



Overview Presentation

May 2024

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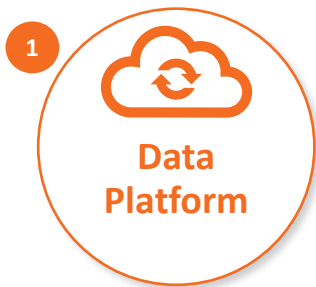
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Health Catalyst Overview

We are a leading provider of data and analytics technology and services to healthcare organizations

Comprehensive Solution



**Data
Platform**

**Integrate data in a flexible,
open, and scalable
platform**



Applications

**Deliver insights on how to
measurably improve**



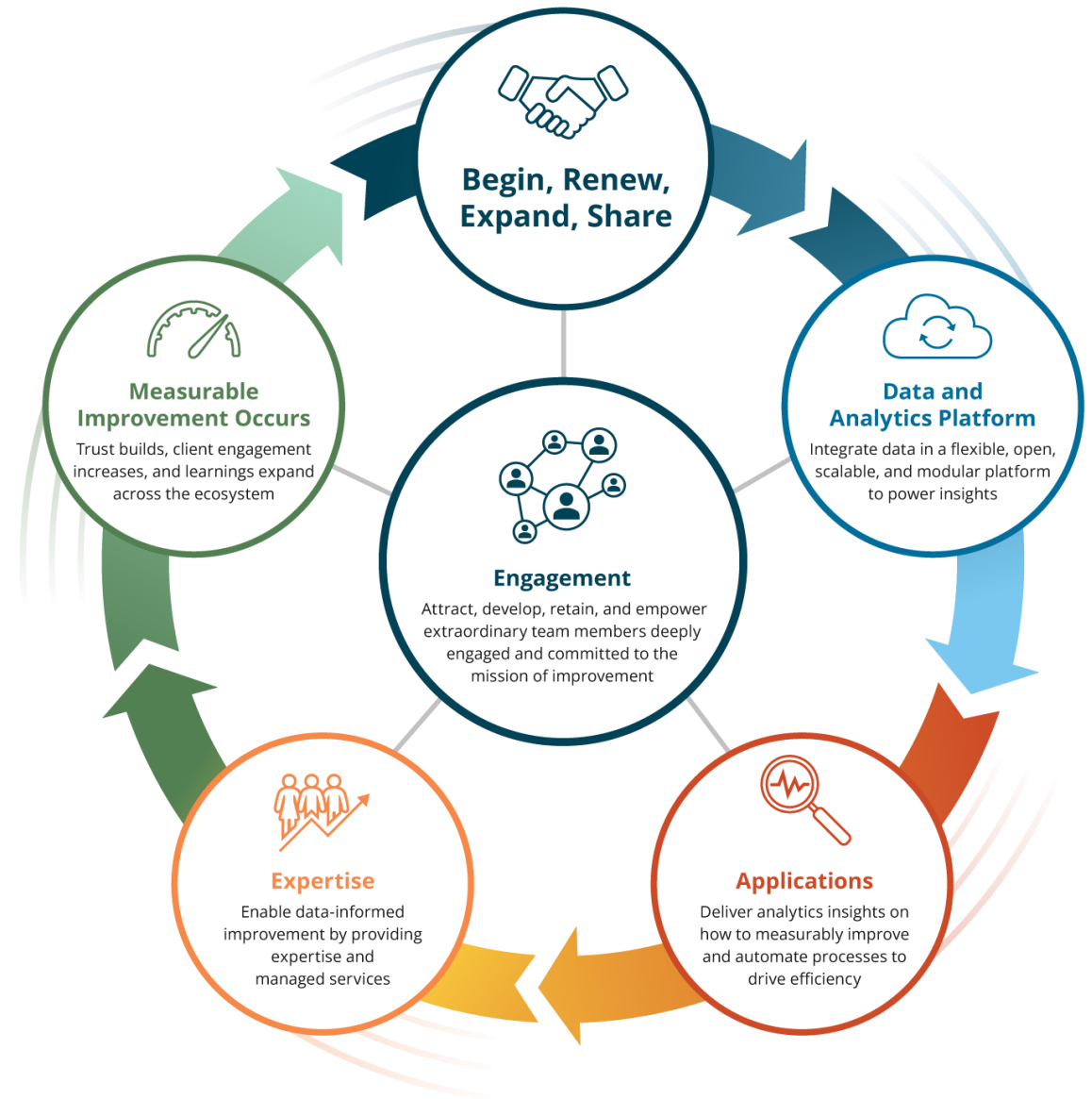
**Services
Expertise**

**Enable and accelerate data-
informed improvement**







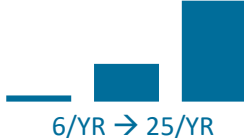


Our clients, which are primarily healthcare providers, use our Solution to manage their data, derive analytical insights to operate their organizations, and produce measurable clinical, financial, and operational improvements

Our mission is to **be the catalyst** for massive, measurable, data-informed healthcare **improvement**

Our flywheel represents **how** we accomplish our mission with each client—**our company strategy**.



Investment Highlights

	Recognized industry leader in healthcare data & analytics	<div><div>~\$1T</div><div>WASTE⁽¹⁾</div></div>	<div><div>\$8B+</div><div>TAM⁽²⁾</div></div>	<div></div>	
	Comprehensive solution: data platform, applications & services expertise	<div><div>>300</div><div>DATA SOURCES</div></div>	<div><div>Up to 100</div><div>TBs / CLIENT</div></div>	<div><div>12</div><div>APP SUITES + LIBRARY</div></div>	<div><div>>1,000</div><div>ANALYTICS & DOMAIN EXPERTS</div></div>
	Measurable clinical, financial & operational improvements	<div><div>\$1.5B</div><div>IMPROVEMENTS</div></div>	<div><div>350+</div><div>CLIENT CASE STUDIES</div></div>	<div><div>6/YR → 25/YR</div></div>	
	World-class team member engagement	<div><div>94th-99th</div><div>PERCENTILE ENGAGEMENT⁽³⁾</div></div>		<div><div>89</div><div>BEST PLACE TO WORK AWARDS</div></div>	
	Attractive operating model and long-term targets	<div><div>>90%</div><div>RECURRING REVENUE⁽⁴⁾</div></div>	<div><div>100%-112%</div><div>DOLLAR-BASED RETENTION RATE⁽⁵⁾</div></div>	<div><div>\$24M-\$26M</div><div>FY2024 ADJ. EBITDA GUIDANCE⁽⁶⁾</div></div>	<div><div>\$500M+/\$100M+</div><div>2028 REVENUE/ADJ. EBITDA TARGET⁽⁶⁾</div></div>



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(1) According to estimates in 2019. Research estimates 25% of U.S. healthcare spending is wasteful in nature, implying approximately \$1 trillion of waste amongst \$3.8 trillion of total healthcare expenditure in 2019

(2) Health Catalyst has multiple new offerings in Tech-enabled Managed Services (TEMS), an offering area in which we have seen materially more sales and pipeline traction over the last several quarters. As a result, we are assessing the TAM (Total Addressable Market) for these offerings. Our current expectation is that the company's total TAM is materially higher than previously estimated as a result of these TEMS offerings. More details will be provided over time.

(3) As of September 2023

(4) In 2023

(5) Overall range from 2017 – 2023 for DOS Subscription Clients, as further defined in our Form 10-K (e.g., excludes clients acquired in Medicity, Able Health, Healthfinch, Vitalware, Twistle, KPI Ninja, ARMUS and ERS acquisitions and other non-DOS Subscription Clients).

(6) See "GAAP to Non-GAAP Reconciliation: Adjusted EBITDA" for more information about Adjusted EBITDA, including the limitations of Adjusted EBITDA. We have not provided forward-looking guidance for net loss, the most directly comparable GAAP measure, to Adjusted EBITDA, and therefore have not reconciled guidance for Adjusted EBITDA to net loss, because there are items that may impact net loss, including stock-based compensation, that are not within our control or cannot be reasonably forecasted.

We Solve the Key Problems Facing Healthcare Today

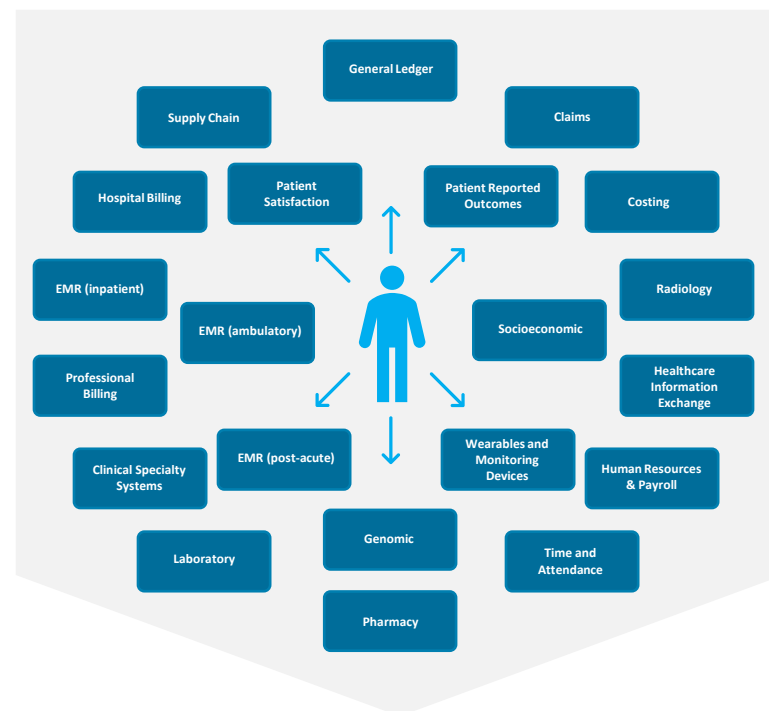
Waste & Financial Pressure

- A volume-based US healthcare reimbursement model with \$1 trillion/year of waste ⁽¹⁾ continues to put pressure on providers' operating margins
- This has led insurers to change to a value-based reimbursement model, but this will take time

Changing Economics

- During the next few decades, both margin pressure and the move to value-based care present economic complexity and change that require **data, analytics & improvement** expertise

Data Complexity



Managing this long-term challenge and complexity requires a strategic partner who offers an end-to-end, comprehensive solution across data, analytics & improvement, allowing health systems to focus on their core competency of care delivery

Blue Chip Client Base

>630 clients⁽¹⁾ include academic medical centers, integrated delivery networks, community hospitals, large physician practices, ACOs, health information exchanges, health insurers, and other risk-bearing entities



