAAP financial measure may not be computed in the same manner as similarly titled measures used by other companies. In the future, we may incur expenses that are the same as or similar to some of the adjustments in the presentation, and we do not intend to imply that our future results will be unaffected by unusual or non-recurring itemss.

The following table reconciles net income (loss) per share attributable to common stockholders on a diluted basis, the most directly comparable GAAP measure, to Adjusted Diluted EPS:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2018		2017		2018		2017	
	(In thousands except per share amounts)				(In thousands except per share amounts)			
Reconciliation of diluted net income (loss) per share attributable to common shareholders to Adjusted Diluted EPS								
GAAP net income (loss) attributable to common stockholders, basic, and net income (loss) per share attributable to common stockholders, basic	$ 10,416	$ 0.54	$ 6,165	$ 0.37	$(36,704)	$ (1.93)	$ 1,889	$ 0.11
GAAP net income (loss) attributable to common stockholders, diluted, and net income (loss) per share attributable to common stockholders, diluted	$ 10,416	$ 0.47	$ 6,165	$ 0.33	$(36,704)	$ (1.93)	$ 1,889	$ 0.10
Adjustments:								
Change in fair value of acquisition-related contingent consideration (income) expense	(8,419)		923		40,385		960	
Amortization of acquired intangibles	2,782		1,198		7,949		3,095	
Acquisition-related expense	783		855		1,123		855	
Payroll tax expense on stock option exercises	—		—		99		95	
Stock-based compensation expense	2,996		939		7,121		7,776	
Severance expense	—		—		390		—	
Impact to income taxes [1]	(2,718)		(8,223)		(8,123)		(9,779)	
Adjusted net income attributable to common stockholders and Adjusted Diluted EPS	$ 5,840	$ 0.26	$ 1,857	$ 0.10	$ 12,240	$ 0.56	$ 4,891	$ 0.27

(1) The impact to taxes was calculated using a normalized statutory tax rate applied to pre-tax income (loss) adjusted for the respective items above and then subtracting the tax provision as determined for GAAP purposes.

The following table reconciles the diluted weighted average shares of common stock outstanding used to calculate net income (loss) per share attributable to common stockholders on a diluted basis for GAAP purposes to the diluted weighted average shares of common stock outstanding used to calculate Adjusted Diluted EPS:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Reconciliation of weighted average shares of common stock outstanding, diluted, to weighted average shares of common stock outstanding, diluted for Adjusted Diluted EPS				
Weighted average shares of common stock outstanding, basic for GAAP	19,217,623	16,699,102	18,989,334	16,483,169
Effect of potential dilutive securities:				
Weighted average dilutive effect of stock options	1,898,543	1,235,883	—	1,308,202
Weighted average dilutive effect of restricted shares	898,821	711,046	—	607,988
Weighted average dilutive effect of contingent shares	273,886	—	—	—
Weighted average dilutive effect of common shares from warrants	—	—	—	12,441
Weighted average shares of common stock outstanding, diluted for GAAP	22,288,873	18,646,031	18,989,334	18,411,800
Adjustments:				
Weighted average dilutive effect of stock options	—	—	1,710,175	—
Weighted average dilutive effect of restricted stock	—	—	846,802	—
Weighted average dilutive effect of contingent shares	—	—	142,679	—
Weighted average shares of common stock outstanding, diluted for Adjusted Diluted EPS	22,288,873	18,646,031	21,688,990	18,411,800

Liquidity and Capital Resources

We incurred a net loss of $36.7 million and generated net income of $1.9 million for the nine months ended September 30, 2018 and 2017, respectively. Our primary liquidity and capital requirements are for research and development, sales and marketing, general and administrative expenses, debt service obligations and strategic business acquisitions. We have funded our operations, working capital needs and investments with cash generated through operations, issuance of stock and borrowings under our credit facilities. At September 30, 2018, we had cash of $13.9 million.

Summary of Cash Flows

The following table shows a summary of our cash flows for the nine months ended September 30, 2018 and 2017:

	Nine Months Ended September 30,	
	2018	2017
Net cash provided by operating activities	$ 9,243	$ 11,700
Net cash used in investing activities	(29,058)	(39,293)
Net cash provided by financing activities	23,332	29,187
Net increase in cash	$ 3,517	$ 1,594

Operating Activities

Net cash provided by operating activities was $9.2 million for the nine months ended September 30, 2018 and consisted primarily of our net loss of $36.7 million and changes in our operating assets and liabilities totaling $9.3 million, offset by the addition of noncash items of $55.2 million. The noncash items primarily included $40.4 million in the aggregate related to the change in the fair value of the acquisition-related contingent consideration for SRx and Peak PACE, $12.1 million of depreciation and amortization expenses related to leasehold improvements, capital equipment, capitalized internal-use software development costs, and acquisition related intangibles, and $7.1 million of stock-based compensation expense, which was primarily related to shares of restricted common stock granted to certain employees and stock options granted to employees in 2018, partially offset by a deferred tax benefit of $4.5 million. The significant factors that contributed to the change in operating assets and liabilities included an increase in accounts receivable primarily due to revenues generated as a result of the SRx acquisition, an increase in prepaid expenses and other current assets primarily due to an increase in contract assets related to estimated drug utilization fees in pharmacy cost management services and a decrease in accounts payable, which were partially offset by an increase in accrued expenses and other liabilities.

Net cash provided by operating activities was $11.7 million for the nine months ended September 30, 2017 and consisted primarily of our net income of $1.9 million, the addition of noncash items of $7.4 million and changes in our operating assets and liabilities totaling $2.4 million. The noncash items primarily included $5.7 million of depreciation and amortization expenses related to leasehold improvements, capital equipment, capitalized internal-use software development costs, and acquisition related intangibles, and $7.8 million of stock-based compensation expense, which was primarily related to shares of restricted common stock that were granted to certain employees in 2016 and stock options granted to employees. The addition of noncash items was partially offset by a $7.1 million deferred tax benefit primarily due to the release of a significant portion of the deferred tax asset valuation allowance and recognition of an additional benefit related to tax windfall benefits generated in the nine months ended September 30, 2017. These tax benefits were offset by tax expense calculated based on the estimated annual effective tax rate. The significant factors that contributed to the change in operating assets and liabilities included an increase in accrued expenses and other liabilities as a result of higher employee compensation and benefits accruals as of September 30, 2017, and an increase in other long-term liabilities due to cash allowances we received for leasehold improvements related to our office space in South Carolina dedicated to software development, which we began to occupy in June 2017. The increase in accrued expenses and other long-term liabilities was partially offset by an increase in accounts receivable primarily due to new revenues generated from our MRM service contracts.

Investing Activities

Net cash used in investing activities was $29.1 million for the nine months ended September 30, 2018 and $39.3 million for the nine months ended September 30, 2017. Net cash used in investing activities for the nine months ended September 30, 2018 reflected $22.0 million paid in connection with the acquisitions of Peak PACE and Mediture, net of cash acquired. In addition, net cash used in investing activities also consisted of $3.5 million in purchases of property, equipment and leasehold improvements, primarily related to purchases of new pharmacy dispensing equipment, equipment and improvements for our new office space in Tucson, Arizona for SRx and improvements for our spaces in Austin, Texas and Gainesville, Florida dedicated to our MRM service call centers. Net cash used in investing activities also consisted of $3.6 million in software development costs and $30 thousand for the purchase of a domain name.

Net cash used in investing activities for the nine months ended September 30, 2017 reflected $34.5 million paid in connection with the acquisition of SRx, net of cash acquired. In addition, net cash used in investing activities consisted of $2.6 million in purchases of property, equipment and leasehold improvements, primarily related to our office space and headquarters in Moorestown, NJ, our office space in South Carolina dedicated to software development, and office space in South San Francisco dedicated to pharmacy dispensing, which we began to occupy in February 2017. Net cash used in investing activities also consisted of $2.2 million in software development costs.

Financing Activities

Net cash provided by financing activities was $23.3 million for the nine months ended September 30, 2018 compared to net cash provided by financing activities of $29.2 million for the nine months ended September 30, 2017. Financing activities for the nine months ended September 30, 2018 primarily reflected borrowings of $26.5 million on the Amended and Restated 2015 Revolving Line to fund the acquisitions of Peak PACE and Mediture and $2.6 million of proceeds received from the exercise of stock options. Net cash provided by financing activities for the nine months ended September 30, 2018 was partially offset by $2.9 million in payments for the repurchase of common stock, a $1.6 million payment of contingent purchase price consideration related to our Medliance acquisition, $779 thousand in payments of long-term debt, and $467 thousand in payments for debt financing and costs associated with our common stock offering completed in December 2017.

Financing activities for the nine months ended September 30, 2017 primarily reflected net borrowings of $35.0 million on the Amended and Restated 2015 Revolving Line to fund the acquisition of SRx, $0.2 million of proceeds received from the exercise of stock options, and $2.1 million in payments for payroll taxes remitted to taxing authorities on behalf of employees for shares withheld from the net exercise of stock options during 2017. Net cash provided by financing activities also included a $1.5 million payment of contingent purchase price consideration related to our Medliance acquisition, $550 thousand in payments of additional acquisition-related consideration, $959 thousand in payments for the repurchase of common stock, $525 thousand in payments of long-term debt and $352 thousand in payments for debt financing and costs associated with our common stock offering.

Funding Requirements

We had an accumulated deficit of $55.9 million as of September 30, 2018. As a result of our initial public offering, which closed on October 4, 2016, we are a publicly traded company and will incur significant legal, accounting and other expenses that we were not required to incur as a private company. In addition, the Sarbanes-Oxley Act, as well as rules adopted by the SEC and NASDAQ Stock Market, require public companies to implement specified corporate governance practices that were not applicable to us as a private company. We expect these rules and regulations will continue to increase our legal and financial compliance costs and will make some activities more time-consuming and costly.

We believe that our cash of $13.9 million as of September 30, 2018, borrowing capacity under our Amended and Restated 2015 Revolving Line and cash flows from continuing operations will be sufficient to fund our planned operations through at least December 31, 2019. Our ability to maintain successful operations will depend on, among other things, new business, the retention of clients and the effectiveness of sales and marketing initiatives. As of the date of this filing, the Company is in the process of evaluating potential refinancing options in order to increase its borrowing capacity.

We may seek additional funding through public or private debt or equity financings. We may not be able to obtain financing on acceptable terms, or at all. The terms of any financing may adversely affect our stockholders. If we are unable to obtain funding, we could be forced to delay, reduce or eliminate our research and development programs, product portfolio expansion or commercialization efforts, which could adversely affect our business prospects. There is no assurance that we will be successful in obtaining sufficient funding on terms acceptable to us to fund continuing operations, if at all.

Revolving Credit Facility

On September 6, 2017, we entered into an Amended and Restated 2015 Revolving Line whereby we amended our amended revolving line of credit, which was entered into on April 29, 2015 and subsequently amended on May 1, 2018 and August 31, 2018. The Amended and Restated 2015 Revolving Line provides for borrowings in an aggregate

amount up to $40.0 million to be used for general corporate purposes, with a $1.0 million sublimit for cash management services and letters of credit and foreign exchange transactions. We may also request an increase in the size of the Amended and Restated 2015 Revolving Line by up to $10.0 million upon the successful syndication of such additional amounts. Amounts outstanding under the Amended and Restated 2015 Revolving Line bear interest at a variable rate based upon Western Alliance Bank's prime rate plus an applicable margin which will range from (0.25%) to 0.25%, with Western Alliance Bank's prime rate having a floor of 3.5%. The Amended and Restated 2015 Revolving Line has a maturity date of September 6, 2020, and is secured by all of our personal property, whether presently existing or created or acquired in the future, as well as our intellectual property. As of September 30, 2018, there was $26.5 million outstanding under the Amended and Restated 2015 Revolving Line. As of September 30, 2018, we were also contingently liable for $400 thousand under an outstanding letter of credit, which reduces amounts available on the Amended and Restated 2015 Revolving Line. During the fourth quarter of 2018, the letter of credit was amended and further reduced to $300 thousand. Amounts available for borrowings under the Amended and Restated 2015 Revolving Line were $13.1 million as of September 30, 2018.

The Amended and Restated 2015 Revolving Line contains financial covenants, including covenants requiring us to maintain a minimum unrestricted cash and unused availability balance under the Amended and Restated 2015 Revolving Line, maintain a maximum leverage ratio on a trailing twelve-month basis measured quarterly, and a minimum EBITDA, measured quarterly. The Amended and Restated 2015 Revolving Line also contains operating covenants, including covenants restricting our ability to effect a sale of any part of our business, merge with or acquire another company, incur additional indebtedness, encumber or assign any right to or interest in our property, pay dividends or other distributions, make certain investments, transact with affiliates outside of the ordinary course of business and incur annual capital expenditures, excluding capitalized software development costs and tenant leasehold improvements, in excess of $5.0 million. The Amended and Restated 2015 Revolving Line contains customary events of default, including upon the occurrence of a payment default, a covenant default, a material adverse change, our insolvency and judgments against us in excess of $500 thousand that remain unsatisfied for 30 days or longer. The Amended and Restated 2015 Revolving Line provides for a ten-day cure period for a covenant breach, which may be extended to up to 30 days in certain circumstances. As of September 30, 2018, we were in compliance with all covenants related to the Amended and Restated 2015 Revolving Line and expect to remain in compliance with such covenants.

Contractual Obligations and Commitments

During the three and nine months ended September 30, 2018, there were no material changes to our contractual obligations and commitments as compared to those described under "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations and Commitments"* in our Annual Report on Form 10-K for the year ended December 31, 2017.

Off-Balance Sheet Arrangements

During the periods presented, we did not have any off-balance sheet arrangements, as defined by applicable SEC rules and regulations.

Critical Accounting Policies and Significant Judgments and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with United States generally accepted accounting principles. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported revenue generated and expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Except as described in Note 3 in the notes to our unaudited consolidated financial statements included in Part 1, Item 1 of this Quarterly Report on Form 10-Q, there have been no material changes in our critical accounting policies during the three and nine months ended September 30, 2018, as compared to those disclosed in the *"Management's*

Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Significant Judgments and Estimates" in our Annual Report on Form 10-K for the year ended December 31, 2017.

Recent Accounting Pronouncements

See Note 2 in this Quarterly Report on Form 10-Q and Note 2 in the Annual Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2017 for a description of new accounting pronouncements. We adopted Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers,* as of January 1, 2018.

Item 3. Quantitative and Qualitative Disclosure about Market Risk

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risks are principally limited to interest rate fluctuations.

As of September 30, 2018, aggregate borrowings of $26.5 million were outstanding under our Amended and Restated 2015 Revolving Line. We entered into the Amended and Restated 2015 Revolving Line to refinance outstanding indebtedness and to fund acquisition-related activities. Interest on the loan is based on the lender's prime rate plus an applicable margin which will range from (0.25%) to 0.25% depending on our leverage ratio, with the lender's prime rate having a floor of 3.5%, which exposes us to market risk due to changes in interest rates. This means that a change in the prevailing interest rates may cause our periodic interest payment obligations to fluctuate. We believe that a one percentage point increase in interest rates would result in an approximately $49 thousand increase to our interest expense for the nine months ended September 30, 2018.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) and Rule 15d-15(b) of the Exchange Act, our management, including our principal executive officer and our principal financial officer, conducted an evaluation as of the end of the period covered by this Quarterly Report on Form 10-Q of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective at the reasonable assurance level in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Inherent Limitations on Effectiveness of Controls and Procedures

Internal control over financial reporting may not prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Also, projections of any evaluation of effectiveness of internal control to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Accordingly, our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met.

Changes in Internal Control Over Financial Reporting

There have not been any changes in our internal control over financial reporting during the three months ended September 30, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently party to any material legal proceedings. From time to time, however, we may be a party to litigation and subject to claims in the ordinary course of business. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 1A. Risk Factors

Stockholders and potential investors in our securities should carefully consider the risk factors set forth in Part I, "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2017, which was filed with the Securities and Exchange Commission on March 14, 2018. We have identified these risk factors as important factors that could cause our actual results to differ materially from those contained in any written or oral forward-looking statements made by us or on our behalf. Other than as set forth below, there have been no material changes to such risk factors previously disclosed in our Annual Report.

We face additional risks as a result of the acquisitions of Mediture and Cognify and may be unable to integrate our businesses successfully and realize the anticipated synergies and related benefits of these acquisitions or do so within the anticipated timeframe.

On August 31, 2018, we completed our acquisition of Mediture and on October 19, 2018 we completed our acquisition of Cognify, Inc., or Cognify. As a result of these acquisitions, we face various additional risks, including, among others, the following:

- our inability to successfully evaluate and utilize Mediture and Cognify's products, services, technologies or personnel;
- disruption to Mediture and Cognify's businesses and operations and relationships with service providers, clients, employees and other partners;
- negative effects on our products, product pipeline and services from the changes and potential disruption that may follow the acquisitions;
- diversion of our management's attention from other strategic activities;
- our inability to successfully combine the businesses in a manner that permits us to achieve the cost savings anticipated to result from the acquisitions;
- diversion of significant resources from the ongoing development of our existing products, services and operations; and
- greater than anticipated costs related to the integration of Mediture and Cognify's businesses and operations into ours.

Our ability to execute all such plans will depend on various factors, many of which remain outside our control. Any of these risks could adversely affect our business and financial results.

The process of integrating Mediture and Cognify's operations into our operations could result in unforeseen operating difficulties and require significant resources.

The following factors, among others, could reduce our revenues and earnings, increase our operating costs, and result in a loss of projected synergies:

- if we are unable to successfully integrate the duties, responsibilities, and other factors of interest to the management and employees of the acquired businesses, we could lose employees to our competitors, which could significantly affect our ability to operate the businesses and complete the integration;

- if we are unable to implement and retain uniform standards, controls, policies, procedures and information systems; and
- if the integration process causes any delays with the delivery of our services, or the quality of those services, we could lose clients, which would reduce our revenues and earnings.

The process of integrating Mediture and Cognify and their respective associated services and technologies involves numerous risks that could materially and adversely affect our results of operations or stock price.

The following factors, among others, could materially and adversely affect our results of operations or stock price:

- expenses related to the acquisition process and impairment charges to goodwill and other intangible assets related to the acquisition;
- the dilutive effect on earnings per share as a result of issuances of stock and incurring operating losses;
- stock volatility due to investors' uncertainty regarding the value of Mediture and Cognify;
- diversion of capital from other uses;
- failure to achieve the anticipated benefits of the acquisitions in a timely manner, or at all; and
- adverse outcome of litigation matters or other contingent liabilities assumed in or arising out of the acquisitions.

Notwithstanding the due diligence investigation we performed in connection with the acquisitions, Mediture and Cognify may have liabilities, losses, or other exposures for which we do not have adequate insurance coverage, indemnification, or other protection.

While we performed significant due diligence on Mediture and Cognify prior to consummating each of these acquisitions, we are dependent on the accuracy and completeness of statements and disclosures made or actions taken by Mediture and Cognify and their representatives when conducting due diligence and evaluating the results of such due diligence. We did not control and may be unaware of activities of Mediture and Cognify before their respective acquisition, including intellectual property and other litigation claims or disputes, information security vulnerabilities, violations of laws, policies, rules and regulations, commercial disputes, tax liabilities and other known and unknown liabilities.

Our post-closing recourse is limited under the Mediture and Cognify purchase agreements.

The obligations of each of the sellers of Mediture and Cognify to indemnify us is limited to, among others, breaches of specified representations and warranties and covenants included in each of the Mediture and Cognify purchase agreements and other specific indemnities as set forth in such purchase agreements. In the event that any seller breaches a representation or warranty other than a Fundamental Representation (as defined in each purchase agreement), we cannot recover in respect of a claim for indemnification pursuant to the relevant purchase agreement with respect to such non-Fundamental Representation unless and until the indemnifiable losses exceed $165,000 with respect to Mediture and $90,000 with respect to Cognify, and in each case we cannot make an indemnification claim against the sellers for a breach of a non-Fundamental Representation after the date that is 18 months after the date of closing of the relevant acquisition. If any issues arise post-closing, we may not be entitled to sufficient, or any, indemnification or recourse from the sellers, which could have a material adverse impact on our business and results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Filing Date	Exhibit Number	
2.1#	Membership Interest Purchase Agreement, made and entered into as of August 31, 2018, by and among TRHC MEC Holdings, LLC, each member of Mediture LLC and eClusive L.L.C., and Kelley Business Law, PLLC, solely in its capacity as the Seller Representative				X
3.1	Amended and Restated Certificate of Incorporation of Tabula Rasa HealthCare, Inc.	8-K	8/4/2016	3.1	
3.2	Amended and Restated Bylaws of Tabula Rasa HealthCare, Inc.	8-K	8/4/2016	3.2	
10.1	Third Amendment to Lease Agreements, effective as of July 10, 2018, by and between Tabula Rasa HealthCare, Inc. and 228 Strawbridge Associates, LLC	8-K	7/16/2018	10.1	
10.2	Loan and Security Modification Agreement, dated August 31, 2018, by and among CareKinesis, Inc., Tabula Rasa HealthCare Inc., Careventions, Inc., Capstone Performance Systems, LLC, J.A. Robertson, Inc., Medliance LLC, CK Solutions, LLC, TRSHC Holdings, LLC, and SinfoníaRx, Inc., the several banks and other financial institutions or entities party thereto and Western Alliance Bank				X
31.1	Certification of Chief Executive Officer (Principal Executive Officer) required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
31.2	Certification of Chief Financial Officer (Principal Financial Officer) required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
32.1**	Certification of Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), as required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
101.INS	XBRL Instance Document				X
101.SCH	XBRL Taxonomy Extension Schema Document				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase				X
101.LAB	XBRL Taxonomy Extension Label Linkbase				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase				X

* Represents management contract or compensatory plan or arrangement.

** This certification attached as Exhibit 32.1 that accompanies this Quarterly Report on Form 10-Q is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Tabula Rasa HealthCare, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of this Form 10-Q), irrespective of any general incorporation language contained in such filing.

The schedules and exhibits to the membership interest purchase agreement are omitted pursuant to Item 601(b)(2) of Regulation S-K. The company undertakes to furnish supplementally to the Securities and Exchange Commission, upon request, a copy of any omitted schedule or exhibit.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TABULA RASA HEALTHCARE, INC.

Date: November 8, 2018

By: /s/ DR. CALVIN H. KNOWLTON
Name: Dr. Calvin H. Knowlton
Title: Chief Executive Officer
(Principal Executive Officer)

Date: November 8, 2018

By: /s/ BRIAN W. ADAMS
Name: Brian W. Adams
Title: Chief Financial Officer
(Principal Financial Officer)

Date: November 8, 2018

By: /s/ ANDREA C. SPEERS
Name: Andrea C. Speers
Title: Chief Accounting Officer
(Principal Accounting Officer)

Exhibit 2.1

MEMBERSHIP INTEREST PURCHASE AGREEMENT

by and among

TRHC MEC HOLDINGS, LLC,

THE SELLERS (AS DEFINED HEREIN),

AND

KELLEY BUSINESS LAW, PLLC, AS SELLER REPRESENTATIVE

dated as of August 31, 2018

EXHIBITS

Exhibit A	Seller List
Exhibit B	Form of Escrow Agreement
Exhibit C	Membership Interest Allocation

MEMBERSHIP INTEREST PURCHASE AGREEMENT

This MEMBERSHIP INTEREST PURCHASE AGREEMENT (this "Agreement") is made and entered into as of August 31, 2018, by and among (a) TRHC MEC Holdings, LLC, a Delaware limited liability company ("Purchaser"), (b) each member of Mediture LLC, a Minnesota limited liability company ("Mediture") and eClusive L.L.C., a Minnesota limited liability company ("eClusive" and together with Mediture, the "Company") set forth on the signature page hereto under the heading "Sellers" (each, a "Seller", and collectively, the "Sellers"), and (c) Kelley Business Law, PLLC, solely in its capacity as the Seller Representative (the "Seller Representative" and, together with Purchaser, the Company and the Sellers, each a "Party" and collectively, the "Parties").

Background

The Sellers collectively own all of the issued and outstanding membership and/or economic interests of Mediture (the "Mediture Membership Interests") and eClusive (the "eClusive Membership Interests" and together with the Mediture Membership Interests, the "Membership Interests").

Each Seller is the record and beneficial owner of the respective Membership Interests set forth opposite each such Seller's name on **Exhibit A** hereto.

Subject to the terms and conditions set forth herein, each Seller desires to assign, transfer and sell to Purchaser, and Purchaser desires to purchase, all of the Membership Interests.

Terms and Conditions

NOW, THEREFORE, in consideration of the respective covenants, agreements, representations and warranties herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, intending to be legally bound hereby, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS

For convenience, certain terms used in more than one part of this Agreement are listed in alphabetical order and defined or referred to below (such terms as well as any other terms defined elsewhere in this Agreement shall be equally applicable to both the singular and plural forms of the terms defined).

"ACA" is defined in Section 5.22(g)(vii).

"Accounts Receivable" means, as of any specified date, any trade accounts receivable, notes receivable, bid, lease or performance deposits, employee advances and other miscellaneous receivables of the Company (whether or not arising out of the ordinary course of business), together with, in each case, the full benefit of any security interest of the Company therein and any claim, remedy or other right related to the foregoing.

"Accredited Investor" means a Seller that is an "Accredited Investor" as defined in Rule 501(a) of Regulation D promulgated under the Securities Act.

"Action" means any claim, proceeding, litigation, lawsuit, action, cause of action, demand, suit, arbitration, inquiry, audit, notice of violation, citation, summons, subpoena, investigation, administrative, quasi-administrative or other proceeding, of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

"Adjustment Escrow Amount" means an amount equal to $600,000.

"Adjustment Escrow Fund" means the Adjustment Escrow Amount paid to the Escrow Agent, and any interest earned thereon, which shall be maintained and administered by the Escrow Agent in accordance with the Escrow Agreement to provide a source of funds for the payment of the amounts owing to Purchaser or the Sellers, as applicable, under Section 2.4(d).

"Affiliates" means, with respect to a particular party, Persons controlling, controlled by or under common control with that party, as well as any officers, directors and majority-owned entities of that party and of its other Affiliates. For the purposes of the foregoing, ownership, directly or indirectly, of 20% or more of the voting stock or other equity interest shall be deemed to constitute control.

"Agreement" is defined in the Preamble.

"Asset Allocation Schedule" is defined in Section 7.2(e).

"Assets" means, collectively, all of the assets, including inventory, properties, business, goodwill and rights of every kind and description, real and personal, tangible and intangible, wherever situated of the Company, whether or not reflected on the Financial Statements.

"Balance Sheet" is defined in Section 5.7(a).

"Balance Sheet Date" is defined in Section 5.7(a).

"Baseline Amount" is defined in Section 2.1.

"Baseline Cash Amount" means $18,500,000.

"Basket" is defined in Section 9.3(a).

"Business" means, collectively, the business, operations, facilities and other Assets, financial condition, results of operations, finances, markets, products, competitive position and supplies, customers and customer relations and personnel of the Company.

"Business Day" means a day other than a Saturday, Sunday or other day on which banks located in New York, New York are authorized or required by Law to close.

"Business Intellectual Property" means the Licensed Intellectual Property and the Owned Intellectual Property.

"Cash Consideration" is defined in Section 2.2.

"Claim Notice" is defined in Section 9.6(a).

"Claim Response" is defined in Section 9.6(a).

"Closing" is defined in Section 3.1.

"Closing Date" is defined in Section 3.1.

"Code" means the U.S. Internal Revenue Code of 1986, as amended.

"Company" is defined in the Preamble.

"Company Cash" means, collectively, all cash and cash equivalents held by the Company, *less* (a) any and all Restricted Cash and cash necessary to cover all outstanding checks and wire transfers that have been mailed, transmitted or otherwise delivered by the Company but have not cleared its bank or other accounts, all as determined in accordance with GAAP; *less* (b) any overdrafts or related fees, in each case as of the close of business on the day immediately preceding the Closing Date.

"Company Confidential Information" is defined in Section 7.6.

"Company Contracts" is defined in Section 5.16(b).

"Company Disclosure Schedule" is defined in the preamble to Article V.

"Company Products" means, each product (including any Software product) or service developed, under development, manufactured, sold, licensed, leased or delivered by the Company, and other products sold, marketed, promoted, or distributed by or on behalf of the Company, including those set forth on Schedule 1 hereto.

"Company Security" means all outstanding Membership Interests and any other Equity Interest in the Company.

"Company Software" means all Software (including any firmware or other Software embedded in hardware devices) owned, developed (or currently being developed), used, marketed, distributed, licensed or sold at any time by the Company (excluding Software licensed to the Company under Off-the-Shelf Software Licenses solely for internal use).

"Confidential Information" means any information of a party, including a list, compilation, method, technique or process that derives independent economic value, actual or potential, from not being generally known to the public or to other Persons who can obtain economic value from its disclosure or use; provided, however, that Confidential Information shall not include (a) information that, at the time of disclosure, is in the public domain; (b) information that, after disclosure, is published or otherwise becomes part of the public domain through no fault of the receiving party; (c) information that is received by a party in good faith from an independent source that has no duty of nondisclosure to the disclosing party with respect to such information; or (d)

information that is independently developed by the receiving party without the benefit or use of, reliance on, or reference to information that would otherwise constitute Confidential Information.

"Contingent Claim" is defined in Section 9.8.

"Contract" means any written or oral contract, agreement, lease, plan, instrument or other document, commitment, arrangement, or undertaking that is or may be binding on any Person or its property under applicable Law, including any purchase orders or statements of work authorized or issued pursuant to the terms of a contract.

"Converser Agreement" means that certain letter agreement, dated as of the date hereof, by and between Purchaser and Converser Technologies LLC.

"Customer Contracts" means any Contracts pursuant to which the Company has provided or will provide products or services in connection with the Business.

"Data Room Drive" is defined in Section 7.12.

"D&O Tail Policy" is defined in Section 7.3.

"Damages" means any and all Liabilities, claims, demands, judgments, losses, Taxes, costs, damages or expenses whatsoever (including reasonable attorneys', consultants' and other professional fees and disbursements of every kind, nature and description incurred by such Indemnified Purchaser Party in connection therewith).

"Data Room" is defined in the definition of "made available."

"Debt Amount" means, collectively, the amount of all Indebtedness of the Company that is outstanding as of the Closing, determined immediately prior to giving effect to the Closing.

"Default" means (a) a breach, default or violation, (b) the occurrence of an event that with or without the passage of time or the giving of notice, or both, could constitute a breach, default or violation or (c) with respect to any Contract, the occurrence of an event that with or without the passage of time or the giving of notice, or both, could give rise to a right of termination, renegotiation, acceleration or a right to receive Damages or a payment of penalties.

"eClusive" is defined in the Preamble.

"eClusive Lease Amendment" means the amendment to that certain Office Lease Agreement, dated as of January 1, 2016, by and between eClusive and Equitable Ventures, LLC with respect to the property at 7700 Equitable Drive, Suite 103, Eden Prairie, MN 55344, in form and substance acceptable to Purchaser.

"eClusive Membership Interests" is defined in the Background.

"Environmental Laws" means all Laws, Environmental Permits, policies, guidance documents, Orders and Contracts with any Governmental Body related to protection of the environment, natural resources, safety or health or the handling, use, recycle, generation,

treatment, storage, transportation or disposal of hazardous materials, and any common law cause of action relating to the environment, natural resources, safety, health or the management of or exposure to hazardous materials.

"Environmental Permit" means all permits, licenses, approvals, authorizations or consents required by any Governmental Body under any applicable Environmental Law and includes any and all Orders, consent orders or binding Contracts issued or entered into by a Governmental Body under any applicable Environmental Law.

"Equity Interest" means, in respect of any Person, (a) any capital stock or similar security of (or other ownership or profit interests in) such Person, (b) any security convertible into or exchangeable for any security (or other ownership or profit interests) described in clause (a), (c) any option, warrant, or other right to purchase or otherwise acquire any security described in clauses (a), (b), or (c), (d) any other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination, and (e) any "equity security" within the meaning of the Exchange Act and the rules and regulations promulgated thereunder.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and all regulations and rules promulgated thereunder, or any successor Law.

"ERISA Affiliate" means any Person that, together with the Company, is or was at any time treated as a single employer under Section 414 of the Code or Section 4001 of ERISA.

"Escrow Agent" means Wilmington Trust, N.A.

"Escrow Agreement" means the Escrow Agreement to be entered into on the date hereof by Purchaser, the Seller Representative and the Escrow Agent, in the form attached as **Exhibit B** hereto.

"Escrow Funds" means the Adjustment Escrow Fund and the Indemnification Escrow Fund.

"Estimated Closing Cash Payment" is defined in Section 2.3.

"Estimated Closing Payment" is defined in Section 2.3.

"Estimated Closing Payment Calculation Statement" is defined in Section 2.2.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Excluded Claim" is defined in Section 7.9.

"Expiration Date" is defined in Section 9.4.

"FDA" is defined in Section 5.19(g).

"Final Company Transaction Expenses" means the Transaction Expenses, as finally determined pursuant to Section 2.4(b).

"Final Debt Amount" means the Debt Amount, as finally determined pursuant to Section 2.4(b).

"Final Determination" means, with respect to any issue, (a) a decision, judgment, decree or other order by any court of competent jurisdiction, which decision, judgment, decree or other order has become final and not subject to further appeal, (b) a closing agreement entered into under Section 7121 of the Code or any other binding settlement agreement entered into in connection with or in contemplation of an administrative or judicial proceeding, or (c) the completion of the highest level of administrative proceedings if a judicial contest is not or is no longer available.

"Final Net Working Capital" means the Net Working Capital, as finally determined pursuant to Section 2.4(b).

"Final Purchase Price" is defined in Section 2.4(c).

"Final Purchase Price Calculation Statement" is defined in Section 2.4(c).

"Financial Statements" is defined in Section 5.7(a).

"Fundamental Representations" means the representations and warranties set forth in Article IV (*Representations and Warranties of the Sellers*), Sections 5.1 (*Organization and Standing*), 5.2 (*Capitalization and Ownership; No Subsidiaries*), 5.3 (*Authority and Binding Effect*), 5.4 (*Validity of the Transactions*), 5.8 (*Taxes*), 5.15 (*Intellectual Property*), 5.23 (*Transactions with Affiliates*), 5.27 (*Brokers*), and Article VI (*Representations and Warranties of Purchaser*).

"GAAP" means U.S. generally accepted accounting principles, consistently applied.

"General Cap Claim" is defined in Section 9.3(b).

"Governmental Body" means any (a) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature, or any political subdivision thereof, (b) federal, state, local, municipal, foreign or other government or (c) governmental or quasi-governmental authority of any nature (including any governmental division, department, agency, commission, instrumentality, organization, regulatory body or other entity and any court, arbitrator or other tribunal).

"Governmental Permit Action" is defined in Section 5.18.

"Governmental Permits" means any permits, licenses, registrations, clearances, certificates of occupancy, approvals, privileges or other authorizations of any nature whatsoever, granted, approved, accepted or allowed by any Governmental Body.

"Health Care Laws" means Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395hhh (the Medicare statute); Title XIX of the Social Security Act, 42 U.S.C. §§ 1396-1396v

(the Medicaid statute); the Anti-Kickback Statute, 42 U.S.C. § 1320a-7b(b); the False Claims Act, 31 U.S.C. §§ 3729-3733 (as amended); the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; the Anti-Kickback Act of 1986, 41 U.S.C. §§ 51-58; the Civil Monetary Penalties Law, 42 U.S.C. §§ 1320a-7a and 1320a-7b; the Exclusion Laws, 42 U.S.C. § 1320a-7; HIPAA; and any similar state and local Laws; and all applicable federal, state, and local licensing, state anti-kickback and regulatory and Laws applicable to the services provided by the Sellers.

"HIPAA" means the Health Insurance Portability and Accountability Act of 1996, as amended from time to time, and the implementing regulations at 45 CFR Parts 160 and 164, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009.

"Indebtedness" as applied to any Person means (without duplication) (a) all indebtedness of such Person for borrowed money, whether secured or unsecured, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments or debt securities, (c) all indebtedness of such Person created or arising under any conditional sale or other title retention Contract with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such Contract in the event of Default are limited to repossession or sale of such property), (d) all indebtedness of such Person secured by a mortgage or other Lien to secure all or part of the purchase price of the property subject to such Lien, (e) all obligations under capital leases and those arrangements which should have been recorded as capital leases in respect of which such Person is liable as lessee, (f) any Liability of such Person in respect of banker's acceptances or letters of credit, (g) all obligations of such Person in respect of the deferred purchase price of property or services (other than current trade accounts payable in the ordinary course of business), (h) obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment prior to the Closing Date in respect of any Equity Interest in such Person or any other Person or any warrant, right or option to acquire such Equity Interest, valued, in the case of a redeemable preferred interest, at the maximum liquidation preference that such Person may be required to pay plus, without duplication, accrued and unpaid dividends, (i) any deferred revenue, (j) any amounts owed to Affiliates of such Person, (k) all indebtedness of others secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by the Company, (l) all interest, fees, prepayment premiums and other expenses owed with respect to the indebtedness referred to in clauses (a) through (k), and (m) all indebtedness referred to above which is directly or indirectly guaranteed by such Person or which such Person has agreed (contingently or otherwise) to purchase or otherwise acquire or in respect of which it has otherwise assured a creditor against loss.

"Indemnification Escrow Amount" means an amount equal to $2,200,000.

"Indemnification Escrow Fund" means the Indemnification Escrow Amount paid to the Escrow Agent, and any interest earned thereon, which shall be maintained and administered by the Escrow Agent in accordance with the Escrow Agreement to provide a source of funds for the payment of the indemnification obligations set forth in Section 9.1.

"Indemnified Party" means any Person that is seeking indemnification pursuant to the provisions of this Agreement.

"Indemnified Purchaser Party" is defined in Section 9.1(a).

"Indemnified Seller Party" is defined in Section 9.2(a).

"Indemnitor" means any Party from which any Indemnified Party is seeking indemnification pursuant to the provisions of this Agreement.

"Independent Accounting Firm" is defined in Section 2.4(c).

"Intellectual Property" means all intellectual property and industrial property rights and assets, and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, pursuant to the Laws of any jurisdiction throughout the world, including any and all: (a) inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereon, and all patents, patent applications and patent disclosures, together with all provisionals, reissues, continuations, continuations-in-part, divisions, renewals, extensions and reexaminations thereof, and all industrial designs and registrations and applications therefor, (b) trademarks, service marks, trade dress, logos, slogans, trade names, domain names, URLs, brand names, and corporate names, user names, screen names, internet and mobile account names (including social media names, "tags," and "handles") or other designations of source, origin, sponsorship, endorsement or certification, together with all goodwill associated with any of the foregoing, whether or not applied for or registered and all applications, registrations and renewals in connection therewith, (c) all copyrights and copyrightable works and all applications, registrations and renewals in connection therewith, together with all translations, adaptations, derivations and combinations thereof and all website content, documentation, advertising copy, marketing materials, specifications, drawings, graphics, databases, and recordings, (d) all trade secrets and Confidential Information (including ideas, source code, object code, invention disclosure statements, databases, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, methods, schematics, technology, tools, methods, product road maps, technical data, designs, drawings, flowcharts, block diagrams, specifications, customer and supplier lists, pricing and cost information and business and marketing plans and proposals) ("Trade Secrets"), (e) all computer software (including data and related documentation) and databases, and any and all software implementations of algorithms, specifications, models and methodologies, application programming interfaces, user interfaces, assemblers, applets, compilers, compiled code, binaries, design tools, development tools, operating systems, in each case whether in source code or object code, design documents, flow-charts, user manuals and training materials relating thereto and any translations, compilations, arrangements, adaptations, and derivative works thereof ("Software"), (f) all other proprietary rights and rights of publicity relating to any of the foregoing, including rights to priority, causes of action, damages and remedies for past, present and future infringements, misappropriations or other violations thereof and rights of protection of an interest therein under the laws of any jurisdiction, and (g) all copies and tangible embodiments of any of the foregoing (in whatever form or medium).

"Intended Tax Treatment" is defined in Section 7.2(d).

"IRS" means the U.S. Internal Revenue Service.

"IT Systems" means the hardware, Software (other than proprietary software developed for or by the Company for its own internal use or providing to Persons), databases (but not

including any data contained therein or associated therewith), data communication lines, network and telecommunications equipment, Internet-related information technology infrastructure, wide area network and other information technology equipment, owned, leased or licensed by the Company, or any of them, but excluding such lines or infrastructure owned or operated by third parties (e.g., internet service providers, telecommunications carriers, and the like) to which the Company has access under a Contract.

"Knowledge," "to the knowledge of," or phrases of similar import, with respect to an individual, means the (a) actual knowledge of an individual or (b) knowledge that such individual would have with respect to any particular fact or matter in the course of conducting a reasonable investigation concerning the existence of the fact or matter. A Person other than an individual shall be deemed to have "Knowledge" of a fact or matter if any individual who is serving as a director, manager or officer of that Person (or in any similar capacity) has, or at any time had, Knowledge of that fact or matter.

"Law" means any federal, state, local or municipal law, statute, constitution, ordinance, code, decree, rule, regulation, ruling, requirement, policy or guideline issued, enacted, adopted or promulgated by or under the authority of any Governmental Body.

"Liability" means any direct or indirect liability, indebtedness, obligation, commitment, expense, debt, claim, loss, damage, deficiency, guaranty or endorsement of any nature whatsoever, of or by any Person, whether absolute or contingent, asserted or unasserted, known or unknown, secured or unsecured, recourse or non-recourse, filed or unfiled, accrued or unaccrued, due or to become due, or liquidated or unliquidated.

"Licensed Intellectual Property" means all Intellectual Property owned by a third party and used or held for use by the Company under a license, sublicense or permission.

"Liens" means any lien, mortgage, security interest, pledge, restriction on transferability, defect of title or other claim, charge or encumbrance of any nature whatsoever on any property or property interest, including any restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership.

"Liquidated Claim Notice" is defined in Section 9.6(a).

"made available" or words or similar import means, with respect to documents or information required to be provided by the Company or any Seller, any documents or information posted by the Company, any Seller or their representatives to the Company's electronic data room hosted by Merrill Corporation (the "Data Room") at least three (3) days prior to the date hereof.

"Malware" means computer instructions or code that can alter, destroy, shut down, lock out, lock up, encrypt, inhibit or interfere with the operation of or access to computer software, databases, data, network, servers, or any related computer environment, including but not limited to other programs' data storage and computer libraries; programs that self-replicate without manual intervention; instructions programmed to activate at a predetermined time upon a specified event; programs that permit unauthorized access to computer software or hardware or databases; programs that purport to do a meaningful function but are designed for a different and harmful function; and programs that perform no useful function but utilize substantial computer,

telecommunications, memory, or other resources, including viruses, Trojan horses, botnets, spiders, time bombs, protect codes, data destruction keys, trap doors, kill switches, and similar codes or devices.

"Material Adverse Effect" means any change, effect event, violation, inaccuracy, circumstance or other matter that, individually or in the aggregate, is or could reasonably be expected to be materially adverse to (i) the Liabilities, financial condition, assets or results of operations of the Company or the Business or (ii) the ability of the Sellers or the Company to consummate the Transactions or to perform any of their respective obligations under this Agreement, in each case other than any such effect or change resulting from or arising in connection with (a) general economic conditions in the industries or markets in which the Company operates, in each case which do not disproportionately affect the Company or the Business, (b) acts of terrorism or military action or the threat thereof which do not disproportionately affect the Company or the Business or (c) any change in accounting requirements or principles or any change in applicable Law.

"Mediture" is defined in the Preamble.

"Mediture Lease Amendment" means the amendment to that certain Office Lease Agreement, dated as of December 1, 2016, by and between Mediture and Equitable Ventures, LLC with respect to the property at 7700 Equitable Drive, Suites 100 and 203, Eden Prairie, MN 55344, in form and substance acceptable to Purchaser.

"Mediture Membership Interests" is defined in the Background.

"Membership Interest Allocation" is defined in Section 2.6.

"Membership Interests" is defined in the Background.

"Net Working Capital" means the current assets of the Company (including the Company Cash and excluding current or deferred income tax assets) less the current liabilities of the Company (excluding the Transaction Expenses, the current portion of any Indebtedness and current or deferred income tax liabilities), each determined as of the close of business on the day immediately preceding the Closing Date in a manner consistent with the preparation of the Financial Statements, the Net Working Capital Schedule and the Target Net Working Capital, including the application of GAAP therein, consistently applied, and, to the extent consistent with GAAP, shall be consistent in all material respects with the books and records of the Company.

"Net Working Capital Schedule" means the schedule attached hereto as Schedule 2, which schedule contains the calculations and principles used to determine the Net Working Capital.

"Non-Qualified Deferred Compensation Plan" is defined in Section 5.22(g)(vi).

"Notice of Third Party Claim" is defined in Section 9.5(a).

"Off-the-Shelf Software License" means any license or other Contract for generally commercially available, off-the-shelf Software that in each case has incurred license fees of less than $5,000.

"Open Source Software" means any Software subject to a license agreement that (a) requires the licensor to permit reverse-engineering of the licensed Software or other Software incorporated into, derived from, or distributed with such licensed Software (except to the extent required by law for interoperability purposes), or (b) requires the licensed Software or other Software incorporated into, derived from, or distributed with such licensed Software to (i) be distributed in source code form; (ii) be licensed for the purpose of making derivative works; or (iii) be distributed at no charge. Open Source Software license agreements include, but are not limited to: (a) GNU's General Public License (GPL) or Lesser/Library GPL (LGPL), (b) The Artistic License (e.g. PERL), (c) the Mozilla Public License, (d) the Netscape Public License, (e) the Sun Community Source License (SCSL), (f) the Sun Industry Standards Source License (SISSL), (g) the Apache Server license, (h) the QT Free Edition License, (i) the IBM Public License, (j) BitKeeper and (k) the Common Public License.

"Order" means any judgment, decree, injunction, order, ruling, writ, citation or award of any nature of any Governmental Body or other authority that is binding on any Person or its property under applicable Law.

"ordinary course" or "ordinary course of business" means, with respect to an action taken by any Person, an action that (a) is consistent in nature, scope and magnitude with the past practices of such Person and is taken in the ordinary course of the normal, day-to-day operations of such Person, (b) does not require authorization by the board of directors or shareholders of such Person (or by any Person or group of Persons exercising similar authority) and does not require any other separate or special authorization of any nature and (c) is similar in nature, scope and magnitude to actions customarily taken, without any separate or special authorization, in the ordinary course of the normal, day-to-day operations of other Persons that are in the same line of business as such Person.

"Organizational Documents" means an entity's certificate or articles of incorporation, formation or organization, certificate defining the rights and preferences of securities, general or limited partnership agreement, bylaws or operating agreement, certificate of limited partnership, joint venture agreement or similar document governing the entity.

"OSS License" means any license or other Contract pursuant to which Software is licensed or distributed that requires licensees or recipients to (i) disclose or otherwise make available the source code for any Software incorporating or using such licensed or distributed Software, or that is a derivative work of such licensed distributed Software, or that was otherwise authored or developed using such licensed or distributed Software, or (ii) distribute or make available the Software described in item (i) on terms specified in such license or other Contract, including, but not limited to, the GNU General Public License (GPL) (any version) or other open source code license.

"OSS Modifications" means any and all modifications to or derivative works of any Open Source Software made by or on behalf of the Company.

"Owned Intellectual Property" means all Intellectual Property owned or purported to be owned by the Company.

"Parent" means Tabula Rasa HealthCare, Inc., a Delaware corporation.

"Parent Stock" means the common stock, par value $0.0001 per share, of Parent.

"Parent Stock Value" means an amount per share of Parent Stock equal to the arithmetic average of the volume-weighted average (rounded to two decimal places) trading price per share of Parent Stock for the fifteen (15) full trading days ended on and including the trading day prior to the date of this Agreement, using trading prices reported on the NASDAQ Global Market based on all trades in Parent Stock on the NASDAQ Global Market during the primary trading sessions from 9:30 a.m., Eastern Time, to 4:00 p.m., Eastern Time (and not an average of the daily averages during such fifteen (15) trading days).

"Party" is defined in the Preamble.

"Payoff Letters" is defined in Section 3.2(a)(vii).

"Permitted Liens" means (a) Liens for Taxes, assessments or similar charges not yet due and payable, (b) Liens of mechanics, materialmen, warehousemen, carriers, or other like Liens securing obligations incurred in the ordinary course of the Business not yet due and payable or which are being contested in good faith by appropriate proceedings and for which adequate reserves have been set aside therefor, and (c) easements, rights of way, restrictions, and the like affecting any real property, in each case of record, visible upon a physical inspection of the real property or otherwise made known to Purchaser and which, individually or in the aggregate, do not materially affect the use and enjoyment of the real property.

"Person" means any natural person, corporation, limited liability company, partnership, proprietorship, association, joint venture, trust or other legal entity.

"Personal Information" means (i) any information or data that alone or together with any other data or information relates to an identified or identifiable natural person and (ii) any other information or data considered to be personally identifiable information or data under applicable Laws (including financial information and protected health information, as such term is defined under HIPAA).

"Plans" means (a) any pension plan, 401(k) plan, profit-sharing plan, health or welfare plan, and any other employee benefit plan (within the meaning of Section 3(3) of ERISA, whether or not subject to ERISA) that is maintained or sponsored by the Company or to which the Company contributes or for which the Company otherwise has or may have any Liability, either directly or as a result of an ERISA Affiliate, and (b) any other benefit arrangement, obligation, or practice, whether or not legally enforceable, to provide benefits as compensation for services rendered, to one or more present or former employees, directors, agents, or independent contractors, that is maintained or sponsored by the Company or to which the Company contributes or for which the Company otherwise has or may have any Liability either directly or as a result of an ERISA Affiliate, including employment Contracts, offer letters, severance policies or Contracts, retention or change in control compensation agreements, executive compensation arrangements, bonus, commission or other incentive arrangements, equity-based compensation, deferred compensation arrangements, welfare or fringe benefits, and each other employee benefit plan, fund, program, Contract or arrangement.

"Pre-Closing Tax Period" means any taxable period ending prior to the Closing Date.

"Prime Rate" means the prime lending rate as reported in *The Wall Street Journal* from time to time as the base rate on corporate loans.

"Privacy Laws" is defined in Section 5.29(a).

"Purchase Price" is defined in Section 2.1.

"Purchase Price Allocation Schedule" is defined in Section 7.2(e).

"Purchaser" is defined in the Preamble.

"Purchaser's Closing Payment" is defined in Section 2.4(a).

"Purchaser's Closing Payment Calculation Statement" is defined in Section 2.4(a).

"Purchaser's Proposed Calculations" is defined in Section 2.4(a).

"Qualified Plan" is defined in Section 5.22(c).

"Real Estate Lease" is defined in Section 5.14(a).

"Real Property" means all rights and interests in or to real property (including any real estate, land, building, condominium, town house or other real property of any nature), including all shares of stock or other ownership interests in cooperative or condominium associations, fee estates, leaseholds and subleaseholds, purchase and leasehold options, easements, licenses, rights of use and occupancy, privileges, hereditaments, appurtenances thereto, rights to access and rights of way, easement or prescriptive right and all structures, owned by the Company or used in the operation of the Business, together with any additions thereto or replacements thereof.

"Registered IP" is defined in Section 5.15(a).

"Release" means any release, spill, emission, leaching, leaking, migration, dumping, emptying, pumping, injection, deposit, disposal, discharge or dispersal into the indoor or outdoor environment, or into or out of any property.

"Released Claims" is defined in Section 7.9.

"Releasee" is defined in Section 7.9.

"Releasor" is defined in Section 7.9.

"Remaining Disputed Items" is defined in Section 2.4(c).

"Response Period" is defined in Section 9.6(a).

"Restricted Cash" means cash security deposits made by the Company, cash collateralizing any obligation, cash in reserve or escrow accounts, custodial cash and cash subject to a lockbox,

dominion, control or similar agreement (other than those that will be terminated at Closing) or otherwise subject to any legal or contractual restriction on the ability to freely transfer or use such cash for any lawful purpose.

"Restricted Party" is defined in Section 7.5.

"Restricted Period" is defined in Section 7.5.

"Review Period" is defined in Section 2.4(b).

"Scheduled IP" is defined in Section 5.15(a).

"SEC" means the United States Securities and Exchange Commission.

"SEC Documents" is defined in Section 6.6.

"SEC Effective Date" is defined in Section 6.6.

"Securities Act" means the Securities Act of 1933, as amended.

"Seller Representative" is defined in the Preamble.

"Sellers" is defined in the Preamble.

"Sellers' Proposed Calculations" is defined in Section 2.4(b).

"Software" is defined in the definition of "Intellectual Property."

"State Privacy Laws" is defined in Section 5.29(a).