Externally-Validated Industry Leadership

Broad Recognition



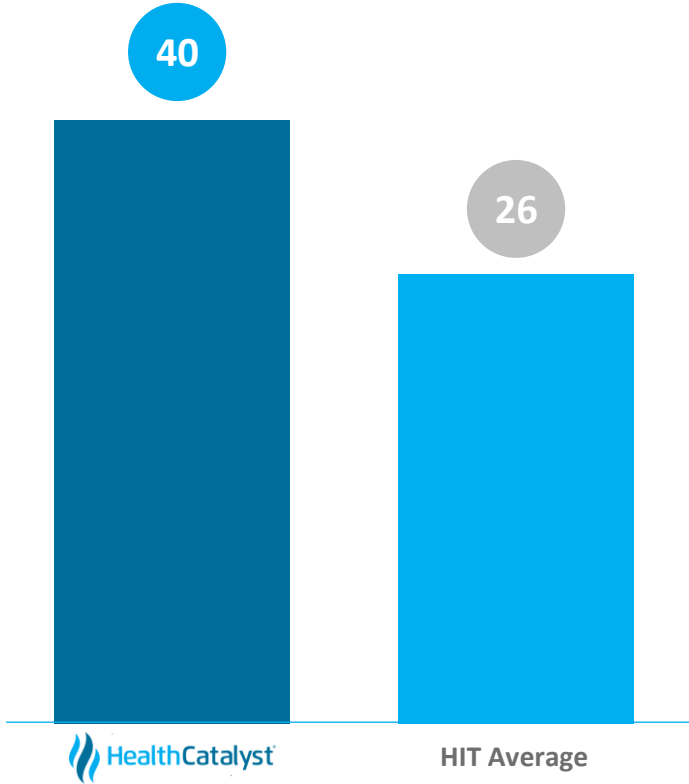
2019 Highest
Client Satisfaction



Chilmark Healthcare Analytics Report⁽¹⁾

Vendor	Product Grade	Market Grade
Allscripts	B+	B
Arcadia	A-	A-
Athenahealth	B+	B+
CareEvolution	A-	A-
Cerner	A	A-
Change Healthcare	B-	B-
eCW	C+	B-
Epic	A	A
Forward Health Group	B-	B
Health Catalyst	A	A
HealthEC	B+	C+
IBM Watson Health	B	B-
Innovaccer	B-	C+
Lightbeam	B-	B
MedeAnalytics	B	B
Medecision	C	C-
MEDITECH	B	C+
NextGen	B	B+
Optum	B+	B+
Philips	C+	C+
SCIO-EXL	C+	C-
SpectraMedix	C	C+
SPH Analytics	B-	B-

KLAS Evangelism Score⁽²⁾







(1) © 2019 Chilmark Research. Source: 2019 Provider Analytics Market Trends Report.
(2) Similar to a net promoter score, as of December 31, 2023. Overall evangelism score is an average of each Health Catalyst solution's average evangelism scores.



Health Catalyst Solution for Data-informed Improvement

Simplify and focus on 5 core areas of differentiated client value. With every client and across every solution, ensure that consistent, measurable improvement goals are set, achieved, and communicated regularly



Use Case Areas of Focus



 Clinical Improvement	
Technology	Services
<ul style="list-style-type: none">▪ Embedded Refills▪ Twistle Patient Engagement▪ Analytics accelerators in pareto areas of clinical improvement	<ul style="list-style-type: none">▪ Domain Expertise:<ul style="list-style-type: none">–Clinical improvement–Patient flow–Perioperative supplies–Population health–Care management–Patient safety <div> TEMS:<ul style="list-style-type: none">–Improvement</div>

 Revenue & Cost Improvement	
Technology	Services
<ul style="list-style-type: none">▪ VitalIntegrity▪ VitalCDM▪ VitalKnowledge▪ PowerCosting▪ PowerLabor▪ Hospital Price Index	<ul style="list-style-type: none">▪ Domain Expertise:<ul style="list-style-type: none">–Labor management–Supply chain–Charge capture–Claims denial–Revenue cycle <div> TEMS:<ul style="list-style-type: none">–Costing–Chargemaster mgmt</div>

 Ambulatory Operations	
Technology	Services
<ul style="list-style-type: none">▪ Ambulatory operations analytics accelerators and dashboards▪ Embedded Refills▪ Twistle Patient Engagement▪ Value Optimizer	<ul style="list-style-type: none">▪ Domain Expertise:<ul style="list-style-type: none">–Provider productivity–Patient access–Quality metrics–Value-based care contract performance <div> TEMS:<ul style="list-style-type: none">–Ambulatory operations–Practice management</div>

Infrastructure Areas of Focus

 Measures & Registries	
Technology	Services
<ul style="list-style-type: none">▪ MeasureAble▪ ARMUS registries▪ CRStar cancer registry▪ Pop Analyzer▪ Value Optimizer	<ul style="list-style-type: none">▪ Domain Expertise:<ul style="list-style-type: none">–Measures <div> TEMS:<ul style="list-style-type: none">–Chart abstraction–Registry submission</div>

 Data & Analytics	
Technology	Services
<ul style="list-style-type: none">▪ Next-generation data and analytics platform and AI: more modularity, flexibility, scalability, and support▪ Expert Data Collections▪ Healthcare.AI▪ Ninja Universe	<ul style="list-style-type: none">▪ Domain Expertise:<ul style="list-style-type: none">–Healthcare.AI–Visualization migration <div> TEMS:<ul style="list-style-type: none">–Data science–Data and analytics engineering, operations, certification, strategy</div>

Measurable Data-Informed Improvement for 2024 Focus Areas

Examples from all 5 areas of focus

Use Case Areas of Focus



Clinical Improvement

- **\$22M** cost savings and **\$1.9M** in new revenue – improved patient flow*
- **\$17.4M** AI-enabled patient blood management improvements
- **\$3.4M** cost savings from automating medication refill processes



Revenue & Cost Improvement

- **\$75M** cardiovascular service line cost savings*
- **\$10M** revenue increase enabled by PowerCosting
- **\$7.8M** charge capture improvements



Ambulatory Operations

- **\$25.4M** revenue increase through improved patient access
- **\$7M** cost savings over three and a half years
- **\$2.2M** increase in revenue and **55K** care gaps closed*

Infrastructure Areas of Focus



Measures & Registries

- **38%** relative improvement in quality scores
- **10% to 25%** reduction in abstraction time
- **93%** percent inter-rater reliability*



Data & Analytics

- **\$32.2M** cost reduction through AI-enabled care management
- **\$10M** AI-enabled variable cost reduction
- **>\$3M** indirect labor cost savings*

Note: Metrics represent examples of improvements across all five areas of focus, for specific clients. Data as of February 2024.

*Enabled by TEMS (Technology Enabled Managed Services (TEMS))

Meaningful Investment in the Scalability, Modularity and Flexibility of Our Next-Generation Data Platform: Health Catalyst Ignite

Ignite is comprised of best-in-class standardized platforms complimented by best-in-class open platforms

Best-in-class standardized platforms

- Standardized use case excellence
- Operational excellence (speed, cost, scale)

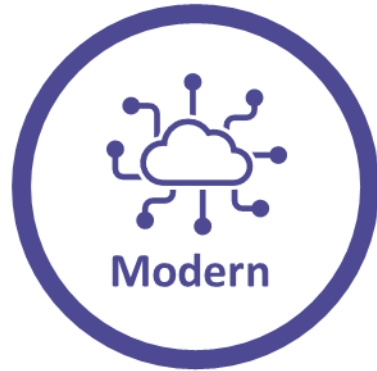
Best-in-class open platforms

- Tailorable for healthcare
- Optimized to support your highest value use cases



- A “Standardize to Customize” approach from acquisition through analytics –
- Built for today and the future –

Health Catalyst is Deploying its Next-Generation Data Platform: Health Catalyst Ignite



End-to-end technology
integration

Plug-and-play
data acquisition, curation,
& enrichment

Elastic compute

Extensible data
acquisition, curation,
& enrichment

Self-service
reporting

Unified data model that
is extensible

Plug-and-play healthcare
data quality

Event-driven processing

Prebuilt APIs &
FHIR APIs

Self-service
data science

Interoperability

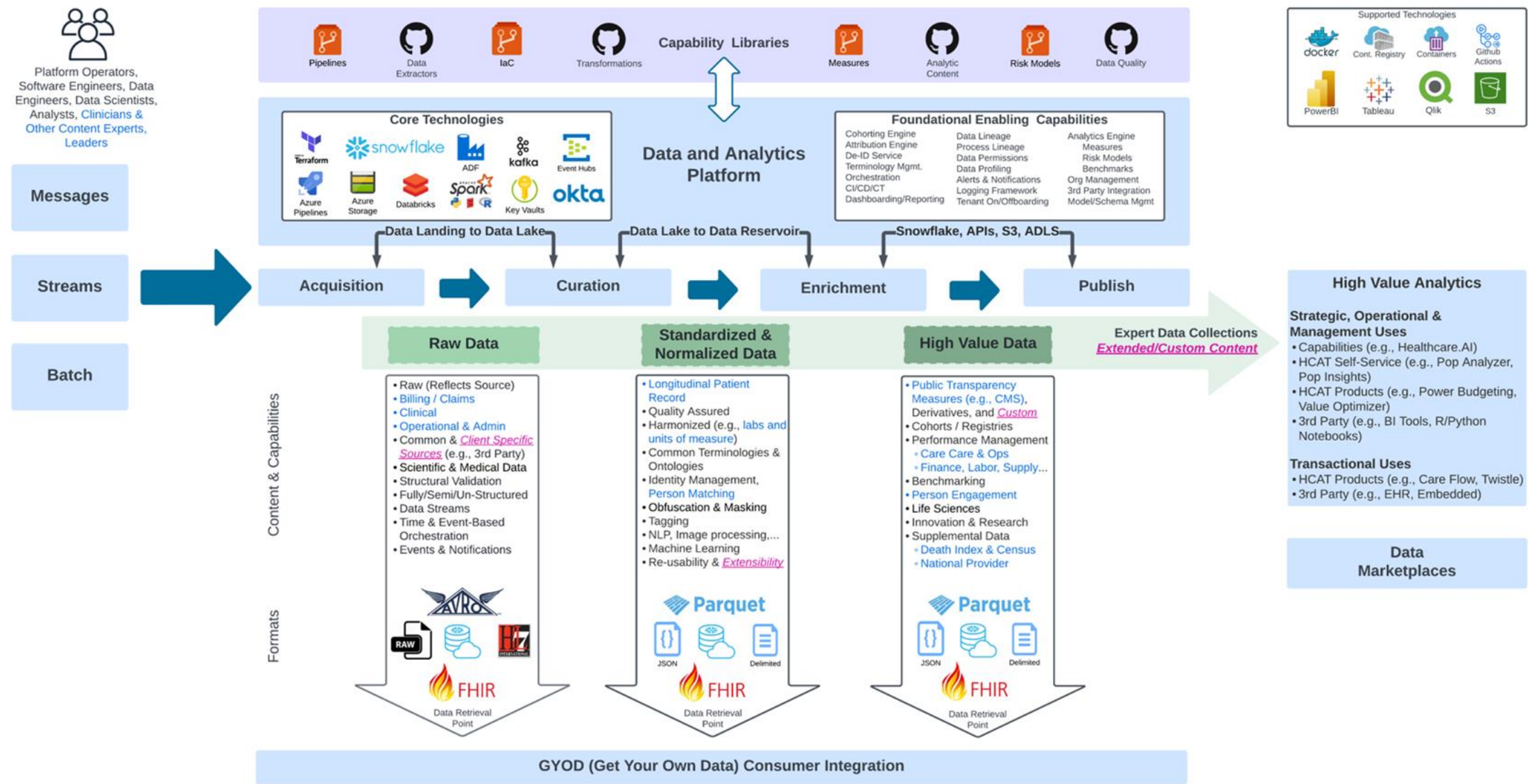
Embedded AI/ML

DataOps

Extensible technology
integration

Enabling data scientists
and other technical
experts

Health Catalyst Ignite Data and Analytics Platform: *Architecture*

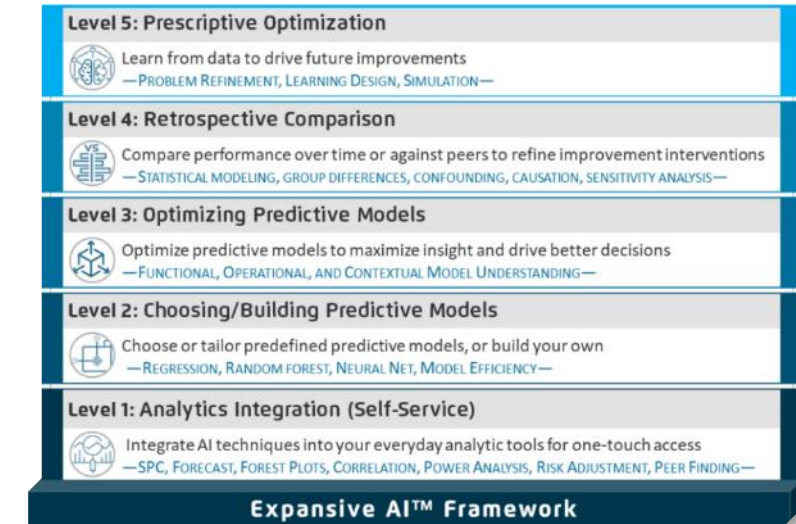


Health Catalyst Ignite Platform Leverages Healthcare.AI

Health Catalyst has invested in machine learning and augmented intelligence models over the past few years, primarily through its Healthcare.AI cloud-native platform