"Stock Amount" is defined in Section 2.1.

"Stock Consideration" is defined in Section 2.1.

"Straddle Period" means any taxable period beginning on or before and ending after the Closing Date.

"Target Working Capital" means $1,700,000.

"Tax Returns" means all reports, returns, statements, elections, declarations, disclosures, informational returns or statements (including estimated reports, returns, schedules or statements) and other similar filings required to be filed by a party with respect to any Taxes (including any schedule or attachment thereto), and including any amendment thereof.

"Taxes" shall mean all U.S. federal, state, local and non-U.S. taxes, assessments and other governmental charges, duties (including stamp duty), impositions and liabilities, including income, gross receipts, value-added, excise, withholding, personal property, real estate, sale, use, ad valorem, license, lease, service, severance, stamp, transfer, payroll, employment, unemployment, windfall, escheat or unclaimed property, environmental, social security (or equivalent), Medicare,

customs, duties, alternative, add-on minimum, estimated and franchise taxes (including any interest, penalties or additions attributable to or imposed on or with respect to any such assessment), whether disputed or not, and including any liability for the payment of the foregoing obligations of another Person as a result of (a) being or having been a member of an affiliated, consolidated, combined, unitary or aggregate group of corporations including by application of Treasury Regulation Section 1.1502-6 or any similar provision of applicable Law; (b) being or having been a party to any tax sharing agreement or any express or implied obligation to indemnify any Person; and (c) being or having been a transferee, successor, or otherwise assuming the obligations of another Person to pay the foregoing amounts.

"Third Party Claim" is defined in Section 9.5(a).

"Third Party Defense" is defined in Section 9.5(b).

"Trade Secrets" is defined in the definition of "Intellectual Property."

"Transaction Documents" means this Agreement, the Escrow Agreement and any other certificate, instrument, Contract or document required to be delivered pursuant to the terms hereof.

"Transaction Expenses" means the sum of the following costs and expenses incurred, to the extent not paid prior to the Closing: (a) all fees, costs and expenses incurred by any of the Sellers or the Company relating to the Transactions, including legal, accounting, investment banking (including any broker's fees), tax, financial advisory and appraisal costs, and all other fees and expenses of third parties incurred by the Sellers or the Company in connection with the negotiation, preparation, execution and effectuation of the Transaction Documents, (b) the aggregate amount payable under any change of control, severance, transaction or retention bonuses, golden parachute, tax gross-up or similar payments which are payable by the Company in connection with the consummation of the Transactions, including all payroll Taxes (including the employer portion of any employment Taxes payable with respect thereto, and other Taxes required to be withheld with respect to such payments or on account of any payment with respect to any Equity Interests), (c) all Transfer Taxes, (d) any payments, costs, fees or expenses associated with obtaining any waivers, consents or approvals required in connection with the Transactions, (e) all costs, fees, premiums and expenses of purchasing the tail policies required by Section 7.3, and (f) 50% of the Escrow Agent's fees and expenses incurred pursuant to the Escrow Agreement.

"Transactions" means the sale and purchase of the Membership Interests, and the other transactions contemplated by the Transaction Documents.

"Transfer Taxes" is defined in Section 7.2(b).

"U.S." means the United States of America.

"Unliquidated Claim" is defined in Section 9.6(a).

ARTICLE II

SALE AND PURCHASE OF THE MEMBERSHIP INTERESTS

2.1 Sale and Purchase. Subject to the terms and conditions contained in this Agreement and subject to the adjustment set forth in Section 2.4, each Seller shall assign, sell, transfer and deliver to Purchaser, free and clear of all Liens, and Purchaser shall purchase from each Seller, all of such Seller's right, title and interest in, to and under, the Membership Interests in consideration of (a) an aggregate amount of cash equal to the Baseline Cash Amount minus, (i) the Final Debt Amount, minus (ii) the Escrow Funds, minus (iii) the Final Company Transaction Expenses, and, (iv) if the Final Net Working Capital exceeds the Target Working Capital, plus the amount of such excess, and, (v) if the Final Net Working Capital is less than the Target Working Capital, minus the amount of such deficiency (the "Cash Consideration") and (b) a number of shares of Parent Stock with an aggregate value equal to $3,500,000 (the "Stock Amount," and together with the Baseline Cash Amount, the "Baseline Amount") at the Parent Stock Value (the "Stock Consideration" and together with the Cash Consideration (including the Escrow Funds), the "Purchase Price").

2.2 Estimated Closing Payment Statement. At least three (3) Business Days prior to the Closing, the Sellers shall deliver to Purchaser a written statement (the "Estimated Closing Payment Calculation Statement"), which shall set forth the Sellers' good faith estimate as of the Closing of each of the following calculated in accordance with the terms set forth herein: (i) the Debt Amount, (ii) the Transaction Expenses, (iii) the Net Working Capital (and each component thereof, including Company Cash), (iv) the portion of the Purchase Price (including Cash Consideration and Stock Consideration) to be received by each Seller (assuming no deductions related to the Adjustment Escrow Amount or the Indemnification Escrow Amount), (v) the portion of the Adjustment Escrow Amount and the Indemnification Escrow Amount allocated to each Seller, and (vi) the total Purchase Price paid to each Seller (after deductions related to the Adjustment Escrow Amount and the Indemnification Escrow Amount). The Estimated Closing Payment Calculation Statement shall also set forth with respect to each recipient of any portion of the Estimated Closing Payment, as described in Section 2.3, the amount to which each such recipient is entitled as well as the wiring instructions relating thereto. Purchaser shall have the opportunity to review and comment on the Estimated Closing Payment Calculation Statement and Sellers shall, in good faith, review and, if appropriate, revise the Estimated Closing Payment Calculation Statement based on any such comments provided by Purchaser. The Estimated Closing Payment Calculation Statement must be final at least one (1) Business Day prior to the Closing.

2.3 Closing Payments. At the Closing, Purchaser shall pay an aggregate amount equal to (i) the Baseline Cash Amount, reduced by the Escrow Funds, reduced or increased on account of the Net Working Capital and reduced by Transaction Expenses and Debt Amount (such net amount, the "Estimated Closing Cash Payment") and (ii) the Stock Consideration (together with the Estimated Closing Cash Payment, the "Estimated Closing Payment"), in each case as described in Section 2.1 and set forth on the Estimated Closing Payment Calculation Statement delivered in accordance with Section 2.2. The Estimated Closing Payment shall be paid as follows:

(a) to each Seller, the cash amount and number of shares of Parent Stock as are set forth in the Estimated Closing Payment Calculation Statement;

(b) to each holder of any Debt Amount, the amount(s) of the applicable Indebtedness owed to such holder pursuant to wire instructions or other payment instructions provided by such holder;

(c) to each Person to whom a Transaction Expense is owed, the amount of the applicable Transaction Expense pursuant to wire instructions or other payment instructions provided by such Person; and

(d) to the Escrow Agent, the Indemnification Escrow Amount and the Adjustment Escrow Amount pursuant to wire instructions provided by the Escrow Agent.

2.4 Purchase Price Adjustment.

(a) Within ninety (90) days after the Closing Date, Purchaser shall prepare and deliver to the Seller Representative a written statement ("Purchaser's Closing Payment Calculation Statement") setting forth Purchaser's calculations as of Closing ("Purchaser's Proposed Calculations") of (i) the Net Working Capital, (ii) the Debt Amount, (iii) the Transaction Expenses, and (iv) the cash payment actually due to the Sellers in accordance with Section 2.1 based on the amounts in the foregoing clauses (i) – (iii) ("Purchaser's Closing Payment").

(b) After receipt of Purchaser's Closing Payment Calculation Statement, the Seller Representative shall have thirty (30) days (the "Review Period") to review Purchaser's Closing Payment Calculation Statement. During the Review Period, Purchaser shall (i) permit the Seller Representative to have reasonable access during normal business hours to the books and records pertaining to or used in connection with the preparation of Purchaser's Closing Payment Calculation Statement and (ii) provide the Seller Representative reasonable access during normal business hours to Purchaser's and the Company's employees and accountants as reasonably requested by the Seller Representative; provided that such access will be in a manner that does not interfere with the normal business operations of Purchaser or the Company. On or prior to the last day of the Review Period, the Seller Representative shall notify Purchaser in writing of any disagreement with Purchaser's Closing Payment Calculation Statement or with the accuracy of any of Purchaser's Proposed Calculations. Any such notice of disagreement shall specify those items or amounts as to which the Seller Representative disagrees and shall include the Seller Representative's proposed changes to the calculation of the Company Cash, the Debt Amount, the Transaction Expenses, the Net Working Capital and Purchaser's Closing Payment, as applicable (the "Sellers' Proposed Calculations"). The Seller Representative shall be deemed to have agreed with all other items and amounts included in Purchaser's Closing Payment Calculation Statement that are not identified in the Sellers' Proposed Calculations. If the Seller Representative does not dispute any aspect thereof or the amount of any of Purchaser's Proposed Calculations during the Review Period, then Purchaser's Closing Payment Calculation Statement and Purchaser's Proposed Calculations shall be conclusive and binding upon the Parties.

(c) In the event of a dispute with respect to the Sellers' Proposed Calculations, Purchaser and the Seller Representative shall attempt to reconcile differences and any resolution

by them as to any disputed amounts shall be final, binding and conclusive on the Parties. If Purchaser and the Seller Representative are unable to reach a resolution to such effect within thirty (30) days after Purchaser's receipt of the Sellers' Proposed Calculations, Purchaser and the Seller Representative shall engage BDO USA LLP (the "Independent Accounting Firm") to resolve the remaining disputed items (the "Remaining Disputed Items"). The Independent Accounting Firm shall be directed to, within thirty (30) days after such submission, determine and report to the Parties upon the Remaining Disputed Items with respect to Purchaser's Closing Payment Calculation Statement, and such report shall be final, binding and conclusive on the Parties hereto and shall constitute an arbitral award upon which a judgment may be entered in any court having jurisdiction thereof. The Independent Accounting Firm shall be authorized to resolve only the Remaining Disputed Items, and such resolution shall be based solely on the materials submitted by the Parties and not on independent review, and, in any event, shall be no less than the lesser of the amount claimed by either Purchaser or the Seller Representative, and shall be no greater than the greater of the amount claimed by either Purchaser or the Seller Representative. The statement and amount selected by the Independent Accounting Firm are referred to herein as the "Final Purchase Price Calculation Statement" and the "Final Purchase Price," respectively. Purchaser and the Seller Representative shall execute, if requested by the Independent Accounting Firm, an engagement letter containing reasonable and customary terms. The Independent Accounting Firm shall determine the allocation of its costs and expenses based upon the percentage by which the portion of the contested amount not awarded to Purchaser, on the one hand, or the Seller Representative, on the other hand, bears to the amount actually contested by or on behalf of such Parties. For example, if the Seller Representative claims the Final Purchase Price is $1,000 more than the amount determined by Purchaser, and Purchaser contests only $500 of the amount claimed by the Seller Representative, and if the Independent Accounting Firm ultimately resolves the dispute by awarding the Seller Representative $300 of the $500 contested, then the costs and expenses of arbitration will be allocated 60% (i.e., 300/500) to Purchaser and 40% (i.e., 200/500) to the Seller Representative.

(d) Upon the determination, in accordance with Section 2.4, of the Final Purchase Price and the determination of the Final Net Working Capital, the Final Debt Amount and the Final Company Transaction Expenses pursuant to Section 2.4(c):

(i) If the Final Purchase Price is greater than the Estimated Closing Payment, then Purchaser shall, within five (5) Business Days of the date upon which the Final Purchase Price is determined, pay the amount of any such excess to the Seller Representative (for further distribution to the Sellers) in accordance with written instructions provided by the Seller Representative to Purchaser, and Purchaser and the Seller Representative shall provide joint written instructions to the Escrow Agent to pay the Adjustment Escrow Amount to the Seller Representative (for further distribution to the Sellers); and

(ii) If the Final Purchase Price is less than the Estimated Closing Payment, then the Seller Representative and Purchaser shall, within five (5) Business Days of the date upon which the Final Purchase Price is determined, provide joint written instructions to the Escrow Agent to pay the amount of any such deficiency to Purchaser; provided that, if such deficiency (stated as a positive number) is (a) greater than the Adjustment Escrow Amount, the Sellers shall pay Purchaser the amount of such excess, or (b) lesser than the Adjustment Escrow Amount, Purchaser and the Seller Representative shall provide joint written instructions to the

Escrow Agent to pay the remaining portion of the Adjustment Escrow Amount to the Seller Representative (for further distribution to the Sellers).

(e) Notwithstanding anything to the contrary in this Agreement, and without prejudice to any other right or remedy Purchaser has or may have, Purchaser shall have the right, at its option in its sole discretion, to withhold and set-off against any amount to be made by Purchaser to the Seller Representative (for further distribution to the Sellers) pursuant to this Section 2.4 the amount of any outstanding Damages to which any Indemnified Purchaser Party may then be entitled under Article IX of this Agreement (other than with respect to General Cap Claims for which this set-off right shall not apply) or any other Transaction Document.

(f) Any payment to be made pursuant to Section 2.4 shall be (i) treated by all parties for Tax purposes as an adjustment to the Purchase Price and (ii) subject to Section 2.4(e), paid in cash and made to the account designated in writing by Purchaser or the Seller Representative, as applicable. Any rights accruing to any Party under this Section 2.4 shall be in addition to and independent of the rights to indemnification under Article IX and any payments made to any Party under this Section 2.4 shall not be subject to the requirements of Article IX.

2.5 Withholding. Each of Purchaser, the Company and the Escrow Agent shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement such amounts as it is required to deduct and withhold with respect to such payment under all applicable federal, state, local or foreign Tax Laws. Any amounts so deducted and withheld shall be paid over to the appropriate Governmental Body and shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction or withholding was made.

2.6 Membership Interest Allocation. The Purchase Price shall be allocated among the Mediture Membership Interests and the eClusive Membership Interests acquired by Purchaser pursuant to this Agreement as set forth on **Exhibit C** attached hereto (the "Membership Interest Allocation").

ARTICLE III

THE CLOSING

3.1 Location; Date. The closing for the Transactions (the "Closing") shall be held at the offices of Morgan, Lewis & Bockius LLP, 1701 Market Street, Philadelphia, Pennsylvania 19103, or via exchange of documentation and signature pages via electronic means, at 9:00 a.m., Eastern Time, on the date hereof, unless the Parties (other than the Seller Representative) mutually agree in writing to another date or place (the "Closing Date"). The Parties agree that for tax and accounting purposes, the consummation of the transactions contemplated by this Agreement shall be deemed to occur at 12:01 a.m., Eastern Time, on September 1, 2018.

3.2 Deliveries. At the Closing and as a condition to Closing:

(a) The Sellers shall have delivered to Purchaser:

(i) a duly executed counterpart to the Escrow Agreement by the Seller Representative;

(ii) a certificate of the Secretary of Mediture, duly executed and dated the Closing Date, as to the incumbency of each officer of Mediture executing a Transaction Document or any document related thereto, attaching and certifying the Organizational Documents of Mediture, all of the resolutions adopted by the board of managers or other governing body of the Mediture and the Sellers relating to this Agreement, the Transactions or any document related thereto, and a good standing certificate for Mediture issued by the Secretary of State of Minnesota;

(iii) a certificate of the Secretary of eClusive, duly executed and dated the Closing Date, as to the incumbency of each officer of eClusive executing a Transaction Document or any document related thereto, attaching and certifying the Organizational Documents of eClusive, all of the resolutions adopted by the board of managers or other governing body of the eClusive and the Sellers relating to this Agreement, the Transactions or any document related thereto, and a good standing certificate for eClusive issued by the Secretary of State of Minnesota;

(iv) duly executed assignments of all Membership Interests;

(v) [Reserved];

(vi) resignations, in form and substance reasonably satisfactory to Purchaser, of each manager and each officer of each of Mediture and eClusive, which resignations shall be effective as of the Closing;

(vii) payoff letters, in form and substance reasonably satisfactory to Purchaser, evidencing the discharge or payment in full of any Debt Amount outstanding as of the Closing Date (the "Payoff Letters"), in each case duly executed by each holder of such Debt Amount as reflected in such Payoff Letter and in the Estimated Closing Payment Calculation Statement, which Payoff Letters shall also provide for termination of the underlying credit facility or other Contract, Lien terminations and other instruments of discharge to fully and finally release any Liens related to such Debt Amount;

(viii) executed questionnaires from each Seller confirming his status as an Accredited Investor;

(ix) the Estimated Closing Payment Calculation Statement in accordance with Section 2.2;

(x) a completed certification of non-foreign status pursuant to Section 1.1445-2(b)(2) of the Treasury Regulations duly executed by each of the Sellers; an IRS Form W-9 duly executed by each of the Sellers; and any other Tax certifications or documents requested by Purchaser or its Affiliates with respect to the transactions contemplated by this Agreement;

(xi) a duly executed Mediture Lease Amendment;

(xii) a duly executed eClusive Lease Amendment;

(xiii) all corporate books and records and other property of each of Mediture and eClusive in the possession of the Sellers or any Affiliate thereof (other than the Mediture or eClusive);

(xiv) the Converser Agreement, duly executed by Converser Technologies LLC;

(xv) evidence satisfactory to Purchaser that all credit cards issued by the Company have been cancelled;

(xvi) evidence satisfactory to Purchaser that all remaining lease payments for automobiles used by Kiran Simhandri and Jesse Bergstrom in connection with the Company's business have been paid;

(xvii) a duly executed counterpart to the Termination, Noncompetition and General Release Agreement by Brenda Vatland, which agreement will be effective immediately after the Closing;

(xviii) the additional deliverables referenced in Section 8.1; and

(xix) such other documents, instruments, certificates and Contracts as may be reasonably required by Purchaser to consummate and give effect to the Transactions.

(b) Purchaser shall deliver to the Sellers:

(i) the Estimated Closing Payment; provided, however, the Stock Consideration shall be recorded in book-entry form in the name of the Sellers with Parent's transfer agent, American Stock Transfer & Trust Company;

(ii) duly executed counterparts to the Escrow Agreement by Purchaser and the Escrow Agent;

(iii) a certificate of the Secretary of Purchaser, duly executed and dated the Closing Date, as to the incumbency of each officer of Purchaser executing a Transaction Document or any document related thereto, attaching and certifying the Organizational Documents of Purchaser, all of the resolutions adopted by the board of managers or other governing body of Purchaser relating to this Agreement, the Transactions or any document related thereto, and a good standing certificate for Purchaser issued by the Secretary of State of Delaware;

(iv) a certificate of the Secretary of Parent, duly executed and dated the Closing Date, attaching and certifying all of the resolutions adopted by the board of directors of Parent relating to the issuance of Parent Stock to the Sellers pursuant to this Agreement; and

(v) such other documents, instruments, certificates and Contracts as may be reasonably required by the Sellers to consummate and give effect to the Transactions.

3.3 No Further Ownership in the Membership Interests. As of the Closing, each Seller shall cease to have any rights with respect to the Membership Interests, except for the right to receive the payments contemplated by Article II.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE SELLERS

Each of the Sellers, severally but not jointly, and solely with respect to such Seller, hereby represents and warrants to Purchaser as follows:

4.1 Authority and Binding Effect. Such Seller has the full power and authority to execute and deliver this Agreement and the other Transaction Documents to be executed or delivered by such Seller and perform such Seller's obligations hereunder and thereunder. Assuming due authorization, execution and delivery by all other Parties hereto, this Agreement and the other Transaction Documents each constitutes the legal, valid and binding obligation of such Seller enforceable against such Seller in accordance with their respective terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to creditor's rights generally or by equitable principles (whether considered in an action at law or in equity).

4.2 Validity of the Transactions. Neither the execution and delivery of any Transaction Document by any Seller, nor the consummation of any of the Transactions (a) will result in a Default under any Law or Order which is applicable to such Seller, (b) will result, or could reasonably be expected to result, in a Default under, or require the consent or approval of any party to, any Contract to which such Seller is a party or otherwise bound or affected or (c) require such Seller to notify a Governmental Body or obtain any Governmental Permits.

4.3 Restrictions. Such Seller is not a party to any Contract or subject to any restriction or any Order or Law which could reasonably be expected to affect or restrict the ability of such Seller to consummate any of the Transactions.

4.4 The Membership Interests. Such Seller holds of record and owns beneficially all of the Membership Interests set forth opposite such Seller's name on **Exhibit A** hereto under the heading "Membership Interests Owned." Except as set forth on Schedule 4.4, the Membership Interests are owned free and clear of all Liens, subscriptions, options, warrants, calls, proxies, commitments, restrictions and Contracts of any kind. The Membership Interests set forth opposite such Seller's name on **Exhibit A** hereto under the heading "Membership Interests Owned" correctly sets forth all of the Company Securities owned of record or beneficially by such Seller and such Seller does not own (or have any rights in or to acquire) any Company Securities. Such Seller's Membership Interests were not issued in violation of (i) any Contract to which such Seller is or was a party or beneficiary or by which such Seller or its properties or assets is or was subject or (ii) any preemptive or similar rights of any Person. This Agreement, together with the other documents executed and delivered at Closing by such Seller, will be effective to transfer valid title to such Seller's Membership Interests to Purchaser, free and clear of all Liens, subscriptions, options, warrants, calls, proxies, commitments and Contracts of any kind.

4.5 Investment Representations.

(a) Such Seller has such knowledge and experience in financial and business matters and such experience in evaluating and investing in companies such as Parent as to be capable of evaluating the merits and risks of an investment in the Parent Stock. Such Seller has the financial ability to bear the economic risk of his investment in the Parent Stock being acquired hereunder, has adequate means for providing for his current needs and contingencies and has no need for liquidity with respect to his investment in Parent.

(b) Such Seller is acquiring the shares of Parent Stock hereunder for investment for such Seller's own account, for investment purposes only, and not with the view to, or for resale in connection with, any distribution thereof; provided, however, that, except for any contractual restrictions contained herein (including Section 7.10) or in any other Contract entered into with any Seller, such Seller does not by making the representations herein agree to hold the Parent Stock for any minimum or other specific term and reserves the right to dispose of the Parent Stock at any time in accordance with or pursuant to an exemption from registration under the Securities Act.

(c) Such Seller is an Accredited Investor and has relied upon independent investigations made by such Seller or such Seller's representatives and is fully familiar with the business, results of operations, financial condition, prospects and other affairs of Parent and realizes the shares of Parent Stock are a speculative investment involving a high degree of risk for which there is no assurance of any return. Such Seller acknowledges that in connection with the transactions contemplated hereby, neither Parent nor anyone acting on its behalf or any other person has made, and such Seller is not relying upon, any representations, statements or projections concerning Parent its present or projected results of operations, financial condition, prospects, present or future plans, acquisition plans, products and services, or the value of the shares of Parent Stock issued hereunder or Parent's business or any other matter in relation to Parent's business or affairs. Such Seller has had an opportunity to discuss Parent's business, management, financial affairs and acquisition plans with its management, to review Parent's facilities, and to obtain such additional information concerning such Seller's investment in the shares of Parent Stock in order for such Seller to evaluate its merits and risks, and such Seller has determined that the shares of Parent Stock are a suitable investment for such Seller and that at this time such Seller could bear a complete loss of his investment.

(d) Such Seller is aware that no federal or state or other agency has passed upon or made any finding or determination concerning the fairness of the transactions contemplated by this Agreement or the adequacy of the disclosure of the exhibits and schedules hereto and such Seller must forego the security, if any, that such a review would provide.

(e) Such Seller understands and acknowledges that neither the IRS nor any other Tax authority has been asked to rule on the Tax consequences of the transactions contemplated hereby or by the other agreements entered into in connection herewith and, accordingly, in making his decision to acquire the shares of Parent Stock such Seller has relied upon the investigations of such Seller's own Tax and business advisors in addition to such Seller's own independent investigations, and that such Seller and such Seller's advisors have fully considered all the Tax consequences of such Seller's acquisition of the shares of Parent Stock hereunder. The Sellers will be responsible for the full amount of any federal or state and any other

Tax liability for which they may be responsible under applicable Tax law resulting from the consummation of the transactions contemplated by this Agreement and will have no recourse against Parent, the Company or any of their respective Affiliates for any such Tax liability or for the Tax treatment of the transactions contemplated by this Agreement under any federal, state or other applicable Tax Law.

(f) No Seller has been offered Parent Stock by any form of advertisement, article, notice, or other communication published in any newspaper, magazine, or similar media or broadcast over television or radio, or any seminar or meeting whose attendees have been invited by any such media.

(g) Such Seller understands that the transactions contemplated by this Agreement involve substantial risk. Such Seller (i) is a sophisticated investor with respect to the transactions contemplated by this Agreement, (ii) has adequate information concerning the business and financial affairs of the Company to make an informed decision regarding the sale of the Membership Interests pursuant to the terms and conditions of this Agreement, (iii) has independently and without reliance upon Purchaser or Parent, and based on such information as such Seller has deemed appropriate, made its own analysis and decision to sell the Membership Interests to Purchaser pursuant to the terms and conditions of this Agreement and (iv) has a preexisting business relationship with the Company of a nature and duration that enables such Seller to assess the merits and risks of the transactions contemplated by this Agreement.

(h) Purchaser has not given such Seller any investment advice, credit information or opinion on whether the sale of the Membership Interests to Purchaser pursuant to the terms and conditions of this Agreement is prudent.

(i) Such Seller acknowledges and agrees that the Parent Stock acquired hereunder will be in book-entry form and will bear legends or restrictive notations in substantially the following form:

> THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAW, AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR ANY APPLICABLE STATE SECURITIES LAW OR UNLESS THE CORPORATION HAS RECEIVED AN OPINION OF COUNSEL OR OTHER EVIDENCE SATISFACTORY TO THE CORPORATION AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED.
>
> THE SECURITIES REPRESENTED BY THIS CERTIFICATE AND THE SALE, ASSIGNMENT, TRANSFER, PLEDGE OR OTHER DISPOSITION THEREOF ARE SUBJECT TO CERTAIN RESTRICTIONS AND AGREEMENTS AS

CONTEMPLATED BY THAT CERTAIN MEMBERSHIP INTEREST PURCHASE AGREEMENT, DATED AS OF AUGUST 31, 2018, BY AND AMONG TRHC MEC HOLDINGS, LLC, EACH MEMBER OF MEDITURE LLC AND ECLUSIVE LLC SET FORTH ON THE SIGNATURE PAGES THERETO, AND THE SELLER REPRESENTATIVE SOLELY IN ITS CAPACITY AS SUCH, AND THE DOCUMENTS EXECUTED IN CONNECTION THEREWITH.