Healthcare.AI™ by Health Catalyst

- Deployment of machine learning/predictive models to optimize client workflows. Examples include:
 - Point of care (e.g., readmission prevention)
 - Point of service (e.g., financial assistance predictive models)
 - Revenue generation (e.g., marketing outreach)
 - Management (e.g., forecasting and budgeting)
 - Operations (e.g., COVID and staffing “war rooms”)
 - Effect estimation (e.g., drug/device/program evaluations)
- **Impact:** Helping healthcare leaders face an unprecedented list of increasingly critical issues across revenue, cost, and quality



Tailwinds

- Health Catalyst will continue to differentiate itself by leveraging cross-industry technologies and layering them on top of healthcare-specific content for end markets
- Anticipate AI integration will increasingly play a role in tech enablement and improved efficiency of TEMS relationships
- Importance of clean, comprehensive data sets for AI use cases serves as a long-term tailwind for our data platform
- The increasing prevalence of AI will increase the necessity for technology expert services as well as seamless integration with business intelligence tools

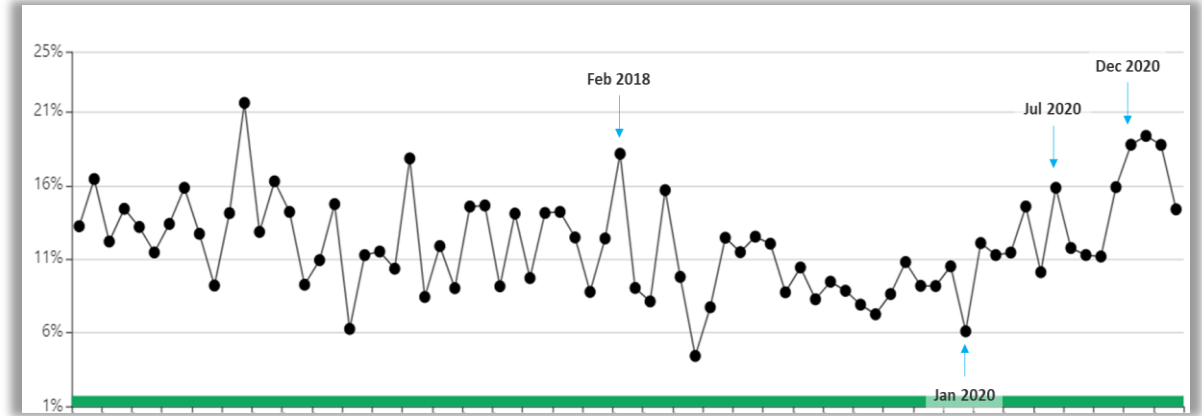
Generative AI

- Health Catalyst is actively leveraging Generative AI for internal efficiency use-cases including
 - Chart abstraction for registries and related submissions
 - Code generation and translation
- Generative AI can enable clients to make data-informed decisions to increase quality, speed, and cost of healthcare delivery
 - Building on Health Catalyst reputation of improvement, optimization, and ensuring aims are met
 - Helping clients convert hopes and concerns into plans and measurable improvement

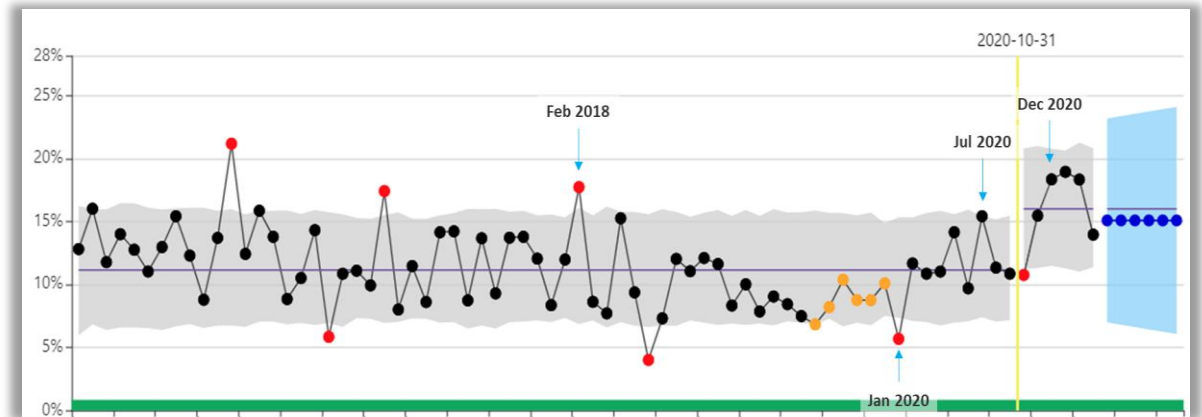
Health Catalyst Ignite Platform Leverages Healthcare.AI (cont'd)

High-value analytics enables users to see what is right in front of them

- 96% of people draw meaningfully erroneous insights
- Improve >10x with Healthcare.AI
- True of analysts through board of directors
- True of people who are confident or question their abilities
- >75% of clients using Healthcare.AI for substantive decisions
- >90% of clients using Healthcare.AI for some purpose (including Data Quality)
- 5-25K calls per day

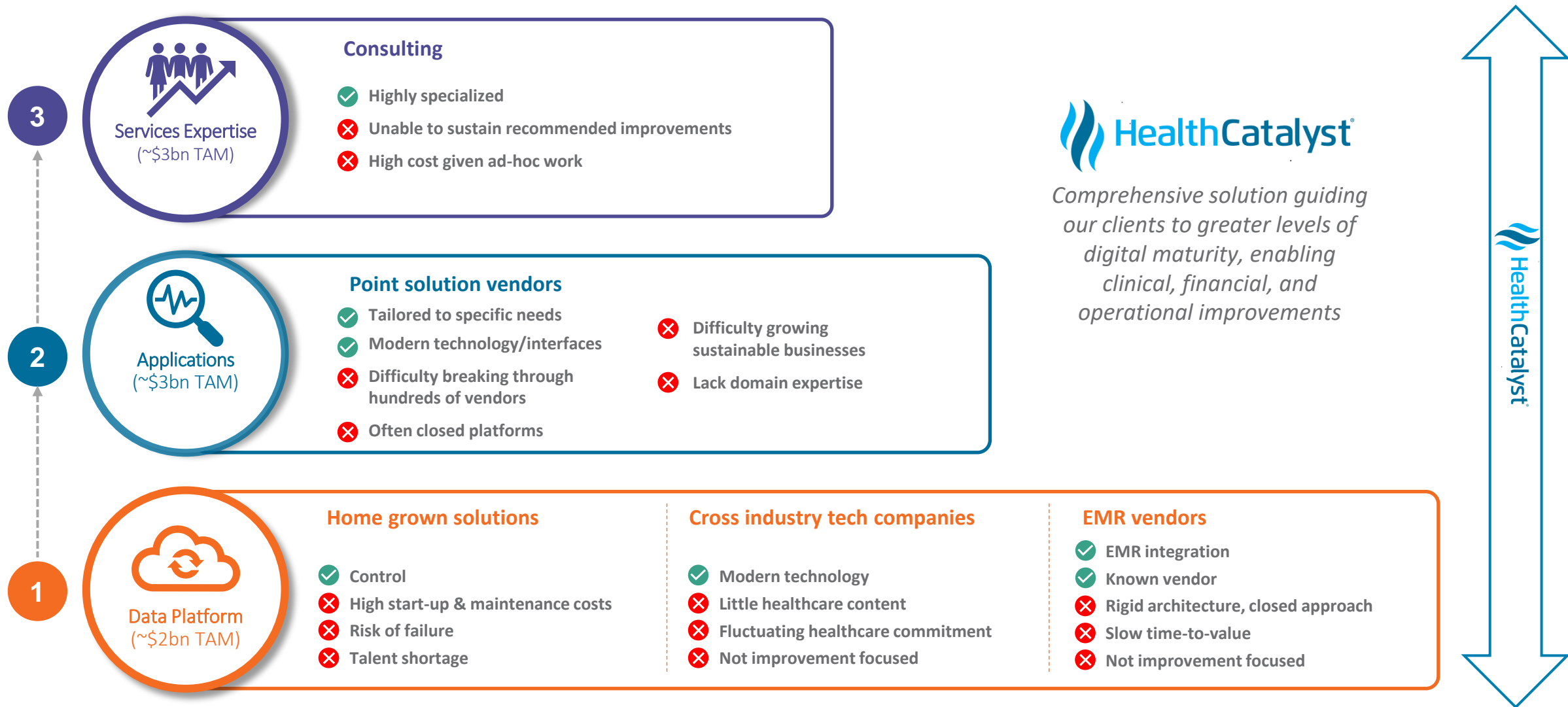


Typical Time Series



Healthcare.AI

Highly Differentiated, Comprehensive Solution

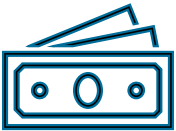


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Clients' Realized Improvements Accelerate Over Time, Reinforcing Decisions to Renew and Expand

Together with our clients, celebrating important milestones in our journey to fulfill our mission



\$1.5B

client-approved measurable healthcare improvements



5.4M

lives positively impacted



2.9M

care gaps closed



More

A Health Catalyst Success Story

Tech-Enabled Managed Services improves quality, reduces costs, and optimizes engagement



As the financial and operational burden of reporting quality measurement in healthcare continues to increase, systems such as Banner Health and Community Health Network (CHNw) look for options to ease their resource spend in this area. These organizations partnered with Health Catalyst in a tech-enabled managed services arrangement for clinical chart abstraction. The result: lower costs, increased value from data, and a positive experience for team members.