4.6 Absence of Litigation. There is no Action pending, or to such Seller's Knowledge, threatened against or involving such Seller which would prohibit, enjoin or otherwise adversely affect such Seller's performance under this Agreement or any other Transaction Document to which such Seller is a party or the consummation of the transactions contemplated hereby or thereby.

4.7 Brokers. Such Seller does not have any Liability to pay any brokerage, finder's or other fee or commission to any broker, finder, investment banker or other agent in connection with the consummation of this Agreement or the Transactions based upon arrangements made by or on behalf of such Seller or any Affiliate of such Seller.

4.8 U.S. Status of Seller. Such Seller is not a "foreign person" within the meaning of Section 1445 of the Code and is not a Person whose separate existence from a "foreign person" within the meaning of Section 1445 of the Code is disregarded for U.S. federal income Tax purposes.

ARTICLE V

REPRESENTATIONS AND WARRANTIES CONCERNING THE COMPANY

Except as set forth in the disclosure schedules accompanying this Agreement (with specific reference to the representations and warranties to which the information in such schedule relates) (collectively, the "Company Disclosure Schedule"), each of the Sellers, jointly and severally, hereby represent and warrant to Purchaser as follows:

5.1 Organization and Standing. Each of Mediture and eClusive is a limited liability company, duly formed, validly existing and in good standing under the Laws of the State of Minnesota and has all requisite limited liability company power and authority to carry on the Business as it has been and is now being conducted by it and to own, lease and operate the Assets. Each of Mediture and eClusive is duly qualified to do business and is in good standing in every jurisdiction in which the Business or the character of the Assets owned, leased or operated by it requires such qualification, all of which jurisdictions are disclosed on Schedule 5.1, except where the failure to be so qualified would not have a Material Adverse Effect. The Organizational Documents of each of Mediture and eClusive, which have previously been furnished to Purchaser, reflect all amendments thereto and are true, correct and complete.

5.2 Capitalization and Ownership; No Subsidiaries.

(a) The authorized equity of Mediture consists of one class of Membership Interests. The authorized equity of eClusive consists of one class of Membership Interests. Except as set forth on Schedule 4.4, all of the Membership Interests are owned of record and beneficially by the Sellers in the amounts and series as listed on **Exhibit A**, free and clear of any Liens. All of the Membership Interests have been duly authorized and are validly issued, fully paid and nonassessable. The Membership Interests were issued and granted in compliance with (i) all applicable securities Laws and (ii) the Company's Organizational Documents and any Contract to which any Seller or the Company is a party. Except as set forth on Schedule 4.4, there are no preemptive rights or rights of first refusal with respect to the issuance of the Membership Interests. Other than the Membership Interests set forth on **Exhibit A**, the Company does not have outstanding any other Equity Interests.

(b) There are no (a) existing Contracts, subscriptions, options, phantom equity rights, equity appreciation rights, warrants, calls, commitments or rights of any character to purchase or otherwise acquire from any Seller or the Company at any time, or upon the happening of any stated event, any Company Securities, whether or not presently issued or outstanding, (b) Equity Interests of the Company that are convertible into or exchangeable for Company Securities, or (c) Contracts, subscriptions, options, warrants, calls or rights to purchase or otherwise acquire from the Company any such convertible or exchangeable securities.

(c) Other than the Organizational Documents of the Company, there are no (i) voting agreements, voting trusts, proxies, or other agreements or understandings with respect to the Membership Interests, or (ii) arrangements or understandings relating to the registration, sale or transfer (including agreements relating to rights of first refusal, "co-sale" rights or "drag-along" rights) of any Company Security.

(d) Neither Mediture nor eClusive, owns or controls, directly or indirectly, any membership interest, partnership interest, joint venture interest, other equity or ownership interest or any other capital stock of any Person.

5.3 Authority and Binding Effect. The Company has the full power and authority to execute and deliver this Agreement and the other Transaction Documents to be executed or delivered by it and perform its obligations hereunder and thereunder and has taken all limited liability company actions necessary to secure all approvals required in connection therewith. Neither the execution nor delivery of this Agreement or any other Transaction Document by the Company, nor the consummation of the Transactions will result in a Default under the Organizational Documents of the Company. Assuming due authorization, execution and delivery by all other Parties hereto, this Agreement and the other Transaction Documents each constitute the legal, valid and binding obligation of the Company enforceable against it in accordance with their respective terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to creditor's rights generally or by equitable principles (whether considered in an action at law or in equity).

5.4 Validity of the Transactions. Except for any consents, approvals, filings, submissions, waivers and notices specified on Schedule 5.4, neither the execution and delivery of

any Transaction Document by any Seller or the Company, nor the consummation of any of the Transactions will, directly or indirectly, (a) result, or could reasonably be expected to result, in a Default under any Law or Order which is applicable to the Company, any Seller or any of the Assets, (b) result, or could reasonably be expected to result, in a Default under, or require the consent or approval of any party to, any Contract (including any Customer Contract) relating to the Business or the Assets or to or by which the Company or any Seller is a party or otherwise bound or affected, (c) result, or could reasonably be expected to result, in the creation of any Liens upon any of the Assets, (d) result, or could reasonably be expected to result, in a Default under, or require consent or approval under any Governmental Permit or (e) require the Company to notify or make a filing or submission to a Governmental Body or obtain any Governmental Permit. None of the Transactions will give rise to any right of co-sale.

5.5 Restrictions. The Company is not party to any Contract (including any Customer Contract) or subject to any restriction or any Order or Law which could reasonably be expected to affect or restrict the ability of the Company to consummate any of the Transactions.

5.6 Third Party Options. There are no existing Contracts, options or rights with, to or in any third party to acquire the Company, any of the Assets or any interest therein or in the Business.

5.7 Financial Statements; Books of Account.

(a) The Sellers have made available to Purchaser prior to the date hereof correct and complete copies of (i) the Company's consolidated audited financial statements (including balance sheet, income statement and statement of cash flows) for the fiscal year ended December 31, 2017, and unaudited financial statements (including balance sheet, income statement and statement of cash flows) for the fiscal years ended December 31, 2016 and December 31, 2015 and (ii) the reviewed balance sheets of the Company as of June 30, 2017 and June 30, 2018, and the related reviewed income statement and statement of cash flows for the respective six (6)-month periods then ended (collectively, the "Financial Statements"). The Financial Statements have been prepared in accordance with GAAP, except that the unaudited Financial Statements may not contain all footnotes required by GAAP. The Financial Statements are consistent with the books and records of the Company, and fairly present in all material respects the financial condition and results of operations of the Company as of the dates, and for the periods, indicated therein, subject in the case of the unaudited Financial Statements to normal year-end audit adjustments which are not material. The consolidated balance sheet of the Company as of June 30, 2018 is referred to herein as the "Balance Sheet" and the date thereof as the "Balance Sheet Date."

(b) No financial statements of any Person other than the Company are required by GAAP to be included in the financial statements of the Company. The Company has not extended or maintained credit, arranged for the extension of credit, or renewed an extension of credit, in the form of a personal loan to or for any of its respective managers or executive officers (or equivalent thereof). The Company is not a party to any off-balance sheet arrangements that could have a current or future Material Adverse Effect upon the Company's consolidated financial condition or results of operations.

(c) Except as described on Schedule 5.7(c), the books of account of the Company fairly reflect in all material respects, in accordance with GAAP, (i) all transactions relating to the Company and (ii) all items of income and expense, assets and Liabilities and accruals relating to the Company. The Company has never engaged in any material transaction, maintained any bank account or used any corporate funds except for transactions, bank accounts and funds which have been and are reflected in the normally maintained books and records of the Company.

(d) The Company maintains a standard system of internal accounting controls established and administered in accordance with GAAP that is sufficient to provide reasonable assurance that (i) all transactions are executed in accordance with management's general or specific authorizations, (ii) all transactions are recorded as necessary to permit the preparation of financial statements in conformity with GAAP and any other applicable Laws and to maintain proper accountability for assets, (iii) access to assets is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

5.8 Taxes.

(a) The Company (together with any predecessor entities) has at all times since formation been classified for U.S. federal income Tax purposes (and any corresponding state and local Tax purposes) as a partnership as defined in Section 761 of the Code or as a disregarded entity under U.S. Treasury Regulation Sections 301.7701-2 and 301.7701-3.

(b) The Company has timely filed with the appropriate Governmental Body all Tax Returns required to be filed by or on behalf of the Company or any affiliated group (within the meaning of Section 1504 of the Code or any similar unitary, combined or consolidated group under state, local or foreign Law) of which the Company is or was a member and all such Tax Returns are true, correct and complete in all material respects. Schedule 5.8 contains a list of all jurisdictions (whether foreign or domestic) in which the Company files Tax Returns. The Company is not currently the beneficiary of any extension of time within which to file any Tax Return. The Company has not received a written claim and neither the Company nor any Seller has Knowledge of any other claim by a Governmental Body in a jurisdiction where the Company does not file Tax Returns that the Company is or may be subject to Tax by that jurisdiction.

(c) All Taxes payable by or on behalf of the Company and its respective Affiliates, or any affiliated group of which the Company is or was a member, have been fully and timely paid, whether or not shown on any Tax Return. Taking into account the methodology for allocating Taxes for any Straddle Period set forth in Section 7.2(c)(iv), the amount of the Company's Liability for unpaid Taxes as of the Balance Sheet Date did not exceed the amount of the current Liability accruals for Taxes shown on the Balance Sheet, and the amount of the Company's Liability for unpaid Taxes for all periods or portions thereof ending on or before the Closing Date will not exceed the amount of the current Liability accruals for Taxes as such accruals are reflected on the books and records of the Company on the Closing Date.

(d) There is no audit, examination, suit, proceeding or claim currently pending, threatened in writing, or, to the Knowledge of the Company or any Seller, otherwise threatened against the Company in respect of any Taxes, and no notice of any audit, examination or claim for Taxes, whether pending or threatened, has been received by the Company or any Seller. All deficiencies asserted or assessments made as a result of any examinations by any Governmental Body of the Tax Returns of the Company have been fully paid.

(e) The Company has withheld and timely paid over to the proper Governmental Body all Taxes required to have been withheld and paid over by the Company, and the Company has complied with all information reporting and backup withholding requirements, including maintenance of required records with respect thereto.

(f) The Company has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(g) The Company has not engaged in a trade or business, had a permanent establishment (within the meaning of an applicable Tax treaty), or otherwise become subject to Tax in a jurisdiction other than the United States.

(h) Copies of (i) any Tax examinations, (ii) extensions of statutory limitations for the collection or assessment of Taxes, and (iii) the Tax Returns of the Company for the last three (3) fiscal years have been made available to Purchaser.

(i) There are (and as of immediately following the Closing there will be) no Liens on the Assets of the Company relating to or attributable to Taxes other than Permitted Liens.

(j) The Company is not, nor has it been at any time, a party to, bound by, or subject to any obligation under a Tax sharing, Tax indemnity or Tax allocation Contract or similar agreement, and has not assumed any Tax Liability of any other Person under any Contract.

(k) The Company (together with any predecessor entities): (i) has not been a member of an affiliated group of corporations filing a combined, consolidated, or unitary Tax Return, (ii) does not own, directly or indirectly, any interest or investment (whether equity or debt) in any corporation, partnership, limited liability company, trust, joint venture or other legal entity, and (iii) does not have any Liability for the Taxes of any Person or other taxpayer under Treasury Regulation Section 1.1502-6 (or any similar provision of any other Law), as a transferee or successor, by assumption, by contract, by operation of Law or otherwise.

(l) The Company has not received (and will not be subject to) any ruling from any Governmental Body, requested any ruling from any Governmental Body, or has not entered into (or will not be subject to) any agreement with a Governmental Body relating to Taxes. The Company has disclosed on its federal income Tax Returns all positions taken therein that could give rise to a substantial understatement of federal income Tax within the meaning of Section 6662 of the Code or any comparable provisions of state, local or foreign Law.

(m) The Company has not consummated or participated in, and is not currently participating in, any transaction which was or is a “listed transaction” or a “reportable transaction” as defined in Section 6707A of the Code or Treasury Regulation Section 1.6011-4(b) or any

transaction requiring disclosure under a corresponding or similar provision of state, local or foreign Law.

(n) All related party transactions involving Mediture, eClusive and any of their Affiliates have been on an arm's length basis in accordance with the principals of Section 482 of the Code and the Treasury Regulations promulgated thereunder and any comparable provisions of state, local or foreign Law.

5.9 Undisclosed Liabilities. The Company does not have any Liabilities except for those Liabilities:

(a) adequately and specifically set forth or reserved for on the Financial Statements and not heretofore paid or discharged;

(b) not required to be reflected on a consolidated balance sheet of the Company prepared in accordance with GAAP and arising in the ordinary course of business under any Contract (including Customer Contracts) specifically disclosed in connection with Sections 5.14 and 5.16, to the extent the nature and magnitude of such Liabilities can be specifically ascertained by reference to the text of such Contracts; and

(c) incurred since the Balance Sheet Date in the ordinary course of business consistent with past practices.

5.10 Banking Relationships. Set forth on Schedule 5.10 are the names and addresses of all banks and other financial institutions in which the Company has banking accounts, investment accounts, lines of credit, lock box or safe deposit box, and with respect to each such account, line or credit, lock box or safe deposit box, the names of all Persons with signing authority or other access thereto. There are no outstanding powers of attorney executed by or on behalf of the Company or by any of the Sellers with respect to the Business.

5.11 Accounts Receivable. All Accounts Receivable as set forth on the Balance Sheet or arising since the Balance Sheet Date (i) represent valid obligations arising in the ordinary course of business for goods sold and delivered or services performed or revenues earned and (ii) are collectible in full at the recorded amounts thereof, net of any allowance for doubtful accounts specifically established therefor, (free of any, and subject to no, defenses, setoffs or counterclaims) in the ordinary course of business, but in no event later than one hundred twenty (120) days after the date on which it first becomes due and payable.

5.12 Title to Assets; All Tangible Assets. The Company has good and valid title to all of the Assets, or, in the case of leased Assets, has a valid leasehold interest or right to use such leased Assets pursuant to the valid leases, in each case free and clear of all Liens, except for Permitted Liens. Schedule 5.12 sets forth accurate lists and summary descriptions of all tangible Assets owned by the Company where the value of an individual item exceeds $100 or where an aggregate of similar items exceeds $500. The Company owns or has valid and enforceable rights to use all of the Assets necessary to operate the Business as presently operated.

5.13 Condition of Assets. The equipment and all other tangible assets and properties which are part of the Assets are in good operating condition and repair, normal wear and tear

excepted, and are usable in the ordinary course of the Business and conform in all material respects to all applicable Laws relating to their use and operation as such Assets are currently used in the conduct of the Business and together with the Company's leased and licensed assets constitute all of the assets which are necessary to conduct the Business as presently conducted. Except pursuant to leases specifically disclosed in connection with Section 5.14, no Person other than the Company owns any vehicles, equipment or other tangible Assets situated on the facilities used by the Company in the Business (other than immaterial items of personal property owned by the Company's employees).

5.14 Real Property.

(a) All real property leases (including all interests in and rights to real property), licenses and occupancy agreements and improvements located thereto, and each amendment thereto, to which the Company is a party are listed on Schedule 5.14(a) (individually, a "Real Estate Lease" and collectively, the "Real Estate Leases"). Each of the Real Estate Leases is in full force and effect in accordance with its respective terms and there exists no Default under any Real Estate Lease and no circumstance exists which could reasonably be expected to result in such a Default. The Company has complied with and timely performed all conditions, covenants, undertakings and obligations on its part to be complied with or performed under the Real Estate Leases, including payment of all rents, license payments, fees, expenses and other charges to the extent due and payable. The Company is the holder of the licensee's, occupant's, lessee's or tenant's interest under each Real Estate Lease, and there are no leases, subleases, licenses, concessions, options, rights of first refusal, or any other Contracts granting to any Person, other than the Company, any right to the possession, use, occupancy or enjoyment of any Real Property that is the subject of a Real Estate Lease.

(b) The Company does not have, and has never had, any ownership interest of any kind in, or rights to, any real property or improvements, except solely for leasehold and license interests in the real property and improvements listed on Schedule 5.14(a) pursuant to the Real Estate Leases described therein.

(c) All utilities, including water, gas, telephone, electricity, sanitation and storm sewers are available to the Company at normal and customary rates and are adequate for the Company's current use of the real property subject to a Real Estate Lease. The Company has peaceful and undisturbed possession under the Real Estate Leases to which it is a party. No casualty events have occurred in the past twenty-four (24) months and there are no pending or, to the Knowledge of the Company or any Seller, any threatened condemnation proceedings, lawsuits or administrative actions relating to the real property belonging to the Real Estate Leases, or any matters affecting the current use, occupancy or value thereof. All buildings, fixtures, improvements and structures located on and all appurtenances belonging to the real property subject to the Real Estate Leases have been maintained in all material respects and, taken as a whole, are in good condition and repair, normal wear and tear excepted, and are suitable for the purposes for which they are being used in the operation of the Business. The real property subject to the Real Estate Leases has received all approvals of Governmental Bodies, and has been operated and maintained substantially in accordance with applicable laws, rules and regulations.

5.15 Intellectual Property.

(a) Schedule 5.15(a) contains a complete and accurate list and summary description of (i) all Intellectual Property that is used, proposed for use or held for use in connection with the Business and the subject of an application, or registration with any Governmental Body (including where applicable the title, application or registration number, and jurisdiction) (the "Registered IP") and (ii) all other Intellectual Property that is material to the operation of the Business (collectively with the Registered IP, the "Scheduled IP"). Each item of Scheduled IP that is owned, and to the Knowledge of the Company or any Seller, all other Scheduled IP, is valid, subsisting, and enforceable; and all necessary fees and filings for registration, maintenance, and/or renewal in connection the Registered IP due within ninety (90) days after the Closing Date have been timely paid or made (as applicable). All right, title, and interest in and to each item of Scheduled IP is exclusively owned by the Company free and clear of any Lien or other restriction, or the Company has a valid right to use the Scheduled IP that is not Owned Intellectual Property. The Company is properly recorded as the sole registered owner of the Registered IP that is Owned Intellectual Property.

(b) Except as set out on Schedule 5.15(b): (i) the Company is not a party to (1) any Contract relating to Licensed Intellectual Property or (2) any consent, coexistence, indemnification, forbearance to sue, license, settlement, distribution, development or other Contracts relating to the Business Intellectual Property (except for Off-the-Shelf Software Licenses); and (ii) no Owned Intellectual Property is subject to any Contract containing any covenant or other provision that in any way limits or restricts the ability of the Company to use, exploit, assert or enforce any Owned Intellectual Property anywhere in the world.

(c) Except as set forth on Schedule 5.15(c), the Business Intellectual Property constitutes all of the Intellectual Property necessary for the operation of the Business as currently conducted and as currently formally proposed to be conducted by the Company as set forth in the books and records of the Company. The Company has not taken any action or failed to take any action that could reasonably be expected to result in the abandonment, cancellation, forfeiture, relinquishment, invalidation, waiver or unenforceability of any Scheduled IP. Except as set forth on Schedule 5.15(c), the Business Intellectual Property owned or used by the Company immediately prior to the Closing will continue to be owned or available for use by the Company on identical terms and conditions immediately after the Closing and all Business Intellectual Property is fully transferable, alienable, or licensable without restriction and without payment of any kind to any other third party.

(d) Except as set forth on Schedule 5.15(d), all past and present employees and consultants and contractors of the Company have entered into valid and binding written Contracts with the Company, in the form(s) made available to Purchaser, sufficient to vest title in the Company of all Intellectual Property created by such employee or consultant/contractor while employed or engaged by the Company and to maintain confidentiality of the Company's Confidential Information. No past or present employee, partner, manager, stockholder, member, officer, or consultant of the Company has any rights to or ownership interest in any Owned Intellectual Property, and there are no claims pending, threatened in writing, or, to the Knowledge of the Company or any Seller, otherwise threatened from a past or present employee, partner, manager, stockholder, member, officer, or consultant/contractor alleging any inventorship or

ownership right in the Owned Intellectual Property. The Company has made commercially reasonable efforts to protect and maintain the proprietary nature of each item of Owned Intellectual Property and the confidentiality of the Trade Secrets that are included in the Owned Intellectual Property. No such Trade Secrets (and to the extent contractually or otherwise required to do so, the Trade Secrets of third parties in the possession of the Company) have been disclosed or permitted to be disclosed to any Person (except in the ordinary and normal course of business and under an obligation of confidence), and all such Trade Secrets held outside the Company is subject to contractual confidentiality obligations to which the Company is party and able to enforce. The Owned Intellectual Property includes documentation relevant to the Trade Secrets that is current, accurate and sufficient in detail and content to identify and explain it and allow its full and proper use without reliance on the special knowledge or memory of others.

(e) Neither the Business Intellectual Property nor the operation of the Business has ever infringed, misappropriated, or otherwise violated any Intellectual Property of any third party. The Business Intellectual Property and the operation of the Business as currently conducted and as currently proposed to be conducted by the Company as set forth in the books and records of the Company do not and will not infringe, misappropriate or otherwise violate any Intellectual Property of a third party, and neither the Company nor any Seller has received any claim, demand, notice or other communication, and no Action is pending, threatened in writing or, to the Knowledge of the Company or any Seller, otherwise threatened against the Company or any Seller (i) alleging or implying that the Business Intellectual Property or the operation of the Business has infringed, misappropriate or otherwise violated any Intellectual Property rights or similar rights of a third party or (ii) challenging the validity, registrability, enforceability or ownership of, or the right of the Company to use, any Business Intellectual Property. To the Knowledge of the Company or any Seller, no Person has infringed or is infringing or has otherwise misappropriated or is otherwise misappropriating any Owned Intellectual Property or any Licensed Intellectual Property exclusively licensed to the Company. No Scheduled IP is subject to any proceeding or outstanding order or stipulation restricting in any way the use, transfer, or licensing by Purchaser, or which may materially and adversely affect the validity, use, or enforceability of such Scheduled IP.

(f) All Software used in the Business is owned by the Company or used pursuant to a valid license or other enforceable right and is not a "bootleg" version or unauthorized copy. To the Knowledge of the Company or any Seller, the Software and other information technology used to operate the Business: (i) are in satisfactory working order and are scalable to meet current and reasonably anticipated capacity; (ii) have commercially reasonable security, backups, disaster recovery arrangements and hardware and software support and maintenance to minimize the risk of material error, breakdown, failure or security breach occurring and to ensure if such event does occur it does not cause a material disruption to the operation of the Business; and (iii) have not suffered any material error, breakdown, failure or security breach in the last thirty-six (36) months that has caused material disruption or damage to the operation of the Business or was reportable to any Governmental Body. Without limiting the foregoing, in the twenty-four (24) months preceding the date of this Agreement, there has been no business disruption as a result of failures of the IT Systems which have had a material adverse effect on the Company nor has there been any unauthorized access to the IT Systems. The Company has at all times complied with all applicable Laws, as well as their own rules, policies and procedures, relating to rights of publicity, privacy and data protection and the collection, use, storage and

disposal of personal information collected, used or held for use in the conduct of the Business. The Company takes commercially reasonable measures, including any measures required by any applicable Laws, to ensure that such information is protected against unauthorized access, use, modification or other misuse. No Action has been asserted or, to the Knowledge of the Company or any Seller, threatened alleging a violation of any Person's rights of publicity or privacy or personal information or data rights and the consummation of the transactions contemplated hereby will not breach or otherwise cause any violation of any Laws or rule, policy or procedure related to rights of publicity, privacy, data protection, information security or the collection, use, storage or disposal of personal information collected, used or held for use by the Company in the conduct of the Business.

(g) Schedule 5.15(g)(i) sets forth a complete and accurate list of all Open Source Software that is incorporated into or combined by or on behalf of the Company or at the Company's direction with any Company Software, and sets forth for each listed item the applicable OSS License. Schedule 5.15(g)(ii) sets forth a complete and accurate list of all OSS Modifications. None of the Company Software is subject to an OSS License that requires any material portion of the source code for the Company Software to be disclosed or otherwise made available or provided, or otherwise requires any material portion of the Company Software to be distributed or made available or provided, to any other Person. The Company Software is in compliance with all applicable OSS Licenses.

(h) Except as set forth on Schedule 5.15(h), no source code for any Company Software has been delivered, licensed or made available to any escrow agent or other Person who is not, as of the date of this Agreement, an employee or consultant of the Company subject to a binding, written agreement imposing on such Person reasonable confidentiality obligations to the Company with respect to such source code. Except as set forth on Schedule 5.15(h), the Company has no duty or obligation (whether present, contingent or otherwise) to deliver, license or make available the source code for any Company Software to any escrow agent or other Person. No event has occurred, and no circumstance or condition exists, that (with or without notice or lapse of time) will, or would reasonably be expected to, result in the delivery, license or disclosure of the source code for any Company Software to any other Person, including the execution, delivery or performance of this Agreement or any other agreements referred to in this Agreement or the consummation of any of the transactions contemplated by this Agreement or any such other agreement entered into in connection herewith.

(i) No funding, facilities, or personnel of any Governmental Body or educational institution were used to develop or create, in whole or in part, any of the Owned Intellectual Property. None of the Company's current proprietary products contain Intellectual Property that is (i) owned by any Governmental Body or educational institution or (ii) derived from Intellectual Property owned by any Governmental Body or educational institution. The Company has not made any submission or suggestion to, and is not subject to any agreement with, any standards bodies or other entities that would obligate it to grant licenses to or otherwise impair the Company's control of Owned Intellectual Property.

(j) All labeling, packaging, advertising and promotional claims made in connection with the Company Products are truthful, non-deceptive and substantiated and otherwise in compliance with applicable Law in all material respects. Neither the Company nor any Seller

has received any notice, or other communication from the Federal Trade Commission or any other Governmental Body or voluntary industry authority such as the National Advertising Division of the Better Business Bureau, that contests the distribution of, labeling, packaging or advertising of, any Company Product.