Challenges & Impact

- Huge and increasing demand for data collection and abstraction, driven by registry reporting
- Numerous clinicians involved in documentation, abstraction
- Data used only for reporting, not analysis for improvement
- **Impact:** Difficulty obtaining timely, accurate data; lost opportunity to learn from data; high costs of manual chart abstraction

Solution

- Leveraged DOS™ platform to automate the extraction of required data.
- Tech-Enabled Managed Services provided by Health Catalyst:
 - Clinical data abstraction
 - Data analysis: identify variation and trends in cost, quality, and productivity
 - Support for the prioritization of improvement opportunities

Results

Tech-Enabled Managed Services has improved data quality and yielded these measurable results:

- **15% reduction** in labor costs for clinical chart abstraction at CHNw
- **49% relative improvement** in clinical chart abstraction efficiency at Banner Health
- **30% relative improvement** in team member engagement

Carle Health: Long-term, Significant Partnership Expansion



Five-year deal signed in Dec 2022, worth up to ~\$80M over the life of the contract

“Carle Health is excited to announce this novel partnership with Health Catalyst. When combined with our own clinical expertise, **Health Catalyst will help us transform the way we use data to support organizational decisions and improve patient outcomes.** As a transformative health care system, it’s important that we lay the groundwork to ensure we’re able to provide the right solutions that **blend data, analytics, and medical expertise to optimize the quality of care we provide** for everyone who depends on us.”

- Matt Kolb ⁽¹⁾, Executive Vice President, Chief Operating Officer at Carle Health

Partnership Expansion Overview

- **Carle Health is an integrated health system based in Urbana, Illinois** that includes 5 hospitals, multi-specialty physician group practices with >1,000 docs & Health Alliance Medical Plans
- Health Catalyst and Carle first entered a partnership in 2020. This **five-year expansion** includes an all-access technology subscription, **plus tech-enabled managed services in the areas of analytics, data management, reporting, abstraction and project management**
- This significant expansion **makes Carle one of Health Catalyst’s largest enterprise & tech-enabled managed services clients**

Contractual Terms

- Five-year deal with Carle Health, worth up to **~\$80M** over the life of the contract (**\$16M ARR**)
- At **\$11M+ ARR expansion**, it represents one of the **largest expansion contracts in the company’s history**
- The contractual growth is inclusive of both technology expansion and **tech-enabled managed services** (more heavily weighted toward this revenue stream)

Strengthening the Partnership

- **Carle Health made recent decision to become a meaningful shareholder** with the open market purchase of Health Catalyst common stock
- Matt Kolb ⁽¹⁾, Executive Vice President and COO of Carle Health, was **appointed to Health Catalyst’s Board of Directors, effective July 1, 2023**



(1) Matt Kolb also serves as a member of our Board of Directors.

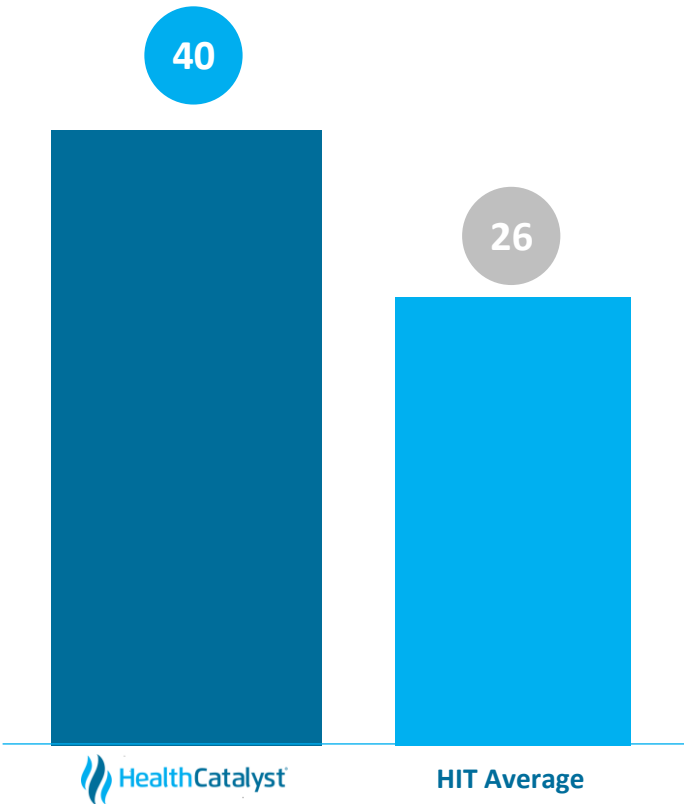
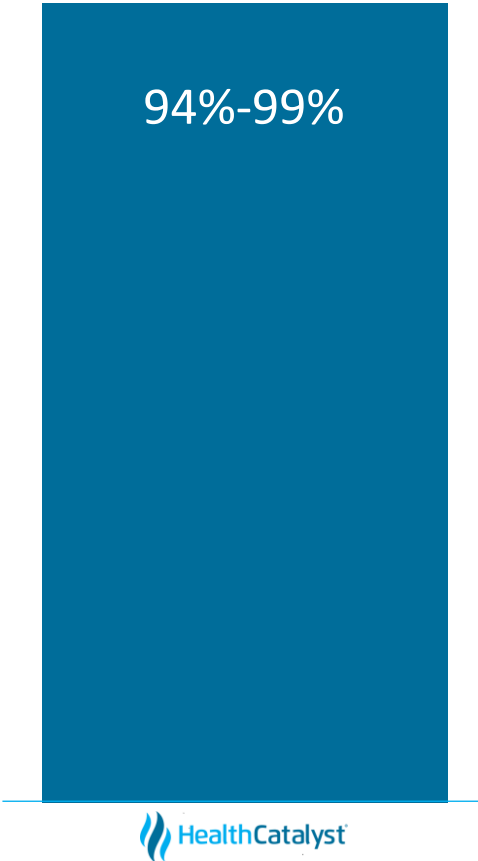
World-class Team Member Engagement

Health Catalyst benefits from highly-engaged team members with low turnover rates, which enables client satisfaction, renewal, and expansion

Consistently Recognized as One of the
“Best Places to Work”

2015 – 2023 Gallup Overall
Engagement Score Percentile

KLAS
Evangelism Score⁽¹⁾



(1) Similar to a net promoter score, as of December 31, 2023. Overall evangelism score is an average of each Health Catalyst solution’s average evangelism scores.

Experienced and Visionary Management Team



Daniel Burton

Chief Executive Officer
and Director

Tenure at Health Catalyst: 13 years



Jason Alger

Chief Financial Officer

Tenure at Health Catalyst: 11 years



Tarah Neujahr Bryan

Chief Marketing &
Communications Officer

Tenure at Health Catalyst: 11 years



TJ Elbert

SVP, Chief Data Officer, and GM of
the Data Platform Business Unit
Tenure at Health Catalyst: 5 years



Kevin Freeman

Chief Commercial Officer

Tenure at Health Catalyst: 4 years



Leslie Falk

Chief Client Success Officer
Tenure at Health Catalyst: 12 years



Jason Jones

Chief Analytics and Data Science
Officer

Tenure at Health Catalyst: 6 years



Ben Landry

General Counsel &
Corporate Secretary

Tenure at Health Catalyst: 5 years



Dan LeSueur

Chief Operating Officer

Tenure at Health Catalyst: 13 years



Linda Llewelyn

Chief People Officer

Tenure at Health Catalyst: 11 years



Holly Rimmasch

Chief Clinical Officer and
SVP & GM of Clinical Quality
Tenure at Health Catalyst: 12 years



Dave Ross

Chief Technology Officer
Tenure at Health Catalyst: 3 years



The Health Catalyst Operating Principles

The principles that govern our daily interactions

Improvement

- We are deeply committed to enabling our clients to achieve and sustain measurable clinical, financial, and operational improvements
- We nurture deep, long-term partnerships because achieving and sustaining improvement is a transformational journey (not a quick trip)
- We pragmatically prioritize innovations that accelerate improvement
- We attract, develop, and retain experts who know best practice in their domain, leverage analytics for insight, and accelerate adoption for sustained improvement

Accountability

- We are all accountable to ourselves and to one another to proactively show up every day in support of our company's mission
- We make decisions that balance and optimize the interests of our teammates, clients, patients, and shareholders
- We avoid an entitlement mentality and are good stewards of our assets
- We don't micro-manage and we show trust while also having high expectations of ourselves and of one another

Respect

- We recognize the immeasurable value of every individual
- We listen carefully to one another and learn from each of our colleagues
- We care deeply about our colleagues, including teammates, clients, patients, and shareholders
- We benefit from one another's diverse backgrounds and experiences, and are unified by our company's mission

Transparency

- We are honest and compassionate in our interactions with others and with ourselves, even if the truth is hard
- We strive to live up to the Health Catalyst Way in all settings
- We treat confidential information appropriately, and we protect the private data of our clients' patients
- We recommend the best solutions for our clients whether or not those solutions come from Health Catalyst

The Health Catalyst Cultural Attributes

The attributes we prioritize in our hiring, retention, and promotion

Continuous Learning

- I can share with and learn from others
- I love to learn, and I am a lifelong student
- I recognize my mistakes and correct them quickly
- I seek and respond favorably to feedback and coaching
- I value my autonomy and use it to gain new knowledge and skills
- I recognize that diversity of perspectives leads to better decisions
- I am self-aware and seek improvement, personally and professionally
- I watch, listen, and learn from others; thank them for their teachings; and apply the teachings to the mastery of my profession; and I do the same for others

Commitment

- I stick to the task until the job is completed
- I recognize that not every part of my job will be fun
- I make personal sacrifices, as needed, to get the work done
- I am willing to contribute more than my fair share to a project
- I have a deep, long-term commitment to healthcare improvement
- I lead a balanced, healthy life that enables me to sustain my pace