5.16 Contracts.

(a) Except as set forth on Schedule 5.16(a), the Company is not a party to any:

(i) Customer Contract;

(ii) Contract with any present or former employee, contractor, agent or consultant, including any Contract to lend money to any present or former employee, contractor, agent or consultant;

(iii) Contract to lease or operate any personalty;

(iv) Contract for the future purchase or licensing of, or payment for, supplies, products, Intellectual Property or services or the use thereof by the Company that involves an amount in excess of $20,000 in the aggregate during any calendar year;

(v) Representative agency Contract;

(vi) Note, debenture, bond, conditional sale Contract, equipment trust Contract, letter of credit Contract, reimbursement Contract, loan Contract or other Contract for the borrowing or lending of money (including loans to or from officers, managers, members, partners, shareholders of the Company, any Seller or any members of their respective immediate families), Contract or arrangement for a line of credit or for a guarantee of, or other undertaking in connection with, the Indebtedness of any other Person;

(vii) Contract limiting or restraining the Company from engaging or competing in any lines of business with any Person, including any Contract that contains exclusivity or non-compete provisions and any contract with non-solicitation or no-hire provisions;

(viii) Contract with any Governmental Body;

(ix) Contract involving the acquisition of equity or assets of another Person, including by merger, consolidation or otherwise;

(x) Broker, finder, dealer, commission, reseller, distributor or other agency Contract;

(xi) Joint venture, partnership or similar Contract, or any Contract providing for any sharing of revenues, losses or similar arrangement;

(xii) Contract pursuant to which the Company has granted, or agreed to grant, any rebate;

(xiii) Contract pursuant to which the Company has granted, or agreed to grant, any "most favored nation" pricing or any similar provision which grants any right with respect to the modification or adjustment of pricing or other terms of a Contract on the basis of future acts or omissions by the Company;

(xiv) Contract relating to Licensed Intellectual Property or any other license, franchise, distributorship or other similar Contract;

(xv) Contract for any capital expenditure or leasehold improvements;

(xvi) Contract for any charitable or political contribution;

(xvii) Contract not made in the ordinary course of business; or

(xviii) Contract material to the Business (not otherwise set forth on Schedule 5.16(a)).

(b) Each of the Contracts disclosed in connection with Sections 5.14 and 5.16 (the "Company Contracts") is valid, binding and enforceable in accordance with its terms against the Company and, to the Knowledge of the Company or any Seller, each counterparty thereto. The Company has fulfilled all of its obligations under each Company Contract to which it is a party. To the Knowledge of the Company or any Seller, all counterparties to each Company Contract have complied with the provisions thereof, no counterparty is in Default thereunder and no notice of any claim of Default has been given to the Company. With respect to any of the Company Contracts that are leases, neither the Company nor any Seller has received written notice of, and neither the Company nor any Seller is aware of any cancellation or termination under any option or right reserved to the lessor, or any notice of Default, thereunder. There are no renegotiations of, attempts to renegotiate or outstanding rights to renegotiate any amounts paid or payable under any Company Contract.

(c) The Sellers have made available to Purchaser complete and correct copies of all Company Contracts, together with all exhibits, schedules, attachments, addendums, appendices, statements of work, amendments, supplements or modifications thereto, and all material notices received or delivered thereunder and accurate descriptions of all material terms of all oral Contracts relating to any real property to which the Company is a party.

5.17 Employees/Independent Contractors.

(a) Schedule 5.17(a) sets forth the names, titles, current annual salary rates or current hourly wages, and target bonus or other incentive compensation for the 2018 calendar year of all present employees of the Company, together with the date of commencement of employment of each employee with the Company or any predecessor entity, and a summary of salary, bonuses and other compensation, if any, paid or payable to each of such Persons for or in respect of the 2017 calendar year.

(b) Schedule 5.17(b) sets forth the names and positions of each current independent contractor retained by the Company and the current rate of compensation paid to each such independent contractor. All such independent contractors (and all other independent

contractors who have previously rendered services to the Company or any predecessor entity) have in the past and continue to be legally, properly and appropriately treated, in all material respects, as non-employees for all federal, state, local and foreign Tax purposes, as well as all ERISA and other employee benefit purposes. There has been no determination by any Governmental Body that any such independent contractor (or any other independent contractor who has previously rendered services to the Company or any predecessor entity) constitutes an employee of such party.

5.18 Governmental Permits. Schedule 5.18 sets forth a complete and correct list of all Governmental Permits used in the operation of the Business or otherwise held by the Company. Except as set forth on Schedule 5.18, the Company owns, possesses or lawfully uses in the operation of the Business, all Governmental Permits which are necessary to conduct the Business as now or previously conducted by them or to the ownership of the Assets now or previously owned by them, free and clear of all Liens except Permitted Liens. The Company is not in Default, nor has it received any written notice of, nor is the Company or any Seller aware of, any claim of Default, with respect to any such Governmental Permits. The Company has been operated in compliance with all such Governmental Permits. All such Governmental Permits are valid and in full force and effect. Except as set forth on Schedule 5.18, all such Governmental Permits are renewable by their terms or in the ordinary course of business without the need to comply with any special qualification procedures or to pay any amounts other than routine filing fees and will not be adversely affected by the completion of the Transactions. The Company has filed such timely and complete renewal applications as may be required by it with respect to such Governmental Permits and has paid all renewal fees in full, to the extent that they have come due. The Company has not received any notification of any Governmental Permit revocation, cancellation, limitation, modification, lapse, suspension, integrity review, withdrawal or other adverse action (collectively "Governmental Permit Action"), and to the Knowledge of the Company or any Seller, no Governmental Permit Action is or has been threatened, undertaken, under investigation, or is pending. No occurrence or event has occurred that could reasonably result in a Governmental Permit Action. No present or former equity holder, manager, officer, contractor, agent or employee of the Company, or any other Person owns or has any proprietary, financial or other interest (direct or indirect) in any Governmental Permits which the Company now or previously owned, possessed or used.

5.19 Compliance with Law and Orders.

(a) Except as set forth on Schedule 5.19(a), there is no Action that is or in the past five (5) years has been pending or threatened in writing or, to the Knowledge of the Company or any Seller, otherwise threatened against the Company, any Seller or any of their Affiliates (i) against or involving, directly or indirectly, the Company, the Business, the Assets or (ii) seeking to prevent or challenge any of the Transactions. Neither the Company nor any Seller has received notice of any such Action. There has been no Default under any Laws applicable to the Business or any Asset and none of the Company, any Seller or any of their Affiliates has received any notices from any Governmental Body or other Person regarding any alleged Defaults applicable to the Company, the Business or any Asset under any Laws. There has been no Default with respect to any Order applicable to the Company, the Business or any Asset.

(b) The Company and the Company Products are not and have not been in violation of any Order or any Law, and the Assets have not been used or operated by the Company

or any other Person in violation of any Order or any Law. All Orders to which the Company is a party or subject are listed on Schedule 5.19(b). None of the Company, or with respect to the Company Products, the Sellers, the Company's officers or employees, nor, to the Knowledge of the Company or any Seller, any contractor or agent of or any consultant providing services to the Company, has received any written notice, warning letter, untitled letter, cyber letter, reprimand, regulatory letter, adverse inspectional findings, notice of an integrity review, notice of an investigation, request for corrective or remedial action, notice of other adverse finding, or notice of deficiency or violation, or similar communication from any Governmental Body alleging that the Company, its operations, or the Company Products are in violation of any applicable Law or Governmental Permit.

(c) The Company has made all of the filings, reports, submissions, and notifications required to be made by it under any Laws and Governmental Permits applicable to it, the Business or the Assets and has paid all due fees and charges in full. The Company has retained all records required to be retained under applicable Laws and Governmental Permits. At the time of maintenance, filing, submission, or furnishing, all filings, reports, submissions, notifications, and records were timely made and were complete and accurate in all material respects, or were subsequently updated, changed, corrected, or modified.

(d) No officer, employee or, to the Knowledge of the Company or any Seller, contractor or agent of, or any consultant of the Company (i) has used any corporate funds of the Company to make any payment to any officer, contractor, consultant, agent or employee of any government, or to any political party or official thereof, where such payment either (A) was, at the time, unlawful under Laws applicable thereto, or (B) was, at the time, unlawful under the Foreign Corrupt Practices Act of 1977, as amended, or (ii) has made or received an illegal payment, bribe, kickback, political contribution or other similar questionable illegal payment in connection with the operation of the Business. The Company and the operation of its Business are and have been in compliance with all applicable Health Care Laws.

(e) No breach has occurred with respect to any Protected Health Information (as that term is defined under HIPAA) maintained by or for the Seller that is subject to the notification requirements under HIPAA and no information security or privacy breach event has occurred that would require notification under any other Health Care Law.

(f) No Seller, officer or employee of the Company nor, to the Knowledge of the Company or any Seller, any other Person providing services to the Company, nor their respective officers, managers, partners, employees, or agents have been:

(i) debarred or suspended pursuant to 21 U.S.C. § 335a;

(ii) excluded under 42 U.S.C. § 1320a-7 or any similar law, rule or regulation of any Governmental Body;

(iii) excluded, debarred, suspended or deemed ineligible to participate in federal procurement and non-procurement programs, including those produced by the U.S. General Services Administration;

(iv) charged, named in a complaint, convicted, or otherwise found liable in any proceeding that falls within the ambit of 21 U.S.C. § 331, 21 U.S.C. § 333, 21 U.S.C. § 334, 21 U.S.C. § 335a, 21 U.S.C. § 335b, 42 U.S.C. § 1320a - 7, 31 U.S.C. §§ 3729 – 3733, 42 U.S.C. §1320a-7b(b), 42 U.S.C. § 1320a-7a, 21 U.S.C. § 801 et seq., 15 U.S.C. §§ 41-58, 15 U.S.C. §§ 1471-1477, 15 U.S.C. §§ 2051-2089, the regulations promulgated thereunder, or any other applicable Law relating to the prevent of fraud and abuse, the regulation of the Company Products, the regulation of the Company's operations, or concerning the type of services provided by the Company and its Business;

(v) disqualified or deemed ineligible pursuant to 21 C.F.R. Parts 312, 511, or 812, or otherwise restricted, in whole or in part, or subject to an assurance; or

(vi) within the past six (6) years, the subject of an audit, inspection, investigation, inquiry, or review by a Governmental Body, including, without limitation, the Medicare or Medicaid programs.

(g) The Company has not engaged in, and is not engaging in, any activities requiring registration or listing with the U.S. Food and Drug Administration ("FDA") or any other Governmental Permit from the FDA or state medical device regulators, including, but not limited to, the development, manufacture, marketing, assembly, distribution, licensing, or sale of any Software or other product subject to FDA regulation as a medical device.

5.20 Insurance. Schedule 5.20 sets forth a complete and correct list of all policies of fire, liability, workers' compensation, life, property and casualty and other insurance owned or held by the Company and, except as set forth on Schedule 5.20, all of such policies are on an "occurrence" basis. All of such insurance policies are in full force and effect and the Company is not in Default in any material respect with respect to its respective obligations under any of such insurance policies. Since the respective dates of such policies, no notice of cancellation or non-renewal with respect to any such policy has been received by the Company or any Seller. Schedule 5.20 sets forth a complete and correct list of all claims made with respect to all such policies during the three (3) year period prior to the date of this Agreement, except claims for benefits under health insurance policies. Except as set forth on Schedule 5.20, the Company does not have any self-insurance or co-insurance programs.

5.21 Labor Matters.

(a) The Company is in material compliance with all applicable Laws respecting employment, employment practices, and terms and conditions of employment, and are not engaged in any unfair labor practice, including compliance with all applicable Laws relating to labor relations, equal employment opportunities, fair employment practices, employment discrimination, harassment, retaliation, reasonable accommodation, disability rights or benefits, immigration, wages, hours, overtime compensation, child labor, hiring, promotion and termination of employees, working conditions, meal and break periods, privacy, health and safety, workers' compensation, leaves of absence and unemployment insurance. All employees of the Company classified as exempt under the Fair Labor Standards Act and state and local wage and hour laws are properly classified. There are no charges, complaints, or actions against the Company pending, threatened in writing, or, to the Knowledge of the Company or any Seller, otherwise threatened to

be brought or filed, by or with any Governmental Body or arbitrator in connection with the employment of any current or former applicant, employee, consultant or independent contractor, including, without limitation, any claim relating to unfair labor practices, employment discrimination, harassment, retaliation, equal pay, wages and hours, health and safety, or any other employment-related matter arising under applicable Laws.

(b) The Company is not delinquent in any material respect in payments to any of its employees or independent contractors for any wages, salaries, commissions, bonuses, profit sharing, benefits, vacation pay or other compensation for any services performed for the Company or amounts required to be reimbursed to such employees. Except as set forth on Schedule 5.21, the Company has the right to terminate the employment of each of its employees at will and to terminate the engagement of any of its independent contractors without payment to such employee or independent contractor other than for services rendered through termination and without incurring any Liability.

(c) In the five (5) years prior to the date hereof, the Company has not violated the Worker Adjustment and Retraining Notification Act, as amended, or any similar applicable Law. Except as set forth on Schedule 5.21, during the ninety (90) days prior to the date hereof, the Company has not terminated any employees.

(d) The Company has never been a party or subject to, nor is it negotiating, any collective bargaining Contracts with any labor union or other representative of employees. No strike, slowdown, picketing, boycott, unfair labor practice charge, labor dispute, grievance, or work stoppage by any union or other group of employees against the Company or the Assets wherever located, no secondary boycott with respect to the Company's products or services, and no lockout by the Company of any of its respective employees or any other labor trouble or other occurrence, event or condition of a similar character, has occurred or, the Knowledge of the Company or any Seller, been threatened.

5.22 Employee Benefit Plans.

(a) Attached as Schedule 5.22(a) is a complete and correct list of all Plans. The Sellers have made available to Purchaser prior to the date hereof correct and complete copies of the following documents with respect to the Plans, to the extent applicable: (i) all documents constituting the Plans, including but not limited to, trust agreements, insurance policies, service agreements, and formal and informal amendments thereto; (ii) the three most recently filed Forms 5500 or 5500C/R and any financial statements attached thereto; (iii) all IRS determination letters (or IRS opinion letters on which the Plans can rely) for the Plans; (iv) the most recent summary plan description and any amendments or modifications thereof; (v) all notices that were issued within the preceding three (3) years by the IRS or any other Governmental Body with respect to the Plans; (vi) the most recent actuarial valuation reports and trustee or custodian reports, if any, and (vii) all employee manuals or handbooks containing personnel or employee relations policies. Schedule 5.22(a) sets forth each plan or arrangement that would have been a Plan but for its termination within the past three (3) years. For purposes of this Section 5.22, the term Company shall also include any ERISA Affiliate of the Company.

(b) The Company does not have any Liability with respect to any benefit plans or arrangements other than the Plans. All Plans, and all provision of compensation or benefits by the Company to present or former employees, managers, agents, or independent contractors of the Company, are and have been in compliance with all applicable provisions of ERISA, the Code and the regulations issued thereunder, as well as with all other applicable Laws, and have been, and all Plans at all times have been administered, operated and managed in accordance with their governing documents. All reports and other documents required to be filed with any Governmental Body or distributed to Plan participants or beneficiaries (including summary plan descriptions, annual reports, summary annual reports, actuarial reports, audits, or tax returns) have been timely filed or distributed.

(c) The Plans marked on Schedule 5.22(a), if any, as "Qualified Plans" are the only Plans that are intended to meet the requirements of Section 401(a) of the Code (a "Qualified Plan"). Each of the Qualified Plans have been determined by the IRS to be so qualified, and, to the Knowledge of the Company or any Seller, there are no facts or circumstances that would be reasonably likely to adversely affect the qualified status of a Qualified Plan or cause the favorable determination letter to be revoked or the imposition of any material Liability or Lien, penalty, or Tax under ERISA or the Code or any other applicable Law, and the Qualified Plans have been timely amended to comply with current Law.

(d) Neither the Company nor any Qualified Plan has engaged in any transaction prohibited under the provisions of Section 4975 of the Code or Section 406 of ERISA for which an exemption is not available.

(e) Neither the Company nor any ERISA Affiliate sponsors, maintains or contributes to, nor have they ever sponsored, maintained or contributed to, or had any Liability with respect to, any employee benefit plan subject to Section 302 of ERISA, Section 412 of the Code or Title IV of ERISA or any comparable provisions of any other applicable Law. Neither the Company nor any ERISA Affiliate maintains or contributes to, or has ever maintained or contributed to or had any Liability with respect to, a multiemployer plan. Neither the Company nor any ERISA Affiliate maintains or contributes to, or has ever maintained or contributed to or had any Liability with respect to, a multiple employer plan within the meaning of Section 210(a) of ERISA or Section 413(c) of the Code or "multiple employer welfare arrangement" as defined in Section 3(40) of ERISA.

(f) The Company has not made a plan or commitment, whether or not legally binding, to create any additional Plan or to modify or change any existing Plan or increase or improve the compensation, benefits or terms and conditions of employment or service of any manager, officer, employee or consultant other than as required under Law or an applicable Plan. All Plans may be amended or terminated without penalty by the Company at any time on or after the Closing.

(g) Except as set forth on Schedule 5.22(g):

(i) with respect to Plans which qualify as "group health plans" under Section 5000(b)(1) of the Code and Sections 607(1) and 733(a) of ERISA and related regulations, the Company has complied with all reporting, disclosure, notice, election, coverage and other

benefit requirements imposed under Sections 4980B and 9801-9833 of the Code and ERISA and other applicable Laws; the Company does not have any direct or indirect Liability and is not subject to any loss, assessment, excise Tax, penalty, loss of federal income Tax deduction or other sanction, arising on account of or in respect of any direct or indirect failure by the Company at any time prior to the Closing Date, to comply with any such federal or state requirement, which is capable of being assessed or asserted before or after the Closing Date directly or indirectly against the Company with respect to such group health plans; and no Plan provides health, life or other benefits after an employee's or former employee's retirement or other termination of employment, other than coverage mandated by applicable Laws solely at the employee's expense;

(ii) the Company has not incurred any Liability for excise, income or other Tax or penalty with respect to any Plan, and, to the Knowledge of the Company or any Seller, no event has occurred and no circumstance exists or has existed that could reasonably be expected to give rise to any such Liability;

(iii) no Plan contains any provision or is subject to any Law that would (A) prohibit the Transactions or that would give rise to (B) any vesting or payment of benefits, severance, termination, bonuses or other payments, (C) the enhancement of any benefits or payments, or (D) any other Liabilities, in each case as a result of the Transactions or the Transactions taken together with any other event (such as a termination of employment); no payments or benefits under any Plan or Contract will be considered "excess parachute payments" under Section 280G of the Code; the Company does not have any obligation to indemnify, hold harmless or gross-up any individual with respect to any excise tax imposed under Section 4999 of the Code;

(iv) the Company has paid all amounts that it is required to pay as contributions to the Plans as of the Closing Date, and as required in accordance with GAAP, the Financial Statements as of the Balance Sheet Date reflect the approximate total pension, medical and other benefit expense for all Plans as of the date thereof and all monies withheld from employee paychecks with respect to Plans have been transferred to the appropriate Plans in a timely manner as required by applicable Laws;

(v) there is no pending Action that has been asserted or instituted against any Plan, the assets of any of the trusts under such Plans, the plan sponsor, the plan administrator or any fiduciary of any such Plan (other than routine benefit claims). There are no investigations or audits of any Plans, any trusts under such Plans, the plan sponsor, the plan administrator or any fiduciary of any such Plan that have been instituted or, to the Knowledge of the Company or any Seller, threatened;

(vi) the Company has not ever been party to any arrangement that is or was a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code (each, a "Non-Qualified Deferred Compensation Plan"). Any Plan that is deemed to be a Non-Qualified Deferred Compensation Plan has been maintained and operated in accordance with the requirements of Section 409A of the Code. No Plan or any other Contract, agreement or policy contains any provision that would give rise to an obligation of the Company or any other Person to indemnify, hold harmless or gross-up any individual with respect to any penalty Tax imposed under Section 409A of the Code; and

(vii) each Plan is in compliance with the Patient Protection and Affordable Care Act and its companion bill, the Health Care and Education Reconciliation Act of 2010 (the "ACA"), to the extent applicable. No material excise tax or penalty under the ACA, including without limitation, Section 4980H of the Code, is outstanding, has accrued, or has arisen with respect to any period prior to the Closing, with respect to any Plan. The operation of each Plan will not result in the incurrence of any material penalty or Liabilities to the Company pursuant to the ACA.

(h) No Seller employs, nor has it ever employed, any person outside the United States, and there are no Plans outside the United States.

5.23 Transactions with Affiliates. Except as disclosed on Schedule 5.23, no Affiliate of the Company or any Seller has (a) borrowed money or loaned money to the Company which remains outstanding or (b) any contractual arrangements with the Company. Except as set forth on Schedule 5.23, (i) the Company is not party to any Contract with any Seller, manager, officer or employee of the Company or any Affiliate of the foregoing, and (ii) no Seller, manager, officer or employee of the Company or any Affiliate of the foregoing (A) owns or has owned (within the past five (5) years), directly or indirectly, or has or has had any interest in (including the right to use, other than in connection with the Company's business) any property (real or personal, tangible or intangible) that the Company uses or has used in its business, or (B) has or has had (within the past five (5) years) any business dealings or a financial interest in any transaction with the Company or involving any assets or property of the Company.

5.24 Absence of Certain Changes. Except as set forth on Schedule 5.24 or as specifically contemplated by this Agreement, since the Balance Sheet Date through and including the date hereof, the Company and the Sellers have conducted the Business in the ordinary course and there has not been:

(a) any change that has had or could reasonably be expected to have a Material Adverse Effect;

(b) any declaration, setting aside or payment of any dividend or other distribution (whether in cash, equity or ownership interests or property) with respect to any Company Security, or any repurchase, redemption or other reacquisition of any Company Security;

(c) any increase in the compensation payable or to become payable to any manager or non-executive employee, except for increases for such managers or employees made in the ordinary course of business;

(d) any other change in any employment or consulting arrangement, except for such changes made in the ordinary course;

(e) any payment to any agent or management employee not in accordance with such agent's or employee's compensation levels currently in effect;

(f) any sale, assignment, leasing, subleasing or transfer of Assets, or any additions to or transactions involving any Assets, other than those made in the ordinary course of business;

(g) other than in the ordinary course of business, any waiver or release of any claim or right or cancellation of any debt held;

(h) any distributions or payments to any Affiliate of the Company;

(i) any capital expenditure, except for such capital expenditures made in the ordinary course;

(j) any incurrence of any debts for money borrowed;

(k) any adoption or change of a Tax election, any settlement or compromise of a claim, notice, audit report, assessment or other Action in respect of Taxes, any change of an annual Tax accounting period, any adoption or change of a method of Tax accounting, any filing of an amended Tax Return, any entry into a Tax allocation agreement, Tax sharing agreement, Tax indemnity agreement or closing agreement relating to any Tax, any surrender of a right to claim a Tax refund, or any consent to an extension or waiver of the statute of limitations period applicable to any Tax claim or assessment; or

(l) any Contract to do any of the foregoing.

5.25 Environmental Matters. The Company possesses all Environmental Permits that are necessary for the conduct of its business as currently conducted or otherwise required under any Environmental Law, and is in compliance in all material respects with all such Environmental Permits and applicable Environmental Laws. The operations of the Company have not resulted in a material claim under any Environmental Law against the Company or any other Person whose Liability for such claims the Company has assumed or retained. The Company is not, and has never been, subject to any Action arising under or related to any Environmental Law which remains unresolved.

5.26 Additional Information. Schedule 5.26 contains, to the extent not described in some other schedule hereto, accurate lists and summary descriptions of the following:

(a) the names of all present officers and managers of the Company;

(b) the names of all Persons authorized to borrow money or incur or guarantee Indebtedness on behalf of the Company; and

(c) all names under which the Company has conducted any Business or which it has otherwise used since its date of incorporation.

5.27 Brokers. No broker, finder, investment banker or other agent is or will be entitled to any brokerage, finder's or other fee or commission in connection with the consummation of this Agreement or the Transactions based upon arrangements made by or on behalf of the Company, any Seller, or any of their Affiliates.

5.28 Relationship With Customers and Suppliers. Schedule 5.28 sets forth (a) a list of all of the Company's customers (together with actual net revenue received or receivable from such customers) and (b) a list of the Company's top twenty (20) vendors (by amount actually paid or

payable to such vendors), in each case, for the for the twelve (12)-month periods ended December 31, 2016 and December 31, 2017, and for the six (6)-month period ended June 30, 2018. The Company has used its reasonable best efforts to maintain good working relationships with all of the customers of the Business. Each of the Customer Contracts which have been terminated or cancelled during the past year are set forth and described on Schedule 5.28. Except as set forth on Schedule 5.28, no customer or supplier of the Company has terminated or has given written notice prior to the date hereof of an intention or plan to terminate its relationship with the Company or any of the Contracts, or all or a material part of the purchases or sales of products or services to or from the Company historically made by such customer or supplier (or to materially reduce or change the pricing or other terms of the Contracts or its business with the Company), and neither the Company nor any of the Sellers has Knowledge of any intention or plan by any such customer to take any of the foregoing actions. No such customer or supplier may terminate any Contract with the Company or all or a material part of such purchases, by reason of the consummation of the Transactions. Except as disclosed on Schedule 5.28, (x) there is no dispute or disagreement pending or threatened in writing between the Company and any of its customers or suppliers, (y) no claim has been asserted by a customer or supplier against the Company, the Business or the Assets and (z) to the Knowledge of the Company or any Seller, there is no reasonable basis for any such claim, in each case other than normal customer help desk claims. Except as set forth on Schedule 5.28, neither the Company nor any Seller has received notice of, and neither the Company nor any Seller has Knowledge of any basis for, any material complaint by any customer or supplier of the Company other than normal customer help desk claims.

5.29 Privacy Matters; IT System.

(a) Any Personal Information in the Company's possession, custody or control, or otherwise maintained, held or processed by or on behalf of the Company, has been and continues to be maintained in compliance with all applicable Laws, including, to the extent applicable, HIPAA and any state laws ("State Privacy Laws") governing privacy, security and the use and disclosure of Personal Information. Laws relating to the privacy and security of Personal Information are collectively referred to as "Privacy Laws." The Company has implemented written privacy and security policies that govern its collection, storage, use, processing, disclosure and transfer of Personal Information and the Company has made available to Purchaser true, accurate and complete copies of such policies.

(b) The Company has not received any written claim or complaint regarding its collection, use or disclosure of Personal Information. The Company is not currently involved in or the subject of, and has never been involved in or the subject of, any actions, suits, claims, proceedings, investigations, allegations, demands, assessments, audits, fines, judgments related to Privacy Laws. The Company has not made any agreement with or commitment to any Governmental Body regarding data protection, privacy or the collection, use, disclosure, sale or licensing of Personal Information, or Privacy Laws. The Company is not currently party to any consent order, consent decree, settlement or other similar agreement regarding data protection, privacy or the collection, use, disclosure, sale or licensing of Personal Information, or Privacy Laws. No breach, security incident or violation of any data security policy in relation to any Personal Information held by the Company has occurred, has been threatened in writing, or, to the Knowledge of the Company or any Seller, has otherwise been threatened, and there has been no unauthorized or illegal processing of any Personal Information held by the Company. No

circumstance has arisen in which Privacy Laws would require the Company to notify a Governmental Body or any other Person of a data security breach, security incident or violation of any data security policy.