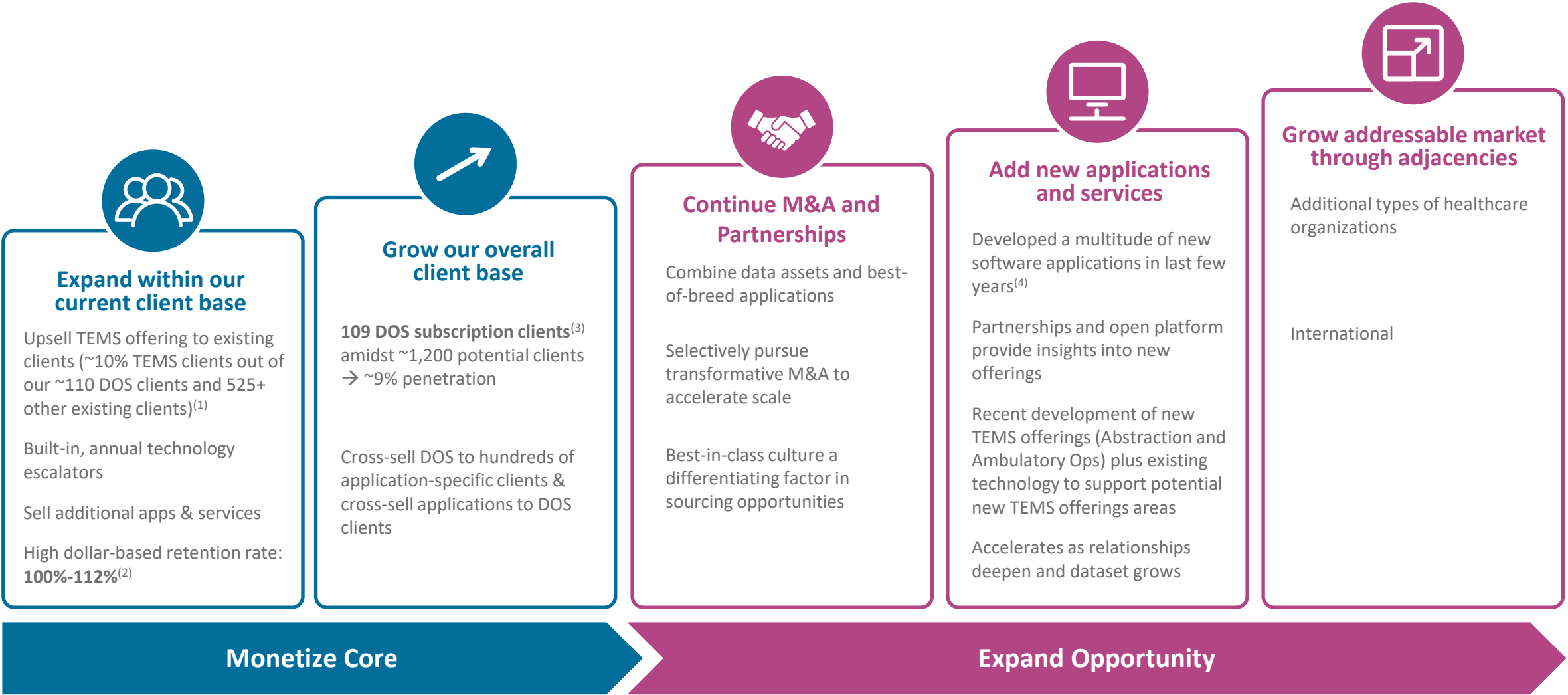
Humility

- I listen first
- I serve others without looking for recognition
- My first assumption with others is positive intent
- I often acknowledge others for their contributions
- I am secure in my own abilities (quiet self-confidence)
- I seek to improve myself before trying to improve others
- I am excited when others succeed, and I offer sincere praise
- I empower others to do their best and give proper credit to others
- I frequently express gratitude and appreciation to those around me

Excellence

- I strive for excellence and quality in all aspects of my work; I show up to fulfil my role in the company's mission to the best of my ability
- I recognize the importance of excellence in pursuit of our mission
- I strive to be well informed about events and trends in healthcare, data and analytics, and improvement
- I actively contribute to the company's pursuit of excellence—in the technology we build, in the services we provide, and in the functions that support this important work
- I recognize and ask for help when I need it

Multiple Strategic Levers to Drive Durable, Long-Term Growth



(1) As of December 31, 2023.
(2) Overall range from 2017 - 2023 for DOS Subscription Clients, as further defined in our Form 10-K (e.g., excludes clients acquired in Medicity, Able Health, Healthfinch, Vitalware, Twistle, KPI Ninja, ARMUS and ERS acquisitions and other non-DOS Subscription Clients).
(3) As of December 31, 2023.
(4) Added to this figure via M&A.

Health Catalyst Q1 2024 Financial Highlights & Key Themes

Q1 2024 Revenue, Net Loss and Adjusted EBITDA

- Q1 2024 Total Revenue: \$74.7M; above guidance midpoint (range of \$72.5M to \$76.5M)
- Q1 2024 Net Loss: \$20.6M; no guidance was previously provided
- Q1 2024 Adjusted EBITDA⁽¹⁾: \$3.4M; above guidance midpoint (range of \$2.0M to \$4.0M)

2024 Guidance and Forward-Looking Commentary⁽²⁾

- Reiterating FY 2024 Revenue guidance of \$304M to \$312M
- Guiding to Q2 2024 Revenue of \$73.5M to \$76.5M
- Reiterating FY 2024 Adjusted EBITDA⁽³⁾ guidance of \$24M to \$26M
- Guiding to Q2 2024 Adjusted EBITDA⁽³⁾ of \$5.0M to \$7.0M
- Reiterating FY 2024 bookings previously shared, including mid-teens net new DOS Subscription Clients⁽⁴⁾, and 104% to 110% Dollar-Based Retention Rate

Key Themes and Recent Wins

- Health system operating margins continue to improve vs. 2022 and most of 2023; we anticipate this will be a bookings tailwind in 2024 and beyond.
- Our next-generation data and analytics platform will be branded Health Catalyst Ignite.
- We're encouraged to see pipeline development and growth across new and existing clients, including technology, services and TEMS.
- We held our 10th Healthcare Analytics Summit (HAS) in February, hosting nearly 1,000 attendees & over 200 existing & prospective client organizations.
- We announced an expansion with Saudi German Health, a client since 2020 and a leading private healthcare provider across the Middle East and North Africa.
- Similar to prior years, we anticipate our main bookings seasons will be Q2 and Q4.

(1) See "GAAP to Non-GAAP Reconciliation: Adjusted EBITDA" for more information about Adjusted EBITDA, including the limitations of Adjusted EBITDA and a reconciliation to net loss, the most directly comparable measure calculated in accordance with GAAP.

(2) FY 2024 and Q2 2024 guidance as of latest earnings call on May 9, 2024.

(3) We have not reconciled guidance for Adjusted EBITDA to net loss, the most directly comparable measure calculated in accordance with GAAP, and have not provided forward-looking guidance for net loss because there are items that may impact net loss, including stock-based compensation, that are not within our control or cannot be reasonably forecasted.

(4) DOS Subscription Clients include clients who directly or indirectly access our DOS platform or Health Catalyst Ignite via a technology subscription contract. Indirect access may include platform module components such as Healthcare.AI, Pop Analyzer, IDEA, and other platform components.

Health Catalyst Growth & Financial Targets

2024 Targets⁽¹⁾

Revenue

\$304M to \$312M

Adjusted EBITDA

\$24M to \$26M (~125%+ YoY Growth)

Net New DOS Subscription Client Additions

Mid-Teens

Dollar-Based Retention Rate

104% to 110%

Business Unit Adjusted EBITDA Margin⁽²⁾

Technology: Low-to-Mid-Teens

Pro Services: ~0%

2025 Targets⁽¹⁾

Revenue

10% to 15% Growth

Adjusted EBITDA

10% - 12% Margin

Business Unit Adjusted EBITDA Margin⁽²⁾

Technology: ~20%

Pro Services: Slightly Positive

2028 Targets⁽¹⁾

Revenue

\$500M+ Revenue

Technology >55% of Revenue

Technology Revenue Growth of 10%+

Adjusted EBITDA

\$100M+

Business Unit Adjusted EBITDA Margin⁽²⁾

Technology: ~30%

Pro Services: ~10%

Technology BU with 'Rule of 40' Profile



(1) 2024 Guidance as of latest earnings call on May 9, 2024.







(2) High-level estimated business unit adjusted EBITDA margin analysis. Estimated business unit contribution profit for Technology and Professional Services based on allocating adjusted gross margin and operating expenses by business unit. Adjusted gross margin segmented by Technology and Professional Services. Operating expenses allocated between Technology and Professional Services based on type of operating expense: Research & Development ("R&D") expenses allocated to Technology business unit; Sales & Marketing expenses allocated between Technology and Pro Services by percentage of adjusted gross profit; General & Administrative expenses allocated between Technology and Pro Services by percentage of total cost of revenue (excluding depreciation & amortization) and R&D.

Note (a): These targets contemplate that Health Catalyst will continue to be opportunistic with tuck-in acquisitions, with a primary focus on technology. These tuck-in acquisitions would benefit annual revenue growth on a pro forma basis.

Note (b): We have not reconciled guidance for Adjusted EBITDA or Adjusted EBITDA Margin to net loss or net loss margin, respectively, the most directly comparable GAAP measures, and have not provided forward-looking guidance for net loss or net loss margin, because there are items that may impact net loss and net loss margin, including stock-based compensation, that are not within our control or cannot be reasonably forecasted.

Highly Attractive Operational and Financial Model

Poised for growth reacceleration and profitability

 <div>Recurring revenue streams across technology, analytics and services</div>	<div>>90%</div> <div>Recurring Revenue⁽¹⁾</div>	
 <div>2025 and 2028 Revenue targets⁽²⁾</div>	<div>10% - 15%</div> <div>2025 Revenue Growth Rate Target</div>	<div>\$500m+</div> <div>2028 Revenue Target</div>
 <div>Strong client retention and stickiness</div>	<div>100%-112%</div> <div>Dollar-based Retention Rate⁽³⁾</div>	<div>34 → 109</div> <div>2017 Clients⁽⁴⁾ 2023 Clients⁽⁴⁾</div>
 <div>Improving gross margin</div>	<div>41% → 51%</div> <div>2017 Adj. Gross Margin⁽⁵⁾</div>	<div>Q1 2024 Adj. Gross Margin⁽⁵⁾</div>
 <div>Net Loss progress</div>	<div>(\$137M) → (\$118M)</div> <div>2022 Net Loss 2023 Net Loss</div>	
 <div>Continued Adj. EBITDA progress</div>	<div>(1%) → 4% → \$24M-\$26M → 10%-12%</div> <div>2022 Adj. EBITDA % of Revenue⁽⁶⁾ 2023 Adj. EBITDA % of Revenue⁽⁶⁾ 2024 Adj. EBITDA Guidance Range⁽⁶⁾ 2025 Target Adj. EBITDA % of Revenue⁽²⁾</div>	

(1) In 2023

(2) These targets contemplate that Health Catalyst will continue to be opportunistic with tuck-in acquisitions, with a primary focus on technology. These tuck-in acquisitions would benefit annual revenue growth on a pro forma basis.

(3) Overall range from 2017 - 2023 for DOS Subscription Clients, as further defined in our Form 10-K (e.g., excludes clients acquired in Medicity, Able Health, Healthfinch, Vitalware, Twistle, KPI Ninja, ARMUS and ERS acquisitions and other non-DOS Subscription Clients).

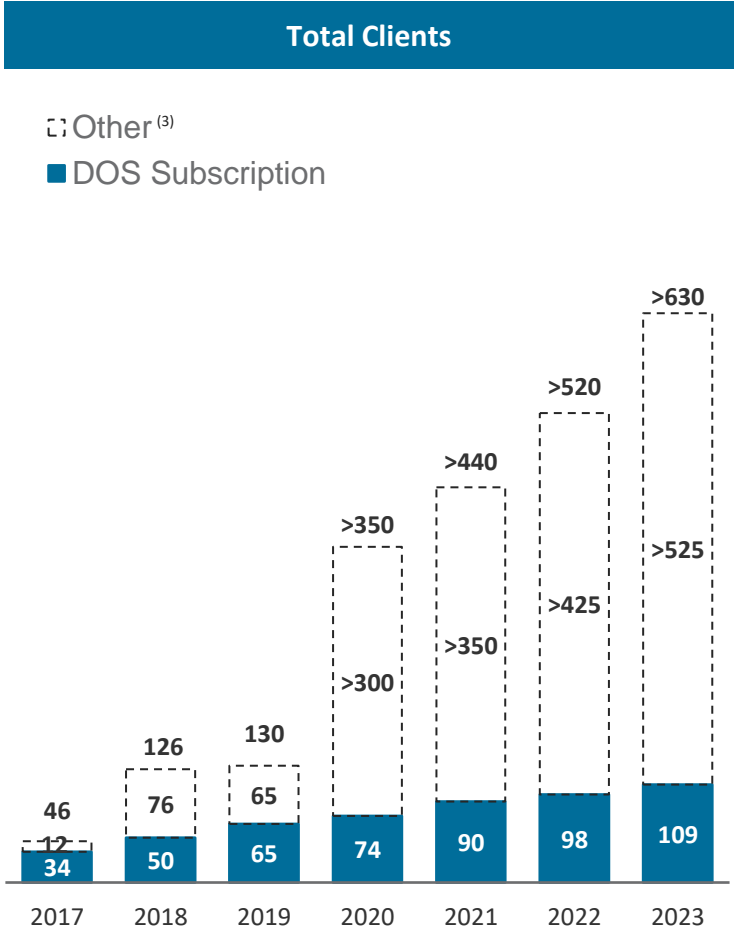
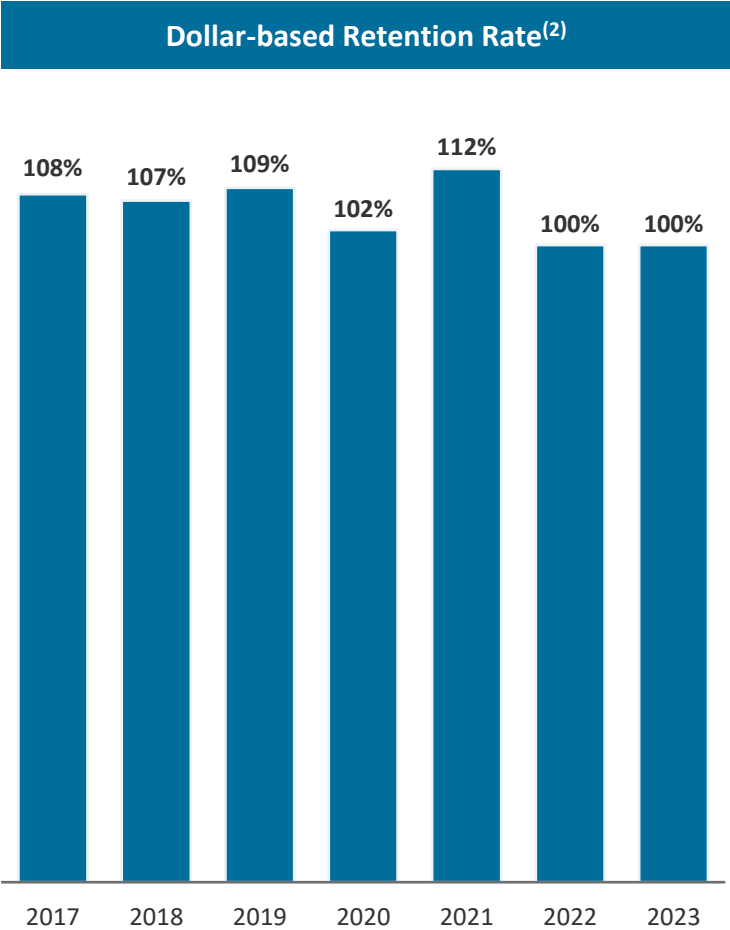
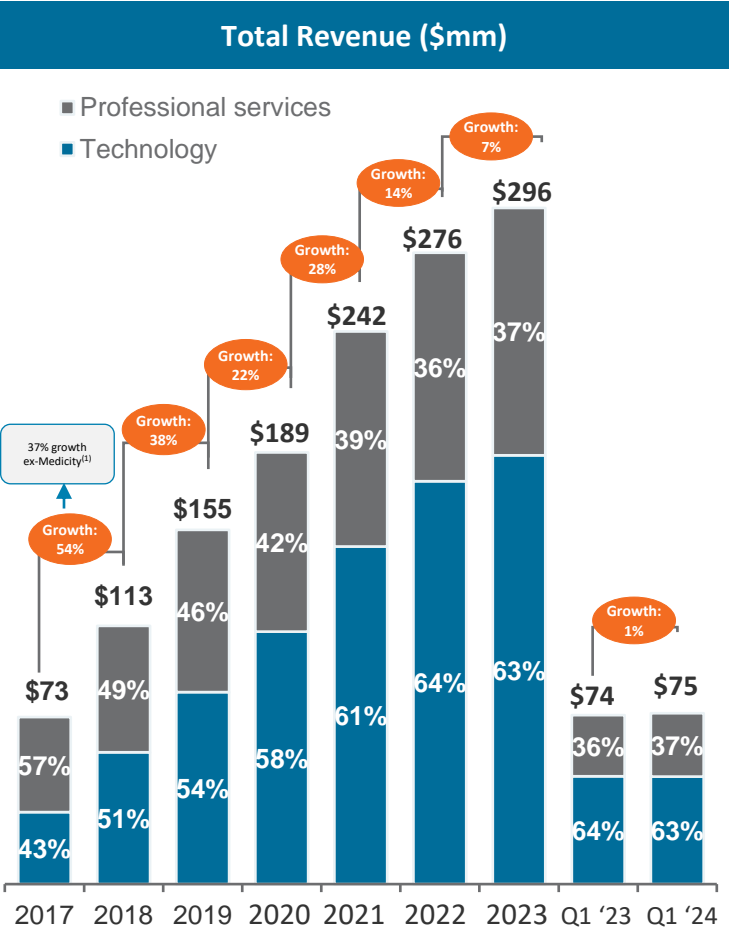
(4) DOS Subscription Clients only.

(5) See "GAAP to Non-GAAP Reconciliation: Adjusted Gross Profit and Adjusted Gross Margin" for more information about Adjusted Gross Margin, including the limitations of Adjusted Gross Margin and a reconciliation to gross margin, the most directly comparable measure calculated in accordance with GAAP.

(6) See "GAAP to Non-GAAP Reconciliation: Adjusted EBITDA" for more information about Adjusted EBITDA, including the limitations of Adjusted EBITDA and a reconciliation to net loss, the most directly comparable measure calculated in accordance with GAAP. We have not provided forward-looking guidance for net loss, the most directly comparable GAAP measure, to Adjusted EBITDA, and therefore have not reconciled guidance for Adjusted EBITDA to net loss, because there are items that may impact net loss, including stock-based compensation, that are not within our control or cannot be reasonably forecasted.

High Engagement, Satisfaction & Expansion

Produces a high-growth, predictable, recurring revenue business



(1) Excludes impact of Medicity acquisition, which occurred on June 29, 2018.
(2) We calculate our dollar-based retention rate as of a period end by starting with the sum of the Annual Recurring Revenue (ARR) from all DOS subscription clients as of the date 12 months prior to such period end (prior period ARR). We then calculate the sum of the ARR from these same clients as of the current period end (current period ARR).
(3) Vast majority of Other clients were acquired via 2018 Medicity acquisition and 2020, 2021, 2022 and 2023 acquisitions of Vitalware, Healthfinch, Able Health, Twistle, KPI Ninja, ARMUS and ERS.

Mid-term and Long-term Target Model

		2019 (IPO year)	2020	2021	2022	2023	2024 Targets ⁽³⁾	2025 Targets ⁽³⁾	2028 Long-term Targets ⁽³⁾
Total Revenue Growth		38%	22%	28%	14%	7%	\$304M - \$312M	10% - 15%	\$500M+
Adj. Gross Margin ⁽¹⁾		52%	50%	53%	53%	49%			
Adj. Operating Expenses ⁽²⁾	S&M as % of Revenue	28%	22%	21%	20%	15%			
	R&D as % of Revenue	27%	24%	21%	20%	19%			
	G&A as % of Revenue	15%	15%	15%	14%	11%			
Net Loss Margin ⁽⁴⁾		(39%)	(61%)	(63%)	(50%)	(40%)			
Adj. EBITDA Margin ⁽⁵⁾		(18%)	(11%)	(5%)	(1%)	4%	\$24M - \$26M	10% - 12%	\$100M+

2025 mid-term targets of 10% - 12% Adj. EBITDA margin and meaningful positive adjusted free cash flow

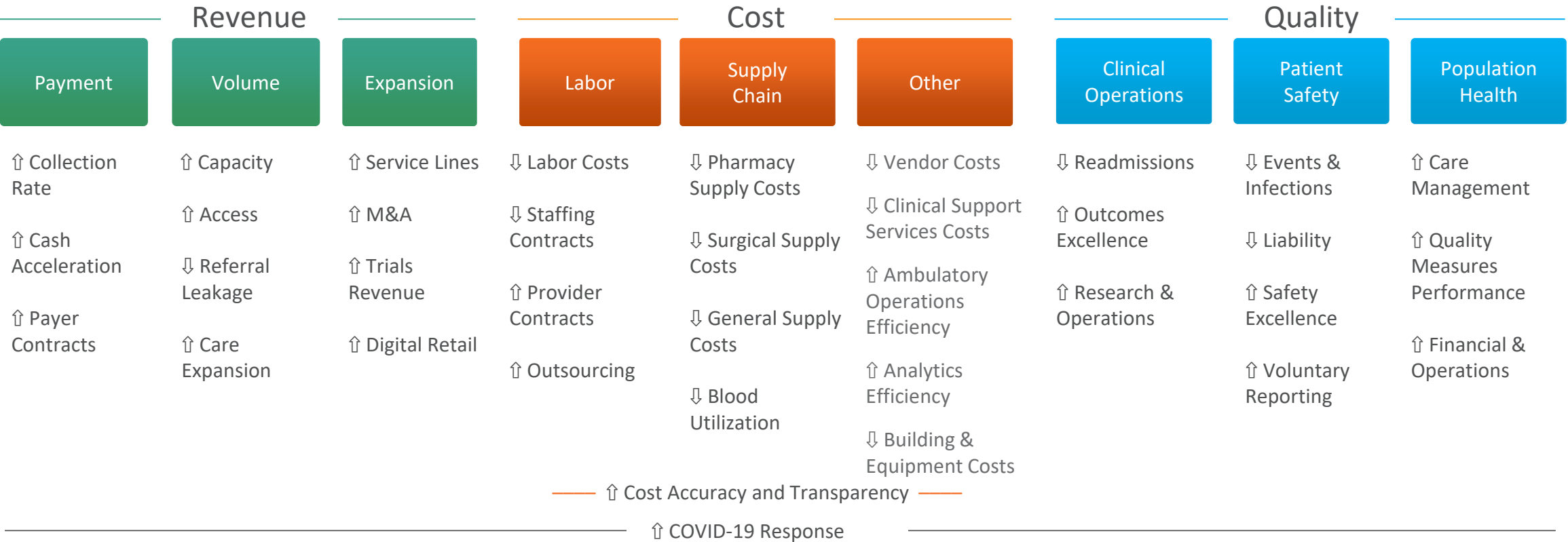


© Health Catalyst.