(c) The Company has (whether by ownership, license, contract, or otherwise) all rights in and to the IT Systems necessary to (i) make all such uses of the IT Systems as the Company usually, customarily, and/or actually makes of such IT Systems and (ii) operate the Business substantially as the Company has operated the Business over the six (6) months preceding the Closing Date.

(d) To the Knowledge of the Company and the Sellers, after the diligent use of industry-standard Malware detection tools within thirty (30) days of the Closing Date, the IT Systems do not contain any Malware detectable by such detection tools that would reasonably be expected to materially interfere with the ability of the Company to conduct the Business. Except as set forth on Schedule 5.29(d), the Company (i) has implemented and maintains security, business continuity, and backup and disaster recovery plans and procedures that are consistent with practices commercially reasonable in the Company's industry with respect to the IT Systems and data and Personal Information that the Company has or receives, (ii) is in material compliance therewith, and (iii) has taken commercially reasonable steps to test (including penetration testing) such security plans and procedures on no less than an annual basis, and such security plans and procedures have been proven effective upon such testing in all material respects. All Contracts with third parties for cloud services, professional information technology services, data center services, and other IT System services currently used by the Company are currently in force and the Company is not in material breach thereof for which it has been provided written notice or which breach has been waived by the other party.

5.30 Corporate Records. The governance records of each of Mediture and eClusive are current and contain correct and complete copies of all Organizational Documents of each of Mediture and eClusive, as applicable, including all amendments thereto and restatements thereof, and of all minutes of meetings, resolutions and other actions and proceedings of its members and managers and all committees thereof, and the records of each of Mediture and eClusive are current, correct and complete and reflect the issuance of all of the Mediture Membership Interests and eClusive Membership Interests, as applicable.

5.31 Statements and Other Documents Not Misleading. Neither this Agreement, including all schedules and exhibits, nor any other Transaction Document or any other certificate or other instrument delivered by the Sellers or the Company to Purchaser at the Closing in connection with the Transactions contains or will contain any untrue statement of any material fact or omits to state any material fact required to be stated in order to make such statement, document or other instrument not misleading.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to the Sellers as follows:

6.1 Organization and Standing. Purchaser is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware.

6.2 Authority and Binding Effect. Purchaser has the requisite power and authority to execute, deliver and perform this Agreement and the other Transaction Documents to which it is a party and has taken all actions necessary to secure all approvals required in connection therewith. The execution, delivery and performance of this Agreement and the consummation of the Transactions by Purchaser has been duly authorized by all necessary corporate action. This Agreement has been duly executed and delivered by Purchaser and, assuming due authorization, execution and delivery by the Company, the Sellers and the Seller Representative, constitutes the valid and binding obligation of Purchaser, enforceable against it in accordance with its terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting or relating to creditors' rights generally, and (b) the availability of injunctive relief and other equitable remedies.

6.3 No Conflicts; Consents.

(a) The execution and delivery of this Agreement by Purchaser does not, and the consummation of the transactions contemplated by this Agreement or the other Transaction Documents by Purchaser will not, directly or indirectly, (i) violate the provisions of any Organizational Document of Purchaser, (ii) violate any material Contract to which Purchaser is a party, except for such violations as would not reasonably be expected to materially affect the ability of Purchaser to consummate the Transaction, or (iii) violate any Order or Law applicable to Purchaser on the date hereof.

(b) No Governmental Permit, Order of, registration, declaration or filing with, or notice to any Governmental Body is required by Purchaser in connection with the execution and delivery of this Agreement and the consummation of the Transactions.

6.4 Stock Consideration. The Parent Stock to be issued at the Closing, when issued and delivered in accordance with the terms hereof, shall be duly authorized, validly issued, fully paid and nonassessable and free of all preemptive rights and, assuming the accuracy of the representations and warranties of the Sellers contained in Article IV of this Agreement and the questionnaire delivered to the Company in respect of whether such Seller is an Accredited Investor, will be issued in compliance with applicable federal and state securities Laws.

6.5 Brokers. No broker, finder, investment banker or other agent is or will be entitled to any brokerage, finder's or other fee or commission in connection with the consummation of this Agreement or the Transactions based upon arrangements made by or on behalf of Purchaser or any Affiliate of Purchaser.

6.6 SEC Documents. Since the effective date of Parent's registration statement on Form S-3 (File No. 333-220965) (the "SEC Effective Date"), Parent has timely filed or otherwise furnished (as applicable) all registration statements, prospectuses, forms, reports, definitive proxy statements and schedules required to be filed or furnished by it under the Securities Act or the Exchange Act, as the case may be, with the SEC (such documents filed by Parent since the SEC Effective Date and any other documents filed by Parent with the SEC since the SEC Effective Date, as have been supplemented, modified or amended since the time of filing, collectively, the "SEC Documents"). Each of the SEC Documents has complied in all material respects with the Securities Act and the Exchange Act in effect as of their respective dates. There are no outstanding or unresolved comments in comment letters received from the staff of the SEC with respect to any of the SEC Documents. None of the SEC Documents, as of their respective dates, contained any untrue statements of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

ARTICLE VII

COVENANTS

7.1 Further Assurances. Following the Closing, each of the Parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably necessary or desirable to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

7.2 Certain Tax Matters.

(a) *Cooperation on Tax Matters*. Each Seller, the Seller Representative and Purchaser shall cooperate fully, as and to the extent reasonably requested by the other Party, in connection with the filing of Tax Returns and the conduct of any audit, Action or other proceeding with respect to Taxes of the Company. Such cooperation shall include the retention and (upon the other Party's request) the provision of records and information that are reasonably relevant to any such Tax Return, audit, Action or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Purchaser shall cause the Company to (A) retain all books and records with respect to Tax matters pertinent to the Company that are in the Company's possession as of the Closing until the expiration of the statute of limitations of the respective taxable periods, and to abide by all record retention Contracts entered into with any taxing authority, and (B) give the Sellers and the Seller Representative reasonable written notice prior to transferring, destroying or discarding any such books and records and, if the Sellers or the Seller Representative so request, Purchaser shall allow the Sellers or the Seller Representative to take possession of such books and records. Each Seller shall (A) retain all books and records in their possession with respect to Tax matters pertinent to the Company relating to any taxable period beginning before the Closing Date until the expiration of the statute of limitations (and, to the extent notified by the Company, Purchaser or the Seller Representative, any extensions thereof) of the respective taxable periods, and to abide by all record retention Contracts entered into with any taxing authority, and (B) give Purchaser reasonable written notice prior to transferring, destroying or discarding any such books and records

and, if Purchaser so requests, any Seller or the Seller Representative, as the case may be, shall allow Purchaser to take possession of such books and records.

(b) *Transfer Taxes*. All transfer, documentary, sales, use, stamp, registration, value added, filing, recording, transfer, stock transfer, gross receipts, duty, securities transactions or similar fees or taxes or governmental charges (together with any interest or penalty, addition to tax or additional amount imposed) as levied by any Governmental Body in connection with the transactions contemplated by this Agreement (collectively, "Transfer Taxes") shall be paid when due by the Sellers with respect to transfer of the Membership Interests, and Purchaser with respect to the Parent Stock. Each Party will, at its own expense, file all necessary Tax Returns and other documentation with respect to the Transfer Taxes for which such Party is responsible for paying, and, if required by applicable Law, such Party will, and will cause its Affiliates to, join in the execution of any such Tax Returns and other documentation. The Parties hereto shall reasonably cooperate in executing any appropriate tax exemption certificates in connection with this Agreement and the transactions contemplated hereby to reduce or eliminate any such Transfer Taxes.

(c) *Responsibility for Filing Tax Returns*.

(i) The Seller Representative shall prepare, or cause to be prepared, and timely file or cause to be timely filed at the expense of the Sellers, all income and franchise Tax Returns required to be filed by the Company with respect to any Pre-Closing Tax Period. Such Tax Returns shall be prepared consistently with the past practice of the Company, unless otherwise required by applicable Law. The Seller Representative shall submit such Tax Returns to Purchaser for Purchaser's review and comment at least thirty (30) days prior to the due date (with applicable extensions) for such Tax Return. Purchaser shall provide any written comments to the Seller Representative not later than ten (10) days after receiving any such Tax Return and, if Purchaser does not provide any written comments with ten (10) days, Purchaser shall be deemed to have accepted such Tax Return. The Parties hereto shall attempt in good faith to resolve any dispute with respect to such Tax Returns. If Purchaser and the Seller Representative are unable to reach an agreement within ten (10) days after Purchaser provides written comments to the Seller Representative, the disputed items shall be referred to the Independent Accounting Firm for resolution in accordance with Section 2.4(c). If the Independent Accounting Firm is unable to resolve any disputed items before the due date for filing such Tax Return (after giving effect to validly obtained extensions of time to make such filings), the Tax Return as prepared by the Seller Representative and incorporating all Purchaser comments shall be executed and duly and timely filed with the appropriate Governmental Body. Upon the resolution by the Independent Accounting Firm of the disputed items, such Tax Return shall be amended by Purchaser to reflect the Independent Accounting Firm's resolution of such items, and such Tax Return, as revised to reflect such resolution shall be executed and duly and timely filed with the appropriate Governmental Body. For the purpose of this Section 7.2(c)(i), the costs, fees and expenses of the Independent Accounting Firm with respect to a disputed item shall be borne by the party against whom the Independent Accounting Firm resolves such disputed item.

(ii) Purchaser shall prepare or cause to be prepared, and timely file or cause to be timely filed, all Tax Returns required to be filed by the Company with respect to any Pre-Closing Tax Period other than income and franchise Tax Returns for such Pre-Closing Tax

Periods. All such Tax Returns shall be prepared consistent with the past practice of Company, except as otherwise required by applicable Law. Purchaser will deliver a copy of each such Tax Return to the Seller Representative for review and comment at least thirty (30) days prior to filing such Tax Return with the applicable Governmental Body. The Seller Representative shall provide any written comments to Purchaser not later than ten (10) days after receiving any such Tax Return and, if the Seller Representative does not provide any written comments with ten (10) days, the Seller Representative shall be deemed to have accepted such Tax Return. Purchaser shall cooperate with the Seller Representative in resolving any issues the Seller Representative identifies with such Tax Returns, and shall ensure that such Tax Returns are timely and properly filed and that any Taxes shown as due by the Company on such Tax Returns are paid at the time of filing. If Purchaser and the Seller Representative are unable to reach an agreement within ten (10) days after the Seller Representative provides written comments to Purchaser, the disputed items shall be referred to the Independent Accounting Firm for resolution in accordance with Section 2.4(c). If the Independent Accounting Firm is unable to resolve any disputed items before the due date for filing such Tax Return (after giving effect to validly obtained extensions of time to make such filings), the Tax Return as prepared by Purchaser shall be executed and duly and timely filed with the appropriate Governmental Body. Upon the resolution by the Independent Accounting Firm of the disputed items, such Tax Return shall be amended by Purchaser to reflect the Independent Accounting Firm's resolution of such items, and such Tax Return, as revised to reflect such resolution shall be executed and duly and timely filed with the appropriate Governmental Body. For the purpose of this Section 7.2(c)(ii), the costs, fees and expenses of the Independent Accounting Firm with respect to a disputed item shall be borne by the party against whom the Independent Accounting Firm resolves such disputed item. Purchaser shall be reimbursed by the Sellers for Taxes of the Company with respect to such periods within five (5) days before payment by Purchaser or any of its Affiliates (including the Company) of such Taxes is due, except to the extent not already reflected as a Liability in the calculation of Final Net Working Capital that results in a negative adjustment to the Final Purchase Price pursuant to Section 2.4 or in the calculation of the Final Debt Amount or the Final Company Transaction Expenses.

(iii) Purchaser shall prepare or cause to be prepared, and timely file or cause to be timely filed, all Tax Returns required to be filed by the Company with respect to any Straddle Period. All such Tax Returns shall be prepared consistent with the past practice of Company, except as otherwise required by applicable Law. To the extent reasonably possible, Purchaser will deliver a copy of each such Tax Return to the Seller Representative for review and comment at least fifteen (15) days prior to filing such Tax Return with the applicable Governmental Body. The Seller Representative shall provide any written comments to Purchaser not later than ten (10) days after receiving any such Tax Return and, if the Seller Representative does not provide any written comments with ten (10) days, the Seller Representative shall be deemed to have accepted such Tax Return. Purchaser shall cooperate with the Seller Representative in resolving any issues the Seller Representative identifies with such Tax Returns, and shall ensure that such Tax Returns are timely and properly filed and that any Taxes shown as due by the Company on such Tax Returns are paid at the time of filing. If Purchaser and the Seller Representative are unable to reach an agreement within ten (10) days after the Seller Representative provides written comments to Purchaser, the disputed items shall be referred to the Independent Accounting Firm for resolution in accordance with Section 2.4(c). If the Independent Accounting Firm is unable to resolve any disputed items before the due date for filing such Tax Return (after giving effect to validly obtained extensions of time to make such filings), the Tax

Return as prepared by Purchaser shall be executed and duly and timely filed with the appropriate Governmental Body. Upon the resolution by the Independent Accounting Firm of the disputed items, such Tax Return shall be amended by Purchaser to reflect the Independent Accounting Firm's resolution of such items, and such Tax Return, as revised to reflect such resolution shall be executed and duly and timely filed with the appropriate Governmental Body. For the purpose of this Section 7.2(c)(iii), the costs, fees and expenses of the Independent Accounting Firm with respect to a disputed item shall be borne by the party against whom the Independent Accounting Firm resolves such disputed item. Purchaser shall be reimbursed by the Sellers within five (5) days before the date on which Taxes are due with respect to such periods an amount equal to the portion of such Taxes which relates to the portion of such taxable period ending on the Closing Date, as determined in accordance with Section 7.2(c)(iv), except to the extent not already reflected as a Liability in the calculation of Final Net Working Capital that results in a negative adjustment to the Final Purchase Price pursuant to Section 2.4 or in the calculation of the Final Debt Amount or the Final Company Transaction Expenses.

(iv) For all purposes of this Agreement, with respect to any Straddle Period the amount of Taxes allocable to the portion of the Straddle Period ending on the Closing Date shall be deemed to be: (i) in the cases of Taxes imposed on a periodic basis, the amount of such Taxes for the entire period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediately preceding period) multiplied by a fraction, the numerator of which is the number of calendar days in the Straddle Period ending on and including the Closing Date and the denominator of which is the number of calendar days in the entire relevant Straddle Period and (ii) in the case of Taxes not described in (i) above (such as franchise Taxes, payroll Taxes, Taxes that are based upon or related to income or receipts, based upon occupancy or imposed in connection with any sale or other transfer or assignment of property (real or personal, tangible or intangible)), the amount of any such Taxes shall be determined as if such taxable period ended as of the end of the Closing Date.

(d) *Tax Treatment of Sale of Membership Interests*. For U.S. federal income Tax purposes, as well as any corresponding state and local Tax purposes, the Parties shall treat the sale of the Membership Interests in exchange for payment of the Purchase Price contemplated by this Agreement as a sale of the Company's assets to Purchaser as to Purchaser and a sale of partnership interests as to the Sellers in accordance with Internal Revenue Service Revenue Ruling 99-6 (the "Intended Tax Treatment") and shall prepare all Tax books, records and filings in a manner consistent with the Intended Tax Treatment and shall not take any position inconsistent therewith.

(e) *Purchase Price Allocation*.

(i) Within ninety (90) days following the Closing, Purchaser shall prepare and deliver to the Seller Representative a draft schedule allocating the Purchase Price (and any liabilities considered assumed by Purchaser treated as purchase consideration for Tax purposes) among the Assets of the Company treated as acquired by Purchaser from the Sellers in accordance with the Intended Tax Treatment and the restrictive covenants set forth in Section 7.5, for the purposes of determining the Tax consequences of the transactions contemplated by this Agreement (the "Asset Allocation Schedule" and collectively with the Membership Interest Allocation, the "Purchase Price Allocation Schedule"). For the avoidance of doubt, the Asset

Allocation Schedule shall be prepared in a manner consistent with the Membership Interest Allocation. Purchaser shall revise the draft Purchase Price Allocation Schedule as necessary to reflect adjustments to the Purchase Price required by this Agreement, which Purchaser shall deliver to the Seller Representative within thirty (30) days following the date of such adjustment. If the Seller Representative disagrees with the Purchase Price Allocation Schedule delivered by Purchaser (including any revisions thereto), the Seller Representative may, within thirty (30) days after delivery of such Purchase Price Allocation Schedule (or any revision thereto), deliver a written notice to Purchaser to such effect, specifying those items as to which the Seller Representative disagrees and setting forth the Seller Representative's proposed allocation. If the Seller Representative fails to timely and duly deliver such notice of disagreement, then the Purchase Price Allocation Schedule shall be final and binding on the Parties. If the Seller Representative timely and duly delivers such notice of disagreement, then Purchaser and the Seller Representative shall negotiate in good faith to reach agreement on the disputed items or amounts and the allocation to the extent so agreed shall be the final Purchase Price Allocation Schedule.

(ii) If Purchaser and the Seller Representative agree on a final Purchase Price Allocation Schedule, Purchaser and the Sellers shall file all Tax Returns and prepare all Tax books, records and filings in a manner consistent with the Purchase Price Allocation Schedule (as finalized), and will not take any position contrary thereto unless otherwise required by a Final Determination. The Parties shall revise their Tax Returns and all Tax books, records and filings as necessary to reflect such revised Purchase Price Allocation Schedule. If any Governmental Body disputes the Tax treatment pertaining to the Purchase Price Allocation Schedule (or any revision to the Purchase Price Allocation Schedule), the Party receiving notice of the dispute shall promptly notify the other Party of such dispute and the Parties shall cooperate in good faith in responding to such dispute in order to preserve the effectiveness of the Purchase Price Allocation Schedule.

(iii) If Purchaser and the Seller Representative cannot reach agreement on a final Purchase Price Allocation Schedule, each of Purchaser on the one hand and the Sellers on the other hand shall be entitled to file all Tax Returns and prepare all Tax books, records and filings reflecting their own determination of how the Purchase Price Allocation Schedule should have been prepared, as calculated by each party in its complete discretion.

7.3 Tail Policy. Notwithstanding anything to the contrary set forth in this Agreement, the Sellers shall purchase, at the Sellers' expense, with respect to the officers and managers of the Company for periods prior to the Closing, a "tail" or "run off" policy for current managers' and officers' liability insurance maintained by the Company, such policy to become effective at the Closing and to remain in effect for a period of six (6) years therefrom in the copy of the policy attached as Schedule 7.3 (the "D&O Tail Policy").

7.4 Employee Matters.

(a) *Termination of Company Benefit Plans*. Effective immediately prior to the Closing, the Sellers shall cause the Company to terminate any and all Qualified Plans, and effective immediately prior to the Closing none of the Company's employee shall have any right thereafter to contribute any amounts to any Qualified Plans. The Sellers will provide Purchaser with evidence that each such Qualified Plan has been terminated effective immediately prior to the

Closing pursuant to resolutions duly adopted by the Company's board of managers. In addition, at the request of Purchaser, the Sellers shall cause the Company to terminate any and all other Plans, including any group health, dental, severance, separation or salary continuation plans, programs or arrangements, effective either immediately prior to the Closing or thereafter as specified by Purchaser and, at the request of Purchaser, the Sellers will provide Purchaser with evidence that such Plans have been so terminated pursuant to resolutions duly adopted by the Company's board of managers. The Sellers shall cause the Company to take such other actions in furtherance of terminating such Plans as Purchaser may reasonably require.

(b) *Effect of this Agreement*. The Parties expressly acknowledge and agree that nothing in this Agreement (i) shall be deemed or construed to limit Purchaser's right to terminate the employment of any employee of the Company after the Closing; or (ii) shall be deemed to constitute an amendment of any Plan.

7.5 Restrictive Covenants. During the period beginning on the Closing Date and ending on the fifth anniversary thereof (the "Restricted Period"), each Seller shall not, and shall not permit any of its or their respective Affiliates (together with each Seller, each, a "Restricted Party") to, directly or indirectly, anywhere in the United States, in any capacity, own, manage, operate, control, consult for, render services for, advise, finance or participate in the ownership, management, operation, control, consultation for, advising, or financing of, or permit its name to be used by or in connection with, any Person engaged, directly or indirectly, in any activity or business that is competitive with any of those business activities that currently or in the past twelve (12) months have constituted part of the Business, nor shall any Restricted Party assist any Person that shall be engaged in any such business activities, including making available any information or funding to any such Person. Solely for the purposes of the covenants set forth in this Section 7.5, the Parties acknowledge and agree that the "Business" of the Company currently is (and during the last twelve (12) months was) composed of software solutions for the adjudication and processing of healthcare claims including developing and implementing Electronic Health Records systems, and providing third party administration services for eligibility maintenance, benefits administration, claims processing and payment, and data management, in each case for PACE, SNP and MLTC health programs. During the Restricted Period, no Restricted Party shall, directly or indirectly, anywhere in the United States, in any capacity (a) solicit, entice, persuade or induce any other employee of the Company to leave the Company's employ; provided, that, the foregoing shall not restrict any Restricted Party from using general advertisements for employment to solicit employees so long as such general advertisements do not specifically target the Company or any of its employees, (b) except as set forth on Schedule 7.5(b), recruit, hire, or attempt to recruit or hire any employee of the Company that, at the time of such actual or attempted recruiting or hiring, is actively, or was, within the twelve (12) months preceding such time, employed by or doing business with the Company, or (c) call-on, solicit or induce, or attempt to solicit or induce, any customer or supplier of the Company to discontinue, reduce or modify the extent of such customer or supplier's relationship with the Company. During the Restricted Period no Restricted Party shall disparage the Company, Purchaser, any Affiliate of Purchaser or any of their respective officers, managers, directors, equity holders, members or employees in any matter; provided that the foregoing shall not prohibit any Person from responding accurately and fully to any question, inquiry, or request for information required by legal or administrative process. If any Governmental Body determines that the foregoing restrictions are too broad or otherwise unreasonable under applicable Law, including with respect to time or space, such Governmental

Body is hereby requested and authorized by the Parties to revise the foregoing restriction to include the maximum restrictions allowable under applicable Law. Each Restricted Party hereby acknowledges that this Section 7.5 has been negotiated by the Parties and that the geographical and time limitations, as well as the limitation on activities, are reasonable in light of the circumstances pertaining to the Business, and that damages will be an inadequate remedy for any breach of this Section 7.5 and that Purchaser shall, whether or not it is pursuing any potential remedies at Law, be entitled to seek equitable relief in the form of preliminary and permanent injunctions without bond or other security upon any breach or threatened breach of this Section 7.5. Notwithstanding the foregoing, and provided that such activities do not interfere with the fulfillment of each Restricted Party's obligations, such Restricted Party may acquire solely as an investment not more than two percent (2%) of any class of securities of any entity that has a class of securities registered pursuant to the Exchange Act, so long as such Restricted Party remains a passive investor in such entity.

7.6 Confidentiality. From and after the Closing Date, no Seller shall and shall cause its Affiliates and their respective officers and directors not to, directly or indirectly, disclose, reveal, divulge or communicate to any Person other than authorized officers, directors and employees of Purchaser or Parent or use or otherwise exploit for their own benefit or for the benefit of anyone other than Purchaser, any of the Company's Confidential Information ("Company Confidential Information"). Notwithstanding the foregoing, each Seller agrees that any Company Confidential Information that also constitutes a trade secret under applicable Law shall remain a trade secret, and shall be maintained as Company Confidential Information for as long as Purchaser maintains the same as a trade secret under applicable Law. If any Seller or any officer, director, or Affiliate of any Seller is bound by a final judgment in any legal proceeding before any Governmental Body or required by Law to divulge Company Confidential Information to any Person, such Seller or such officer, director or Affiliate shall promptly notify Purchaser in writing and shall only disclose that portion of the Company Confidential Information required by applicable Law under any such order or by such Governmental Body; provided, however, that such Seller, officer, director, or Affiliate of a Seller shall exercise reasonable best efforts at Purchaser's expense to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such Company Confidential Information.

7.7 Termination of Related Party Arrangements. At or prior to the Closing, the Sellers shall cause the Company to terminate the Contracts with Affiliates set forth on Schedule 7.7 without any Liability or obligation on the part of the Company.

7.8 Public Announcements. None of the Sellers nor any of their Affiliates shall, without the approval of Purchaser, issue any press releases or otherwise make any public statements or other announcements with respect to the transactions contemplated by this Agreement, and Purchaser will use commercially reasonable efforts to consult with the Sellers prior to issuing any press release or making any public statements with respect to the transactions contemplated by this Agreement. In addition, none of the Sellers nor any of their Affiliates shall use the names of Purchaser or any of its Affiliates in any trade publication, in any marketing materials or otherwise to the general public without the prior written consent of Purchaser, which consent may be withheld in Purchaser's sole discretion.

7.9 Release.

(a) In consideration of the execution, delivery and performance by Purchaser of this Agreement and the other Transaction Documents, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, effective as of the Closing, each Seller, on his own behalf and on behalf of such Seller's respective successors, predecessors and assigns (each, a "Releasor"), hereby releases and forever discharges the Company and each of its parents, subsidiaries, Affiliates (that currently exist or may exist in the future), successors, assigns and predecessors and their respective present and former owners, equity holders, directors, officers, employees, agents, attorneys, representatives, successors, beneficiaries and heirs (individually, a "Releasee," and collectively, "Releasees") from any and all claims, demands, Actions, causes of action, Orders, Damages and Liabilities whatsoever and all consequences thereof (collectively, "Released Claims"), whether known or unknown, suspected or unsuspected, both at law and in equity, which such Seller or any Releasor now has, has ever had or may hereafter have against any Releasee arising prior to the Closing or on account of or arising out of any matter, cause or event occurring prior to the Closing. For the avoidance of doubt, nothing contained herein will operate to release any Liabilities or obligations of Purchaser, the Company or any other Releasee arising on or after the Closing Date, including with respect to this Agreement or any other Transaction Document (each, an "Excluded Claim"). Such Seller and each other Releasor, agrees that this Section 7.9 shall act as a release of all Released Claims, whether such Released Claims are currently known or unknown, foreseen or unforeseen, contingent or absolute, asserted or unasserted, and such Seller and each other Releasor, intentionally and specifically waives any statute or rule which may prohibit the release of future rights or a release with respect to unknown claims. The Releasees are intended third party beneficiaries of this Section 7.9, and this Section 7.9 may be enforced by each of them in accordance with the terms hereof in respect of the rights granted to such Releasees hereunder. If any provision of this Section 7.9 is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Section 7.9 will remain in full force and effect. Any provision of this Section 7.9 held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

(b) Each Releasor irrevocably covenants that it will not, directly or indirectly, sue, commence any Action against, or make any demand upon any Releasee in respect of any of the matters released and discharged pursuant to Section 7.9(a); provided, however, for the avoidance of doubt, this Section 7.9(b) shall not prohibit the right to sue, commence any Action against or make any demand upon a Releasee if such action is based upon an Excluded Claim.