- (1) See "GAAP to Non-GAAP Reconciliation: Adjusted Gross Profit and Adjusted Gross Margin" for more information about Adjusted Gross Margin, including the limitations of Adjusted Gross Margin and a reconciliation to gross margin, the most directly comparable measure calculated in accordance with GAAP.
- (2) Excluding D&A, stock-based compensation, tender offer payments deemed compensation, loss on extinguishment of debt, acquisition-related costs, net, non-recurring lease-related charges, income tax provision (benefit), interest expense and other (net), restructuring charges and litigation costs. Please see the Appendix and our recent Annual Report on Form 10-K and our Quarterly Report on Form 10-Q for more details.
- (3) These targets contemplate that Health Catalyst will continue to be opportunistic with tuck-in acquisitions, with a primary focus on technology. These tuck-in acquisitions would benefit annual revenue growth on a pro forma basis.
- (4) See "GAAP to Non-GAAP Reconciliation: Adjusted EBITDA" for more information about Adjusted EBITDA, including the limitations of Adjusted EBITDA. We have not provided forward-looking guidance for net loss, the most directly comparable GAAP measure, to Adjusted EBITDA, and therefore have not reconciled guidance for Adjusted EBITDA to net loss, because there are items that may impact net loss, including stock-based compensation, that are not within our control or cannot be reasonably forecasted.
- (5) See "GAAP to Non-GAAP Reconciliation: Adjusted EBITDA" for more information about Adjusted EBITDA margin, including the limitations of Adjusted EBITDA margin and a reconciliation to net loss margin, the most directly comparable measure calculated in accordance with GAAP.

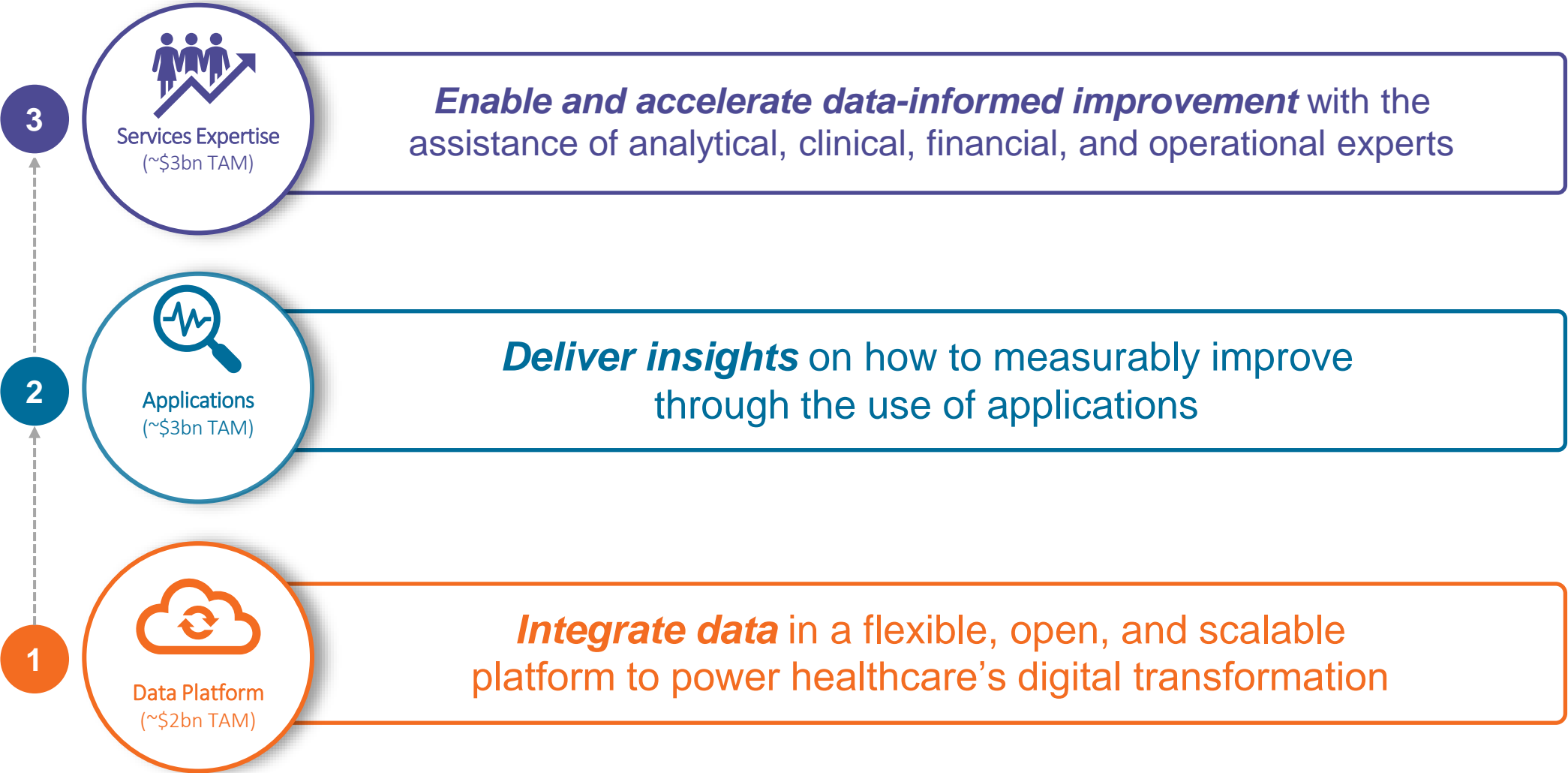
Appendix

Healthcare Success: Proven Methodology



- 1Integrate All Revenue, Cost, and Quality Data
- 2Identify Variation and Generate Actionable Analytics Insights
- 3Apply Expertise to Drive Sustainable Improvements
- 4Quantify and Communicate Value

Comprehensive Solution for Data-informed Improvement



(1) Health Catalyst has multiple new offerings in Tech-enabled Managed Services (TEMS), an offering area in which we have seen materially more sales and pipeline traction over the last several quarters. As a result, we are assessing the TAM (Total Addressable Market) for these offerings. Our current expectation is that the company's total TAM is materially higher than previously estimated as a result of these TEMS offerings. More details will be provided over time.

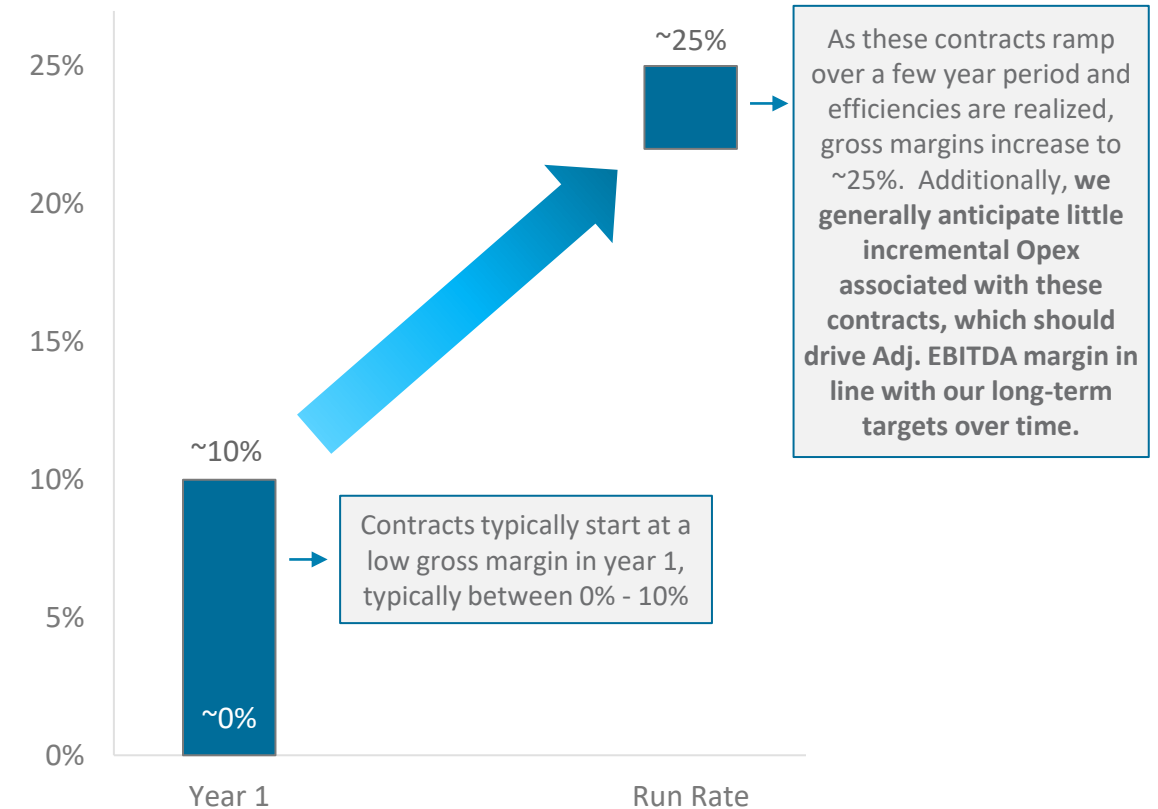
Tech-Enabled Managed Services (TEMS): Unit Economics

Our Tech-enabled Managed Services arrangements include long-term contracts (~5 years) for both Tech and Pro Services, which create loyal client relationships. These deals are typically large & require limited incremental Opex, which drives Adj. EBITDA margin in line with our long-term targets over time.

Typical Contract Structure

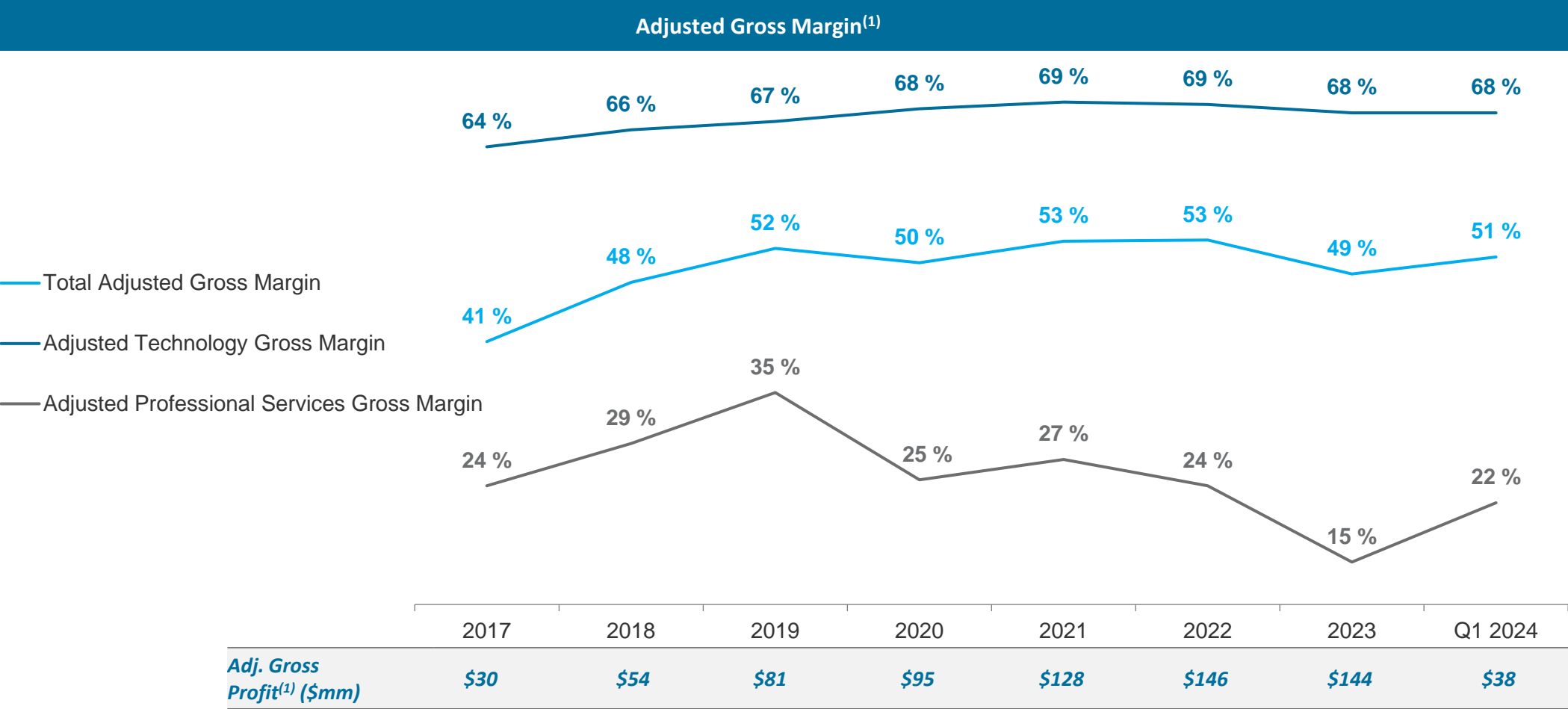
- TEMS relationships are structured as **long-term contracts** with **technology subscription renewal or expansion** (at typical technology gross margin levels)
- Health Catalyst typically **re-badges existing health system team members** within the applicable functional area
- **Health Catalyst provides a cost savings to the client's existing spend**, typically starting nine months after contract signing
- The **TEMS Pro Services gross margin starts out low in Year 1 and aims to grow to ~25%** over a few year period by leveraging our technology, finding scale efficiencies, and improving processes to reduce the labor footprint
- Year 5 margin profile roughly represents the steady state margin profile

Illustrative TEMS Pro Services Gross Margin Over Time



High Engagement, Satisfaction & Expansion

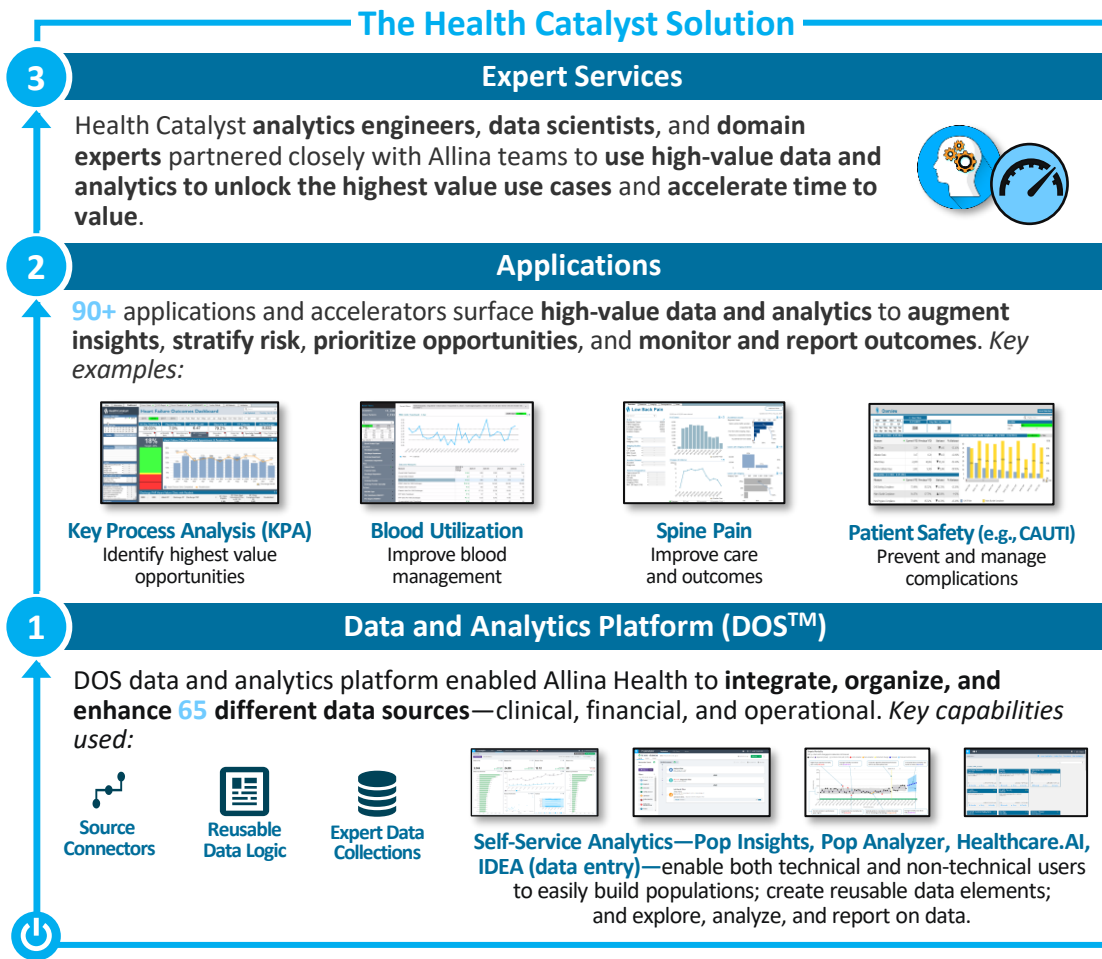
Leads to adjusted technology gross margin expansion



(1) See "GAAP to Non-GAAP Reconciliation: Adjusted Gross Profit and Adjusted Gross Margin" for more information about Adjusted Gross Margin, including the limitations of Adjusted Gross Margin and a reconciliation to gross margin, the most directly comparable measure calculated in accordance with GAAP.

Allina Health: High-Value Data & Analytics Drive \$33M+ in Quality & Operations Improvements

The Challenge: As the breadth, complexity, and volume of healthcare data grow, Allina Health recognized the need to manage data as a strategic asset by ensuring ongoing data utilization and building capacity for continuous, data-driven improvement.



Data-Driven Insights and Measurable Results

Key Opportunities Identified

Length of stay | Readmissions | Supply costs

Key Improvements

Operational Improvements

- **\$33M+ in positive margin impact** by expense reduction and additional hospital inpatient and outpatient revenue.
- **\$2.3M** decrease in **annual blood product acquisition costs.**
- **Improved care for patients undergoing spine surgery**
 - **31%** of expected **complications** avoided
 - **22%** relative reduction in **surgical site infections**
 - **8.8%** relative reduction in **length of stay**
- **350K+ unique sessions** in Allina Health's top 10 analytics applications and accelerators in one year.



Unleashing the data at Allina Health

has been key to increasing organizational efficiency, reducing costs, and improving outcomes for our patients.

—Jonathan Shoemaker, SVP, CIO, Allina Health

The Challenge: For Carle Health and Health Alliance⁽¹⁾, burdensome manual data collection and reporting processes made it difficult—and time-consuming—to identify and address opportunities for value-based care improvement across its populations.

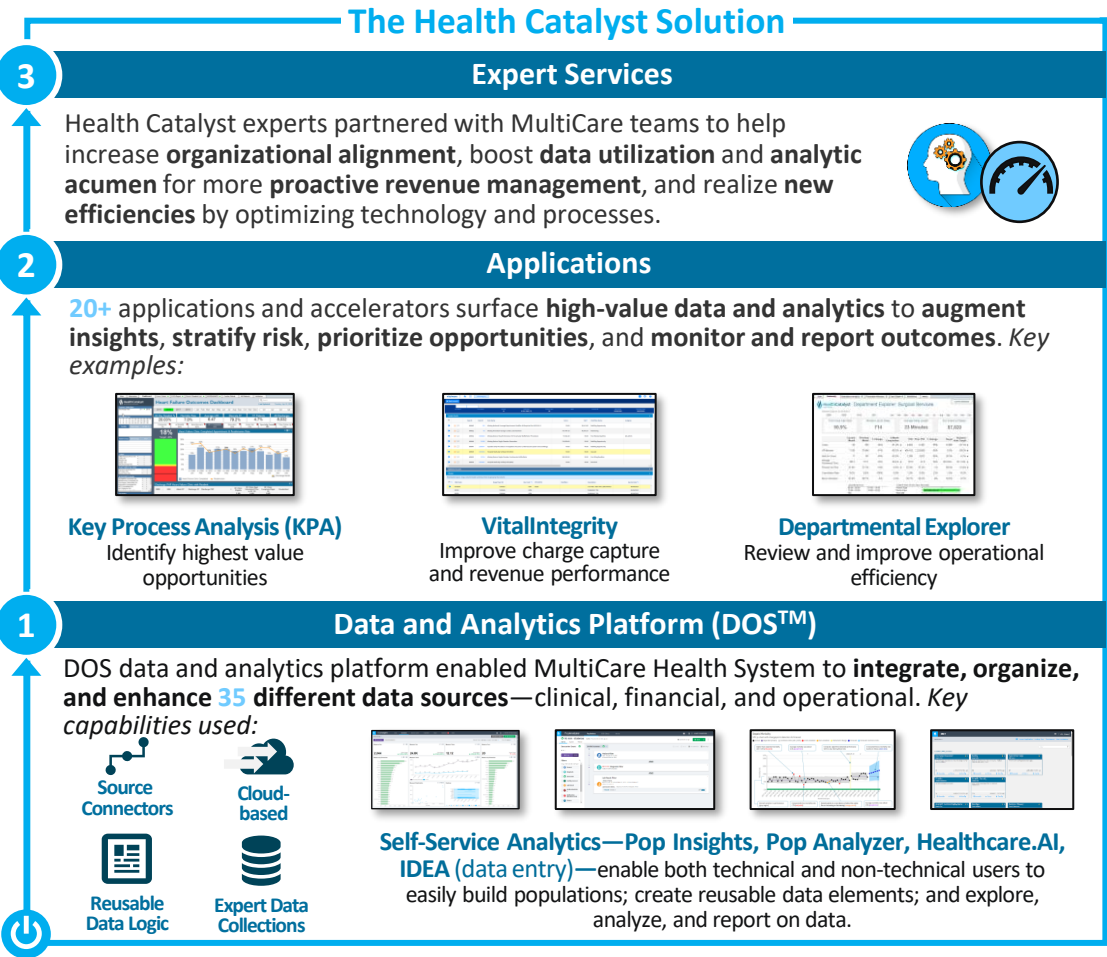
The Challenge: For Carle Health and Health Alliance⁽¹⁾, burdensome manual data collection and reporting processes made it difficult—and time-consuming—to identify and address opportunities for value-based care improvement across its populations.



MultiCare Health System: Operational and Charge Capture Improvements

Help Realize \$75M+ in Annual Revenue

The Challenge: Inconsistent improvement methods, differing competencies, and inefficient data collection and analytics were impeding MultiCare Health System’s ability to improve—leaving financial and operational metrics below expectations.



Data-Driven Insights and Measurable Results

Key Opportunities Identified

Charge capture | Contribution margins | Length of stay

Key Improvements

Financial Improvements

- **\$6.1M net revenue retained**, the result of resolving more than 350 charge capture issues.
- **\$48M in revenue**, surpassing three-year market share goals in year two.
 - **Overall market share** improved in every submarket.

Clinical Improvements

- **\$24M in savings**, the result of a 0.6-day reduction in LOS across the health system.