(c) Other than with respect to the Excluded Claims, the release provided for in Section 7.9(a) may be pleaded by any of the Releasees as a full and complete defense and may be used as the basis for an injunction against any action at law or equity instituted or maintained against any of them in violation of this Section 7.9. If any Released Claim is brought or maintained by any Releasor against any Releasee in violation of such release, such Releasor will be responsible for all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by the Releasee in defending same.

(d) Each Releasor hereby warrants, represents and agrees that such Releasor has not heretofore assigned, subrogated or transferred, or purported to assign, subrogate or transfer

to any Person any Released Claim hereinabove released. Each Releasor hereby agrees to indemnify, defend and hold harmless each Releasee from any such assignment, subrogation or transfer of Released Claims.

(e) Each Releasor hereby warrants and represents that, in providing the release contemplated in this Section 7.9, such Releasor does so with full knowledge of any and all rights that such Releasor may have with respect to the matters set forth in this Section 7.9 and the Released Claims released hereby, that such Releasor has had the opportunity to seek, and has been advised to seek, independent legal advice with respect to the matters set forth herein and the Released Claims released hereby and with respect to the rights and asserted rights arising out of such matters, and that such Releasor is providing such release of such Releasor's own free will.

7.10 Lock-Ups. Each of the Sellers acknowledges and agrees that, without the prior written consent of Purchaser (which may be withheld for any reason or no reason), the Sellers will not be able to sell, pledge, encumber or otherwise transfer the shares of Parent Stock received as Stock Consideration for a period of one hundred eighty (180) days following the issuance of such shares. Each of the Sellers further acknowledges and agrees that during the respective periods in the foregoing sentence the Sellers shall not effect a short sale (as defined in Rule 200 under Regulation SHO of the Exchange Act) or otherwise seek to hedge such Seller's position in the Parent Stock. Purchaser shall be entitled provide appropriate stop orders to enforce the provisions of this Section 7.10 and include appropriate legends on the Stock Consideration with respect to such restrictions.

7.11 SEC Information Filings; Restrictive Legend. From and after the Closing, and until the earlier of (a) the first anniversary of the Closing Date and (b) the date the Sellers have sold all shares of Parent Stock acquired pursuant to the Transactions, Purchaser agrees to cause Parent to file with the SEC in a timely manner all reports required to be filed by Parent under the Securities Act and the Exchange Act to enable the Sellers to sell their Parent Stock under the safe harbor provisions of Rule 144 of the Securities Act. Subject to a Seller's compliance with the requirements of the Rule 144 safe harbor and such Seller providing Parent with a customary representation letter, Parent shall, at its own cost and expense, direct its transfer agent to remove any restrictive legend from such Seller's shares of Parent Stock.

7.12 Certain Deliveries. As soon as practicable after the Closing Date, the Sellers will deliver to Purchaser or Purchaser's legal counsel on one or more CD-Rom disks or USB flash drives containing a complete and accurate, as of the Closing Date, electronic copy of the Data Room (including copies thereof, the "Data Room Drive"). Purchaser shall, and shall cause its representatives to, as applicable, maintain the Data Room Drive without alteration or modification. In the event of an indemnification claim hereunder, or other dispute between the Parties with respect to this Agreement or the subject matter hereof, upon the request of the Seller Representative, Purchaser shall, or shall cause its representatives, to provide the Data Room Drive to the applicable Seller or the Seller Representative, as applicable, for the sole purpose of determining whether documents or information were "made available" by the Company or any Seller; provided that, prior to Purchaser providing the Data Room Drive, the recipient thereof shall enter into a confidentiality agreement in form and substance reasonably satisfactory to Purchaser.

ARTICLE VIII

CONDITIONS TO CLOSING

8.1 Conditions to Obligations of Purchaser. The obligation of Purchaser to consummate the Transactions shall be subject to the satisfaction at or prior to the Closing of each of the following conditions, any of which may be waived, in writing, exclusively by Purchaser:

(a) Each of the representations and warranties of the Sellers contained in this Agreement, the other Transaction Documents and any certificate or other writing delivered pursuant hereto that is qualified by materiality, including the terms "material," "in all material respects" and "Material Adverse Effect" or words of similar effect, shall be true and correct as qualified on and as of the Closing Date, and each of such representations and warranties that is not so qualified shall be true and correct in all material respects on and as of the Closing Date, except to the extent that such representations and warranties refer specifically to an earlier date, in which case such representations and warranties shall have been true and correct as of such earlier date.

(b) Each Seller shall have performed or complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with at or prior to the Closing Date.

(c) Purchaser shall have received a certificate, dated as of the Closing Date and signed by each Seller, certifying that each on the conditions set forth in Section 8.1(a) and (b) have been satisfied.

(d) There shall not have occurred a Material Adverse Effect, and no event shall have occurred or circumstance exist that, in combination with any other events or circumstances, could reasonably be expected to have a Material Adverse Effect.

(e) There shall not be any Action commenced or threatened against Parent, Purchaser, the Company or any of the Sellers involving any challenge to, or seeking damages or other relief in connection with the Transactions or that may have the effect of preventing, delaying, making illegal, or otherwise interfering with the Transactions.

(f) The Sellers shall have delivered to Purchaser the consents, waivers and approvals of the Persons identified on Schedule 8.1(f), in form and substance reasonably satisfactory to Purchaser.

(g) Executed resolutions of the board of managers of each of Mediture and eClusive evidencing that all actions necessary or appropriate to terminate the Plans as described in Section 7.4, effective no later than the day immediately preceding the Closing Date, have been taken.

(h) All Liens on the Company's Assets other than Permitted Liens shall have been released in form and substance reasonably satisfactory to Purchaser.

(i) Each of the items set forth in Section 3.2(a) shall have been delivered to Purchaser.

8.2 Conditions to Obligations of Sellers. The obligation of each Seller to consummate the Transactions shall be subject to the satisfaction at or prior to the Closing of each of the following conditions, any of which may be waived, in writing, exclusively by the Seller Representative:

(a) Each of the representations and warranties of Purchaser contained in this Agreement, the other Transaction Documents and any certificate or other writing delivered pursuant hereto that is qualified by materiality, including the terms "material," "in all material respects" and "Material Adverse Effect" or words of similar effect, shall be true and correct as qualified on and as of the Closing Date, and each of such representations and warranties that is not so qualified shall be true and correct in all material respects on and as of the Closing Date, except to the extent that such representations and warranties refer specifically to an earlier date, in which case such representations and warranties shall have been true and correct as of such earlier date.

(b) Purchaser shall have performed or complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with at or prior to the Closing Date.

(c) The Sellers shall have received a certificate, dated as of the Closing Date and signed by Purchaser, certifying that each on the conditions set forth in Section 8.2(a) and (b) have been satisfied.

(d) There shall not be any Action commenced or threatened against Parent, Purchaser, the Company or any of the Sellers involving any challenge to, or seeking damages or other relief in connection with the Transactions or that may have the effect of preventing, delaying, making illegal, or otherwise interfering with the Transactions.

(e) Each of the items set forth in Section 3.2(b) shall have been delivered to the Sellers.

ARTICLE IX

INDEMNIFICATION

9.1 By the Sellers.

(a) Each Seller, jointly and severally, shall indemnify and hold Purchaser, its successors and assigns, and any of its officers, directors, employees, stockholders, and agents, and any of their respective Affiliates and any of their respective officers, directors, employees, members, partners, stockholders, and agents, in each case excluding the Sellers (each, an "Indemnified Purchaser Party") harmless from and against any Damages that such Indemnified Purchaser Party may sustain, suffer or incur and that, directly or indirectly, result from, are based upon, arise out of, or are attributable or related to:

(i) any inaccuracy or breach of any representation or warranty of any Seller or the Company in this Agreement (including all exhibits and schedules attached hereto) (other than as set forth in Article IV) or any certificate or similar instrument delivered by or on behalf of the Company;

(ii) any breach or nonfulfillment of any covenant or agreement set forth in this Agreement on the part of the Company, the Seller Representative or the Sellers other than with respect to the matters addressed by Section 9.1(b)(ii);

(iii) to the extent not already reflected as a Liability in the calculation of Final Net Working Capital that results in a negative adjustment to the Final Purchase Price pursuant to Section 2.4 or in the calculation of the Final Debt Amount or the Final Company Transaction Expenses: (A) any Taxes of the Company for a Pre-Closing Tax Period and the portion of any Straddle Period ending on the Closing Date as determined in accordance with Section 7.2(c)(iv); (B) any Taxes of any Seller; (C) any Taxes of any member of any consolidated, combined or unitary or aggregate group of which the Company is or has been a member on or prior to the Closing Date, including pursuant to Treasury Regulation Section 1.1502-6 (or any corresponding or similar provision of state, local or foreign Tax Law); (D) any Taxes and fees for which the Sellers are responsible pursuant to Section 7.2(b); or (E) any and all Taxes of any other Person imposed on the Company as a transferee or successor, by Contract or otherwise as a result of an arrangement or Contract entered into or existing on or prior to the Closing Date;

(iv) any breach by any officer or manager of the Company of any fiduciary duty owed by such officer or manager to any equity holder, which breach occurred prior to, in connection with or as a result of the Closing and the Transactions;

(v) any Transaction Expense in excess of the Final Company Transaction Expenses;

(vi) any Debt Amount in excess of the Final Debt Amount; and

(vii) any current or former holder or alleged current or former holder of any Company Security, or any other Person, asserting or seeking to assert: (A) ownership or rights to ownership of any Company Security; (B) any rights as a holder of any Company Securities (other than the right to receive the consideration described in Section 2 in accordance with the terms of this Agreement); (C) any claim that his, her or its Equity Interests in the Company were wrongfully repurchased by the Company; (D) any claim that he, she or it is entitled to receive any consideration in exchange for any Company Securities (other than the right to receive the consideration, if any, described in Section 2 in accordance with the terms of this Agreement); (E) any claim that any Company Securities were not properly issued or authorized; or (F) any claim that the Company's approval process for the Transactions, was in violation of any right held by or owed to such current or former holder or alleged current or former holder of any Equity Interest or the Company;

(viii) the items set forth on Schedule 9.1; and

(ix) any and all Actions, allegations, assessments, fines, judgments, costs and other expenses (including reasonable attorneys' fees and expenses) incident to any of the foregoing or to the enforcement of this Section 9.1(a); and any Actions, demands or assessments brought by a third party against any Seller or any former Affiliate of any Seller.

(b) Each Seller, severally and not jointly, shall indemnify and hold each Indemnified Purchaser Party harmless from and against any Damages that such Indemnified

Purchaser Party may sustain, suffer or incur and that, directly or indirectly, result from, are based upon, arise out of, or are attributable or related to:

(i) any inaccuracy of any representation or warranty of such Seller set forth in Article IV of this Agreement or any certificate or similar instrument delivered by or on behalf of such Seller pursuant hereto;

(ii) any nonfulfillment of any covenant or agreement on the part of such Seller set forth in Sections 7.5 (*Restrictive Covenants*), 7.6 (*Confidentiality*), 7.8 (*Public Announcements*) or 7.9 (*Release*) of this Agreement;

(iii) any Liability of the Company owing to such Seller, to the extent that such Liability relates to or arises out of, in whole or in part, any activity occurring, condition existing, omission to act or other matter existing prior to or at the Closing; and

(iv) any and all Actions, allegations, assessments, fines, judgments, costs and other expenses (including reasonable attorneys' fees and expenses) incident to any of the foregoing or to the enforcement of this Section 9.1(b).

9.2 By Purchaser.

(a) Purchaser shall indemnify and hold each Seller, its estates, executors and heirs (each, an "Indemnified Seller Party") harmless from and against any Damages that such Indemnified Seller Party may sustain, suffer or incur and that, directly or indirectly, result from, are based upon, arise out of, or are attributable or related to:

(i) any inaccuracy or breach of any representation or warranty of Purchaser contained in this Agreement or any certificate or similar instrument delivered by or on behalf of Purchaser pursuant hereto;

(ii) any breach or nonfulfillment of any covenant or agreement of Purchaser contained in this Agreement;

(iii) any Taxes and fees for which Purchaser is responsible pursuant to Section 7.2(b); and

(iv) any and all actions, suits, claims, proceedings, investigations, allegations, demands, assessments, audits, fines, judgments, costs and other expenses (including reasonable attorneys' fees and expenses) incident to any of the foregoing or to the enforcement of this Section 9.2.

In no event shall Purchaser be obligated to indemnify the Indemnified Seller Parties in any amount in excess of the Purchase Price except in the case of fraud, intentional misrepresentation or willful misconduct. Notwithstanding anything herein to the contrary, nothing herein shall be deemed to limit or restrict in any manner any rights or remedies that any Indemnified Seller Party has, or might have, at Law, in equity or otherwise, against Parent or Purchaser, based on fraud, intentional misrepresentation or willful misconduct.

9.3 Certain Limitations; Calculation and Satisfaction of Claims.

(a) No Indemnified Purchaser Party may make a claim for indemnification under Section 9.1 for any General Cap Claim, unless and until the indemnifiable Damages exceed $165,000 (the "Basket"), in which case the Indemnified Purchaser Party shall be entitled to indemnification for all such Damages (including all Damages included within the Basket).

(b) In no event shall the Sellers be obligated to indemnify any Indemnified Purchaser Party (i) under Sections 9.1(a)(i) or 9.1(a)(ix) (solely to the extent relating to a claim with respect to Section 9.1(a)(i)) other than with respect to a breach of a Fundamental Representation or with respect to fraud, intentional misrepresentation or willful misconduct (any such claim for indemnification being a "General Cap Claim"), from any source other than the Indemnification Escrow Fund or for an aggregate amount of Damages in excess of the Indemnification Escrow Amount, and (ii) otherwise under Section 9.1 (including under Section 9.1(a)(i) solely with respect to a breach of any Fundamental Representation) for an aggregate amount of Damages in excess of the Purchase Price. Notwithstanding anything herein to the contrary, nothing herein shall be deemed to limit or restrict in any manner any rights or remedies that any Indemnified Purchaser Party has, or might have, at Law, in equity or otherwise, against any Seller, based on fraud, intentional misrepresentation or willful misconduct.

(c) The Indemnified Purchaser Parties shall be entitled to recover from the Indemnification Escrow Amount for any Damages for which the Indemnified Purchaser Parties are entitled to indemnification under Section 9.1; provided, however, that an Indemnified Purchaser Party shall have no obligation to seek payment from the Indemnification Escrow Fund on account of any Damages other than for General Cap Claims and shall be entitled to seek indemnification from the applicable Seller(s) in accordance with this Article IX, including through exercise of the set-off rights provided in Section 2.4(e).

(d) The amount of any and all Damages under this Article IX shall be determined net of any amounts actually received by an Indemnified Party under insurance policies with respect to such Damages (calculated net of deductibles and premium increases or other similar costs incurred by procuring such recovery or attributable thereto).

(e) Notwithstanding anything to the contrary contained in this Agreement, for purposes of this Article IX, any inaccuracy in or breach of any representation or warranty of any Seller or any nonfulfillment or breach of any covenant or agreement of any Seller as well as the amount of any Damages that in each case are the subject matter of a claim for indemnification hereunder shall be determined without regard and without giving effect to the term(s) "material" or "Material Adverse Effect" or any other similar qualifiers contained in or otherwise applicable to such representation, warranty, covenant or agreement (other than with respect to (i) clause (a) of Section 5.24 and (ii) the use of any defined term that includes the word "Material" in the title).

(f) No Indemnified Purchaser Party shall have a claim for indemnification with respect to a General Cap Claim or a claim under Section 9.1(a)(i) solely with respect to a breach of a representation in Section 5.15 *(Intellectual Property)* in the event and to the extent Purchaser or Parent had Knowledge on or before the Closing Date of any breach or Liability of such General Cap Claim or Section 5.15 claim.

(g) Subject to Section 7.5, the indemnification provisions set forth in this Article IX are the exclusive post-closing remedies with respect to the Liability for Damages of each of the Sellers or Purchaser for the breach, inaccuracy or nonfulfillment of any representation, warranty or covenant contained in this Agreement; provided, however, that nothing herein shall preclude any Party from seeking any remedy based upon fraud, intentional misrepresentation or willful misconduct or any Party's right to seek and obtain any equitable relief to which any Party shall be entitled.

9.4 Survival; Claims Period. All of the representations and warranties made by each Party in this Agreement or in any Transaction Document shall survive until the relevant Expiration Date set forth in this Section 9.4. Any claim for indemnification under this Article IX shall be made by giving either a Notice of Third Party Claim under Section 9.5 or a Claim Notice under Section 9.6, in each case on or before the applicable Expiration Date, or the claim under this Section shall be invalid. "Expiration Date" means:

(a) in perpetuity for any claim for Damages related to (i) any breach of a Fundamental Representation or (ii) any claims any Indemnified Purchaser Party may have for fraud, intentional misrepresentation or willful misconduct;

(b) for any claim for Damages related to a breach of any covenant or agreement to be performed at least in part after the Closing Date, the date that is one (1) year after the full performance of the applicable covenant or agreement; and

(c) for all other claims, the date that is eighteen (18) months after the Closing Date.

So long as an Indemnified Party gives a Claim Notice for an Unliquidated Claim on or before the applicable Expiration Date, such Indemnified Party shall be entitled to pursue its rights to indemnification regardless of the date on which such Indemnified Party gives the related Liquidated Claim Notice. The parties agree and acknowledge that the survival periods set forth herein, to the extent expressly longer than the three (3)-year survival period permitted by Title 10, Section 8106(a) of the Delaware Code, are expressly intended to survive for such longer periods as permitted by Title 10, Section 8106(c) of the Delaware Code.

9.5 Third Party Claims.

(a) In the event that any Action for which an Indemnitor may be liable to an Indemnified Party hereunder is asserted or sought to be collected by a third party (each, a "Third Party Claim"), the Indemnified Party shall give each applicable Indemnitor prompt notice ("Notice of Third Party Claim") of such third party's institution of such Action. Such Notice of Third Party Claim shall (i) briefly explain the nature of the claim and (ii) to the extent known by the Indemnified Party, set forth a reasonable estimate of the amount to which such Indemnified Party claims to be entitled hereunder. Notwithstanding the foregoing, no delay or deficiency on the part of an Indemnified Party in so notifying the Indemnitor will limit any Indemnified Party's right to indemnification under this Article IX (except to the extent that an Indemnitor shall have been materially harmed by such failure).

(b) The Indemnitor will have fifteen (15) days from the date on which the Indemnitor received the Notice of Third Party Claim to notify the Indemnified Party that the Indemnitor desires to assume the defense or prosecution of such Action and any litigation resulting therefrom with counsel reasonably satisfactory to such Indemnified Party at the Indemnitor's sole cost and expense (a "Third Party Defense"). If the Indemnitor assumes the Third Party Defense in accordance herewith, (i) the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third Party Claim but the Indemnitor shall control the investigation, defense and settlement thereof, (ii) the Indemnified Party will not file any papers or consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnitor (not to be unreasonably withheld) and (iii) the Indemnitor will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnified Party (not to be unreasonably withheld). If the Indemnitor assumes the defense of any Action in accordance with this Section 9.5, it shall thereafter promptly inform the Indemnified Party of all material developments. The Parties will act in good faith in responding to, defending against, settling or otherwise dealing with such claims. The Parties will also cooperate in any such defense and give each other reasonable access to all information relevant thereto to the extent permitted by applicable Law or applicable contractual restrictions, subject to entering into appropriate confidentiality agreements.

(c) If the Indemnitor does not assume the Third Party Defense within fifteen (15) days of receipt of the Notice of Third Party Claim, the Indemnified Party will be entitled to assume the Third Party Defense (and, if the Indemnified Party incurs Damages with respect to the matter in question for which the Indemnified Party is entitled to indemnification pursuant to Section 9.1 or Section 9.2, at the expense of the Indemnitor) upon delivery of notice to such effect to the Indemnitor; provided that, the Indemnitor shall have the right to participate in the Third Party Defense at the sole cost and expense of the Indemnitor, but the Indemnified Party shall control the investigation, defense and settlement thereof.

(d) Notwithstanding anything to the contrary set forth herein, in the event of an Action in which the Sellers are the Indemnitor, the Seller Representative (on behalf of the Sellers) may not assume, maintain control of, or participate in, the defense of any such Action (i) involving criminal or quasi-criminal allegations against any Indemnified Purchaser Party, (ii) that is asserted directly by or on behalf of a Person that is a supplier or customer of the Company if in the reasonable judgment of Purchaser the Seller Representative's defense (on behalf of the Sellers) could reasonably be expected to have an adverse effect on the Company's relationship with such supplier or customer, provided that no such Action may be resolved without the prior written consent of the Indemnitor, not to be unreasonably withheld, conditioned or delayed, (iii) in which any relief other than monetary damages is sought against an Indemnified Purchaser Party, (iv) there exists a conflict of interest between the Indemnified Purchaser Party and the Indemnitor that cannot be waived, (v) there are legal defenses available to an Indemnified Purchaser Party that are different from or additional to those available to the Indemnitor, (vi) the Indemnitor fails to provide reasonable assurance to the Indemnified Purchaser Party of its financial capacity to prosecute such Action or (vii) which involves an Action by a Governmental Body. Notwithstanding anything to the contrary set forth herein, in the event of an Action in which Purchaser is the Indemnitor, Purchaser may not assume, maintain control of, or participate in, the defense of any such Action (w) involving criminal or quasi-criminal allegations against any Indemnified Seller Party, (x) in

which any relief other than monetary damages is sought against an Indemnified Seller Party, (y) there exists a conflict of interest between the Indemnified Seller Party and the Indemnitor that cannot be waived or (z) there are legal defenses available to an Indemnified Seller Party that are different from or additional to those available to the Indemnitor.

9.6 Procedure for Direct Claims.

(a) Any Indemnified Party that desires to seek indemnification under any part of this Article IX for a claim that is not subject to a Notice of Third Party Claim shall give prompt written notice (a "Claim Notice") to each applicable Indemnitor prior to the applicable Expiration Date specified above. The failure to give such prompt written notice shall not, however, relieve the Indemnitor of its indemnification obligations, except and only to the extent that the Indemnitor is materially prejudiced by reason of such failure. Such Claim Notice shall describe the claim in reasonable detail and shall indicate the estimated amount, if reasonably practicable, of the Damages that have been or may be sustained by the Indemnified Party. If the matter to which a claim relates shall not have been resolved as of the date of the Claim Notice, the Indemnified Party shall estimate the amount of the claim in the Claim Notice and specify therein that the claim has not yet been liquidated (an "Unliquidated Claim"). If an Indemnified Party gives a Claim Notice for an Unliquidated Claim, such Indemnified Party shall also give a second Claim Notice (the "Liquidated Claim Notice") within sixty (60) days after the matter giving rise to the claim becomes finally resolved, and the Liquidated Claim Notice shall specify the amount of the claim. Each Indemnitor to which a Claim Notice is given shall respond to any Indemnified Party that has given a Claim Notice (a "Claim Response") within twenty (20) days (the "Response Period") after the later of (i) the date that the Claim Notice is delivered by the Indemnified Party and (ii) if a Claim Notice is first given with respect to an Unliquidated Claim, the date on which the Liquidated Claim Notice is delivered by the Indemnified Party. Any Claim Notice or Claim Response shall be given in accordance with the notice requirements hereunder, and any Claim Response shall specify whether or not the Indemnitor giving the Claim Response disputes the claim described in the Claim Notice. If any Indemnitor fails to give a Claim Response within the Response Period, such Indemnitor shall be deemed not to dispute the claim described in the related Claim Notice. If any Indemnitor elects not to dispute a claim described in a Claim Notice, whether by failing to give a timely Claim Response or otherwise, then the amount of such claim shall be conclusively deemed to be an obligation of such Indemnitor.

(b) If any Indemnitor shall be obligated to indemnify an Indemnified Party hereunder, such Indemnitor shall pay to such Indemnified Party within thirty (30) days after the last day of the Response Period the amount to which such Indemnified Party shall be entitled. If there shall be a dispute as to the amount or manner of indemnification under this Article IX, the Indemnified Party may pursue whatever legal remedies may be available for recovery of the Damages claimed from any Indemnitor. If any Indemnitor fails to pay all or part of any indemnification obligation when due, then such Indemnitor shall also be obligated to pay to the applicable Indemnified Party interest on the unpaid amount for each day during which the obligation remains unpaid at an annual rate equal to the Prime Rate, and the Prime Rate in effect on the first Business Day of each calendar quarter shall apply to the amount of the unpaid obligation during such calendar quarter.

9.7 No Contribution/Indemnification. No Seller shall seek, nor will he be entitled to, contribution from, or indemnification by, the Company, under its Organizational Documents, this Agreement or applicable Laws or otherwise, in respect of amounts due from any Seller to an Indemnified Purchaser Party under this Article IX or otherwise under this Agreement, and each Seller will hold the Company and the Indemnified Purchaser Parties harmless in respect of all such amounts and shall not seek to join the Company in connection with any suit arising under this Agreement. No Seller shall make claim against any directors and officers insurance policy maintained or to be maintained by the Company in respect of amounts due by such Seller to an Indemnified Purchaser Party under this Article IX or otherwise under this Agreement, if the carrier of such insurance policy would have any right of subrogation against the Company in respect of such claim, and shall indemnify and hold harmless the Indemnified Purchaser Parties from any such action.

9.8 Contingent Claims. Nothing herein shall be deemed to prevent an Indemnified Party from making a claim hereunder for potential or contingent claims or demands (a "Contingent Claim"); provided that the Claim Notice sets forth the specific basis for any such Contingent Claim to the extent then feasible and the Indemnified Party reasonably and in good faith believes that such a claim may be made.

9.9 Indemnification Payments. All indemnification payments made under this Agreement shall be treated by the Parties as an adjustment to the Final Purchase Price for Tax purposes, unless otherwise required by Law.

9.10 Certain Indemnification Matters. Notwithstanding anything to the contrary set forth herein, in the event of an Action in respect of a matter set forth on Schedule 9.1 where Purchaser has assumed the defense of such Action, Purchaser will not consent to the entry of any judgment or enter into any settlement with respect to such Action without the prior written consent of the Seller Representative (on behalf of the Sellers) (which consent shall not be unreasonably withheld, conditioned or delayed).

ARTICLE X

GENERAL MATTERS

10.1 Entire Agreement. This Agreement, including the Exhibits and Schedules, together with the other Transaction Document, sets forth the entire understanding of the Parties with respect to the Transactions and supersedes all prior agreements or understandings, whether written or oral, among the Parties regarding those matters. All Exhibits and Schedules referred to herein are intended to be and hereby are specifically made a part of this Agreement.

10.2 Amendments and Waiver. Any provision of this Agreement may be amended, modified or supplemented only by a written instrument duly executed by the Seller Representative and Purchaser. Any term or provision of this Agreement may be waived at any time by the Party entitled to the benefit thereof by a written instrument duly executed by such Party. Neither the failure nor the delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege shall preclude any other or further exercise of any such right, power or

privilege or the exercise of any other right, power or privilege. To the maximum extent permitted by applicable Law, (a) no waiver that may be given by a Party shall be applicable except in the specific instance for which it was given and (b) no notice to or demand on one Party shall be deemed to be a waiver of any obligation of such Party or the right of the Party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the other Transaction Documents.

10.3 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, legal representatives, successors and permitted assigns of the Parties. Nothing in this Agreement shall confer any rights upon any Person other than the Parties and their respective heirs, legal representatives, successors and permitted assigns, except as provided in Article IX. No Party shall assign this Agreement or any right, benefit or obligation hereunder without the prior written consent of Purchaser, on the one hand, or the Seller Representative, on the other hand; provided however, that Purchaser shall be entitled to (i) assign this Agreement to any Affiliate without such prior consent, which assignment shall not relieve Purchaser of its liabilities hereunder and (ii) grant a security interest in, and collateral assignment of, its rights under this Agreement and the Transaction Documents to secure the obligations of any Seller to its lenders.

10.4 Governing Law. This Agreement and the Exhibits and Schedules hereto shall be governed by and interpreted and enforced in accordance with the Laws of the State of Delaware, without giving effect to any choice of Law or conflict of Laws rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Delaware.

10.5 Consent to Jurisdiction. Each of the Parties irrevocably submits to the exclusive jurisdiction of (a) Delaware, and (b) the United States District Court for the District of Delaware, for the purposes of any suit, action or other proceeding arising out of this Agreement or any transaction contemplated hereby. Each of the Parties agrees to commence any such action, suit or proceeding either in the United States District Court for the District of Delaware or if such suit, action or other proceeding may not be brought in such court for jurisdictional reasons, in any state court located in the City of Wilmington, Delaware. Each of the Parties further agrees that service of any process, summons, notice or document by U.S. registered mail to such Party's respective address set forth above shall be effective service of process for any action, suit or proceeding in Delaware with respect to any matters to which it has submitted to jurisdiction in this Section 10.5. Each of the Parties irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby in (a) the United States District Court for the District of Delaware, or (b) any state court located in Wilmington, Delaware, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF SUCH PARTY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT HEREOF.

10.6 Interpretation.

(a) The meaning assigned to each term defined herein shall be equally applicable to both the singular and the plural forms of such term and vice versa, and words denoting any gender shall include all genders. Where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning.

(b) The terms "hereof", "herein" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement.

(c) When a reference is made in this Agreement to an Article, Section, Exhibit or Schedule, such reference is to an Article, Section, Exhibit or Schedule of this Agreement unless otherwise specified.

(d) The words "include", "includes", and "including" when used in this Agreement shall be deemed to be followed by the words "without limitation", unless otherwise specified.

(e) A reference to any Party to this Agreement or any other agreement or document shall include such Party's predecessors, successors and permitted assigns.

(f) A reference to the Company shall not be deemed to be exclusive and shall be construed so as to refer to each of Mediture and eClusive or either Mediture or eClusive, as context requires.

(g) All section and other headings contained in this Agreement are for convenience of reference only, do not form a part of this Agreement and shall not affect in any way the meaning or interpretation of this Agreement.

(h) Any reference to a Party's being satisfied with any particular item or to a Party's determination of a particular item presumes that such standard will not be achieved unless such Party shall be satisfied or shall have made such determination in its sole or complete discretion.

(i) The reference to "$" or "dollars" shall be United States Dollars.

(j) Each accounting term used herein that is not specifically defined herein shall have the meaning given to it under GAAP.

(k) Reference to any Law means such Law as amended, modified, codified, replaced or reenacted, and all rules and regulations promulgated thereunder.

10.7 Counterparts. This Agreement may be executed in two (2) or more counterparts (delivery of which may occur via facsimile or other electronic means), each of which shall be binding as of the date first written above, and, when delivered, all of which shall constitute one and the same instrument. This Agreement and any Transaction Documents, and any amendments hereto or thereto, to the extent signed and delivered by means of facsimile, electronic mail

(including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any Party to any such agreement or instrument, each other Party hereto shall deliver original forms thereof to all other Parties. No Party to any such agreement or instrument shall raise the use of a facsimile machine or electronic mail attachment in "pdf" or similar format to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or as an attachment to an electronic mail message as a defense to the formation of a contract and each such Party forever waives any such defense. A facsimile signature or electronically scanned copy of a signature shall constitute and shall be deemed to be sufficient evidence of a Party's execution of this Agreement, without necessity of further proof. Each such copy shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

10.8 Disclosure Schedules. Any reference to a particular "Schedule" in this Agreement shall be deemed to refer to the schedule corresponding to the applicable numbered Section of this Agreement contained in the Company Disclosure Schedule. Any item disclosed on any individual Schedule will be deemed to be disclosed and shall qualify only the specific representations and warranties which are referenced in the applicable section of such Schedule, and no other representation or warranty.

10.9 Negotiated Agreement. The Parties hereby acknowledge that the terms and language of this Agreement were the result of negotiations among the Parties and, as a result, there shall be no presumption that any ambiguities in this Agreement shall be resolved against any particular Party. Any controversy over construction of this Agreement shall be decided without regard to events of authorship or negotiation.

10.10 Severability. If any term or other provision of this Agreement is held by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced under any applicable Law in any particular respect or under any particular circumstances, then, so long as the economic or legal substance of the Transactions is not affected in any manner materially adverse to any Party, (a) such term or provision shall nevertheless remain in full force and effect in all other respects and under all other circumstances, and (b) all other terms, conditions and provisions of this Agreement shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner so that the Transactions are fulfilled to the fullest extent possible.

10.11 Specific Performance. The Parties each agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed by them in accordance with the terms hereof and that each Party shall be entitled to specific performance of the terms hereof, in addition to any other remedy at Law or equity. Each Party expressly waives any requirement that any other Party obtain any bond or provide any indemnity in connection with any action seeking injunctive relief or specific enforcement of the provisions of this Agreement.

10.12 No Third Party Beneficiaries. This Agreement does not and is not intended to confer any rights or remedies upon any Person, including any employee, any beneficiary or dependents thereof, or any collective bargaining representative thereof, other than the parties to this Agreement; provided, however, that in the case of Article IX, the other Indemnified Parties and their respective heirs, executors, administrators, legal representatives, successors and assigns, are intended third party beneficiaries of the provisions contained in such Article.

10.13 Expenses. Except as otherwise provided in this Agreement, each Party shall bear its own costs and expenses in connection with this Agreement, the Transaction Documents and the transactions contemplated hereby and thereby, including all legal, accounting, financial advisory, consulting and all other fees and expenses of third parties, whether or not the transactions contemplated by this Agreement and the Transaction Documents are consummated; provided that the Sellers shall be jointly and severally responsible for all costs and expenses incurred by the Company in connection with this Agreement, the Transaction Documents and the transactions contemplated hereby and thereby to the extent such costs are not paid prior to the Closing or included in the calculation of the Net Working Capital.

10.14 Notices. Any notice, request, demand, waiver, consent, approval or other communication which is required or permitted hereunder shall be in writing and shall be deemed given: (a) on the date established by the sender as having been delivered personally, (b) on the date delivered by a private courier as established by the sender by evidence obtained from the courier, (c) on the date sent by electronic mail, facsimile, with confirmation of transmission, if sent during normal business hours of the recipient, if not, then on the next Business Day, or (d) on the fifth Business Day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications, to be valid, must be addressed as follows, or to such addresses as otherwise provided by the Parties:

If to any Seller or the Seller Representative:

Kelley Business Law, PLLC
12800 Whitewater Drive, Suite 100
Minnetonka, MN 55343
Attention: Shane Kelley
Email: shane@kelleybusinesslaw.com

with a required copy (which shall not constitute notice) to:

Jesse Bergstrom
41 W. 2nd St
Waconia, MN 55387
Email: jessebergstrom@hotmail.com

and

Kiran Simhadri
8700 Carriage Hill Rd.
Savage, MN 55378
Email: kiran.simhadri@gmail.com

and

Dan Vatland
7290 Kurvers Point Road
Chanhassen, MN 55317
Email: dan.vatland@converser.com (and bdvatland@gmail.com)

If to Purchaser:

TRHC MEC Holdings, LLC
c/o Tabula Rasa HealthCare, Inc.
228 Strawbridge Dr.
Moorestown, NJ 08057
Attention: Brian Adams, Chief Financial Officer
Email: badams@trhc.com

with a required copy (which shall not constitute notice) to:

Morgan, Lewis & Bockius LLP
1701 Market Street
Philadelphia, PA 19103-2921
Attention: Kevin Shmelzer
Email: kevin.shmelzer@morganlewis.com

ARTICLE XI

SELLER REPRESENTATIVE

11.1 Appointment. Each Seller does hereby irrevocably appoint Kelley Business Law, PLLC as the Seller Representative, as his true and lawful attorney-in-fact and agent, each with full power of substitution or resubstitution, to act solely and exclusively on behalf of such Seller with respect to Transactions in accordance with the terms and provisions of this Agreement, and to act on behalf of such Seller in any Action involving this Agreement, to do or refrain from doing all such further acts and things, and to execute all such documents as the Seller Representative shall deem necessary or appropriate in connection with the Transactions, including the power:

(a) to act for such Seller with regard to matters pertaining to indemnification referred to in this Agreement, including the power to compromise any indemnity claim on behalf of such Seller, and to transact matters of litigation;

(b) to execute and deliver all Transaction Documents to which the Seller Representative is a party or amendments thereto that the Seller Representative deem necessary or appropriate;

(c) to receive funds, make payments of funds, and give receipts for funds;

(d) to receive funds for the payment of expenses of such Seller and apply such funds in payment for such expenses;

(e) to do or refrain from doing any further act or deed on behalf of such Seller that the Seller Representative deems necessary or appropriate in its sole discretion relating to the subject matter of this Agreement as fully and completely as such Seller could do if personally present; and

(f) to receive service of process in connection with any claims under this Agreement.

11.2 Obligations. The appointment of the Seller Representative shall be deemed coupled with an interest and shall be irrevocable, and Purchaser, any Seller and any other Person may conclusively and absolutely rely, without inquiry, upon any action of the Seller Representative in all matters referred to herein. Any action taken by the Seller Representative must be in writing and must be signed by the Seller Representative. All notices required to be made or delivered by Purchaser to any Seller under this Agreement shall be made to the Seller Representative for the benefit of such Seller and shall discharge in full all notice requirements of Purchaser to such Seller with respect thereto. Each Seller acknowledges that Purchaser shall be entitled to rely conclusively on any document executed or action taken by the Seller Representative on behalf of such Seller. The Seller Representative shall act for each Seller on all of the matters set forth in this Agreement in the manner the Seller Representative believes to be in the best interest of such Seller and consistent with the obligations of such Seller under this Agreement, but the Seller Representative shall not be responsible to any Seller for any Damages which the Seller may suffer by the performance of the Seller Representative's duties under this Agreement, other than Damages arising from willful violation of the Law or gross negligence in the performance of such duties under this Agreement. The Seller Representative shall not have any duties or responsibilities except those expressly set forth in this Agreement, and no implied covenants, functions, responsibilities, duties or Liabilities shall be read into this Agreement or shall otherwise exist against the Seller Representative. The Seller Representative, in its capacity as such, shall have no personal liability to Purchaser or any Indemnified Purchaser Party, except for the distribution of amounts received pursuant to this Agreement.

11.3 Successor. In the event that the Seller Representative dies, becomes legally incapacitated or resigns (by providing Purchaser a minimum of sixty (60) days' advance written notice) from its position as the Seller Representative, a successor Seller Representative (who shall either be a Seller or another Person reasonably acceptable to Purchaser) shall be appointed in writing by the Sellers, such appointment to become effective upon the delivery of executed counterparts of such writing to Purchaser, together with an acknowledgement signed by the successor Seller Representative named in such writing that he or she accepts the responsibility of successor Seller Representative and agrees to perform and be bound by all provisions of this Agreement applicable to the Seller Representative.

11.4 Reliance. The Seller Representative shall be entitled to rely, and shall be fully protected in relying, upon any statements furnished to him by any Seller, Purchaser, or any other evidence deemed by the Seller Representative to be reliable, and the Seller Representative shall be entitled to act on the advice of counsel selected by them. The Seller Representative shall be fully

justified in failing or refusing to take any action under this Agreement unless it shall have received such advice or concurrence of any Seller as it deems appropriate or it shall have been expressly indemnified to its satisfaction by the Seller against any and all Liability and expense that the Seller Representative may incur by reason of taking or continuing to take any such action. The Seller Representative shall in all cases be fully protected in acting, or refraining from acting, under this Agreement in accordance with a request of the Seller, and such request, and any action taken or failure to act pursuant thereto, shall be binding upon all of the Sellers.

[Signature Pages to Follow]

IN WITNESS WHEREOF, this Agreement has been executed by the Parties as of the day and year first written above.

PURCHASER:

TRHC MEC HOLDINGS, LLC

By: /s/ Brian Adams
Name: Brian Adams
Title: Chief Financial Officer

SELLERS:

/s/ Danny J. Vatland
Danny J. Vatland

/s/ Kiran K. Simhadri
Kiran K. Simhadri

/s Jesse N. Bergstrom
Jesse N. Bergstrom

SELLER REPRESENTATIVE:

KELLEY BUSINESS LAW, PLLC

By: /s/ Shane Kelley
Name: Shane Kelley
Title: President

Exhibit 10.2

LOAN AND SECURITY MODIFICATION AGREEMENT

This Loan and Security Modification Agreement (this "Amendment"), is entered into as of August 31, 2018, by and among (i) CAREKINESIS, INC., a Delaware corporation ("CareKinesis"), TABULA RASA HEALTHCARE, INC., a Delaware corporation ("Parent"), CAREVENTIONS, INC., a Delaware corporation ("Careventions"), CAPSTONE PERFORMANCE SYSTEMS, LLC, a Delaware limited liability company ("Capstone"), J. A. ROBERTSON, INC., a California corporation ("Robertson"), MEDLIANCE LLC, an Arizona limited liability company ("Medliance"), CK SOLUTIONS, LLC, a Delaware limited liability company ("CK Solutions"), TRSHC HOLDINGS, LLC, a Delaware limited liability company ("TRSHC"), and SINFONIARX, INC., an Arizona corporation ("SinfoniaRX"; Parent, CareKinesis, Careventions, Capstone, Robertson, Medliance, CK Solutions, TRSHC, and SinfoniaRX are each referred to herein as a "Borrower", and collectively, as the "Borrowers"), (ii) the several banks and other financial institutions or entities party hereto (each a "Lender" and, collectively, the "Lenders"), and (iii) WESTERN ALLIANCE BANK, an Arizona corporation ("Bank"), as a Lender and as administrative agent and collateral agent for the Lenders (in such capacities, the "Administrative Agent").

1 . DESCRIPTION OF EXISTING INDEBTEDNESS: Among other indebtedness which may be owing by the Borrowers to Bank, the Borrowers are indebted to Bank pursuant to, among other documents, an Amended and Restated Loan and Security Agreement, dated September 6, 2017 by and among the Borrowers, the Lenders and the Administrative Agent, as may be amended from time to time (the "Loan and Security Agreement"). Capitalized terms used without definition herein shall have the meanings assigned to them in the Loan and Security Agreement.

The Loan and Security Agreement and any and all other documents executed by the Borrowers in favor of the Lenders and/or the Administrative Agent shall be hereinafter referred to as the "Existing Documents."

2. DESCRIPTION OF CHANGE IN TERMS.

A. Modification(s) to Loan and Security Agreement:

1) The following defined terms in Section 1.1 of the Loan and Security Agreement are hereby amended and restated in their entirety as follows:

"'EBITDA' means, for any period, the sum of (a) net income (or net loss) attributable to the Borrowers, but excluding net income (or net loss) attributable to non-controlling interests (calculated before extraordinary items) during such period, plus (b) the result of the following, in each case (unless otherwise indicated) to the extent included in determining such net income (or net loss): (i) interest expense (including that portion attributable to capital leases in accordance with GAAP and capitalized interest) during such period; plus (ii) income taxes accruing, paid or payable during such period; plus (iii) depreciation and amortization expense; plus (iv) non-cash stock-compensation based expenses; plus (v) change in the fair value related to Permitted Acquisition related consideration expenses; plus (vi) without duplication, EBITDA attributable to entities and/or assets acquired pursuant to the Sinfonia Acquisition, the Peak PACE Acquisition, and the Mediture Acquisition, for such period, to the extent not already included in such calculation."

"'Permitted Acquisition' means (i) any Acquisition approved in writing by the Administrative Agent in its sole discretion (including the Sinfonia Acquisition, the Peak PACE Acquisition, and the Mediture Acquisition), or (ii) any Acquisitions in an aggregate amount not to exceed $15,000,000 in any fiscal year; provided, in each case, that (a) no default or Event of Default shall have occurred and be continuing or would result from the consummation of the proposed Acquisition, (b) the Target is in the same, similar or complimentary line of business as any of the Borrowers, (c) EBITDA of the Target is greater than $0 as of the date of the most recent financial statements for the fiscal quarter ending immediately prior to the Acquisition delivered by the Target, (d) the proposed Acquisition is consensual, (e) no Indebtedness will be incurred, assumed or would exist with respect to Parent and its Subsidiaries (including the Target) as a result of such Acquisition, other than Permitted Indebtedness, and no Liens will be incurred, assumed, or would exist with respect to the assets of Parent and its Subsidiaries (including the Target) as a result of such Acquisition other than Permitted Liens, (f) the Borrowers will be in compliance with the financial covenants in

Section 6.10 on a pro forma basis, (g) the Administrative Agent shall have received (i) at least 30 days prior to the consummation of the intended Acquisition, a description of the proposed Acquisition, (ii) at least 20 days prior to the consummation of the intended Acquisition Agreement, pro forma consolidated projections with respect to the proposed Acquisition, historical financial information for the Target, due diligence materials prepared for any Borrower, a quality of earnings report (if obtained) and drafts of the acquisition agreement (together with all exhibits and schedules thereto and, to the extent required in the acquisition agreement, all required regulatory and third party approvals) and (iii) on or prior to the date the Acquisition is consummated, a certificate of a Responsible Officer of the Borrowers with reasonably detailed calculations of item (f) and attaching the executed acquisition agreement, (h) the Target is not organized or domiciled in any jurisdiction outside of the United States and (i) all actions required of the Target and the Borrowers by Section 6.12 shall be completed substantially concurrently with the consummation of the Acquisition."

2) The following defined terms are hereby added to Section 1.1 of the Loan and Security Agreement in alphabetical order therein:

"Mediture Acquisition" means the Acquisition by TRHC MEC Holdings, LLC (a newly formed subsidiary of Parent) of all of the issued and outstanding membership and/or economic interests of Mediture LLC and eClusive L.L.C. pursuant to the Mediture Purchase Agreement.

"Mediture Purchase Agreement" means that certain Membership Interest Purchase Agreement dated as of August 31, 2018 by and among TRHC MEC Holdings, LLC, the Sellers (as defined therein), and Kelley Business Law, PLLC, as Seller Representative.

3) Notwithstanding the provisions of Section 6.12 of the Loan and Security Agreement, each of TRHC MEC Holdings, LLC, Mediture LLC and eClusive L.L.C. shall provide the Administrative Agent with a duly executed joinder to the Loan and Security Agreement and all other Loan Documents required by Administrative Agent in connection therewith as soon as reasonably practicable following the closing of the transactions contemplated by the Mediture Purchase Agreement (but in any event within thirty (30) days of the closing of such transactions).

3. CONSISTENT CHANGES. The Existing Documents are each hereby amended wherever necessary to reflect the changes described above.

4. [Reserved].

5 . NO DEFENSES OF THE BORROWERS/GENERAL RELEASE. Each Borrower agrees that, as of this date, it has no defenses against the obligations to pay any amounts under the Existing Documents. Each Borrower (each, a "Releasing Party") acknowledges that the Lenders and the Administrative Agent would not enter into this Amendment without Releasing Party's assurance that it has no claims against the Lenders and the Administrative Agent or any of the Lenders' and the Administrative Agent's officers, directors, employees or agents. Except for the obligations arising hereafter under this Amendment, each Releasing Party releases the Lenders and the Administrative Agent, and each of the Lenders' and the Administrative Agent's officers, directors and employees from any known or unknown claims that Releasing Party now has against any Lender and/or the Administrative Agent of any nature, including any claims that Releasing Party, its successors, counsel, and advisors may in the future discover they would have now had if they had known facts not now known to them, whether founded in contract, in tort or pursuant to any other theory of liability, including but not limited to any claims arising out of or related to the Loan and Security Agreement or the transactions contemplated thereby. Each Releasing Party waives the provisions of California Civil Code section 1542, which states:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER, MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The provisions, waivers and releases set forth in this section are binding upon each Releasing Party and its shareholders, agents, employees, assigns and successors in interest. The provisions, waivers and releases of this

section shall inure to the benefit of the Lenders and the Administrative Agent and their respective agents, employees, officers, directors, assigns and successors in interest. The provisions of this section shall survive payment in full of the Obligations, full performance of all the terms of this Amendment and the Loan and Security Agreement, and/or any Lender's and/or the Administrative Agent's actions to exercise any remedy available under the Loan and Security Agreement or otherwise.

6. CONTINUING VALIDITY. Each Borrower understands and agrees that in modifying the Existing Documents, the Lenders and the Administrative Agent are relying upon such Borrower's representations, warranties, and agreements, as set forth in the Existing Documents. Except as expressly modified pursuant to this Amendment, the terms of the Existing Documents remain unchanged and in full force and effect. The Lenders' and the Administrative Agent's agreement to modifications to the Existing Documents pursuant to this Amendment in no way shall obligate any Lender and/or the Administrative Agent to make any future modifications to the Existing Documents. Nothing in this Amendment shall constitute a satisfaction of the Obligations. It is the intention of the Lenders, the Administrative Agent and the Borrowers to retain as liable parties all makers and endorsers of Existing Documents, unless the party is expressly released by the Lenders and the Administrative Agent in writing. No maker, endorser, or guarantor will be released by virtue of this Amendment. The terms of this paragraph apply not only to this Amendment, but also to any subsequent loan and security modification agreements.

7. [Reserved].

8 . NOTICE OF FINAL AGREEMENT. BY SIGNING THIS DOCUMENT EACH PARTY REPRESENTS AND AGREES THAT: (A) THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES, (B) THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES, AND (C) THIS WRITTEN AGREEMENT MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES.

9 . COUNTERSIGNATURE. This Amendment shall become effective only when executed by the Lenders, the Administrative Agent and the Borrowers.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first above written.

BORROWERS:

TABULA RASA HEALTHCARE

By: /s/ Brian Adams

Name: Brian Adams

Title: Chief Financial Officer

CAREKINESIS, INC.

By: /s/ Brian Adams

Name: Brian Adams

Title: Chief Financial Officer

CAREVENTIONS, INC.

By: /s/ Brian Adams

Name: Brian Adams

Title: Chief Financial Officer

CAPSTONE PERFORMANCE SYSTEMS, LLC

By: /s/ Brian Adams

Name: Brian Adams

Title: Chief Financial Officer

J. A. ROBERTSON, INC.

By: /s/ Brian Adams

Name: Brian Adams

Title: Chief Financial Officer

MEDLIANCE LLC

By: /s/ Brian Adams

Name: Brian Adams

Title: Chief Financial Officer

CK SOLUTIONS, LLC

By: /s/ Brian Adams

Name: Brian Adams

Title: Chief Financial Officer

TRSHC HOLDINGS, LLC

By: /s/ Brian Adams

Name: Brian Adams

Title: Chief Financial Officer

SINFONIARX, INC.

By: /s/ Brian Adams

Name: Brian Adams

Title: Chief Financial Officer

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first above written.

ADMINISTRATIVE AGENT:

WESTERN ALLIANCE BANK, an Arizona corporation

By: /s/ Brian McCabe

Title: Vice President

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first above written.

LENDERS:

WESTERN ALLIANCE BANK, an Arizona corporation

By: /s/ Brian McCabe

Title: Vice President

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Calvin H. Knowlton, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Tabula Rasa HealthCare, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2018

/s/ DR. CALVIN H. KNOWLTON
Dr. Calvin H. Knowlton
Chief Executive Officer
Principal Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Brian W. Adams, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Tabula Rasa HealthCare, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2018

/s/ BRIAN W. ADAMS
Brian W. Adams
Chief Financial Officer
Principal Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Tabula Rasa HealthCare, Inc. (the "Company") on Form 10-Q for the fiscal quarter ended September 30, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Calvin H. Knowlton, Chief Executive Officer of the Company, and I, Brian W. Adams, Chief Financial Officer of the Company, each hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 8, 2018

By: /s/ DR. CALVIN H. KNOWLTON
Name: **Dr. Calvin H. Knowlton**
Title: **Chief Executive Officer**
(Principal Executive Officer)

Date: November 8, 2018

By: /s/ BRIAN W. ADAMS
Name: **Brian W. Adams**
Title: **Chief Financial Officer**
(Principal Financial Officer)

**This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Tabula Rasa HealthCare, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing*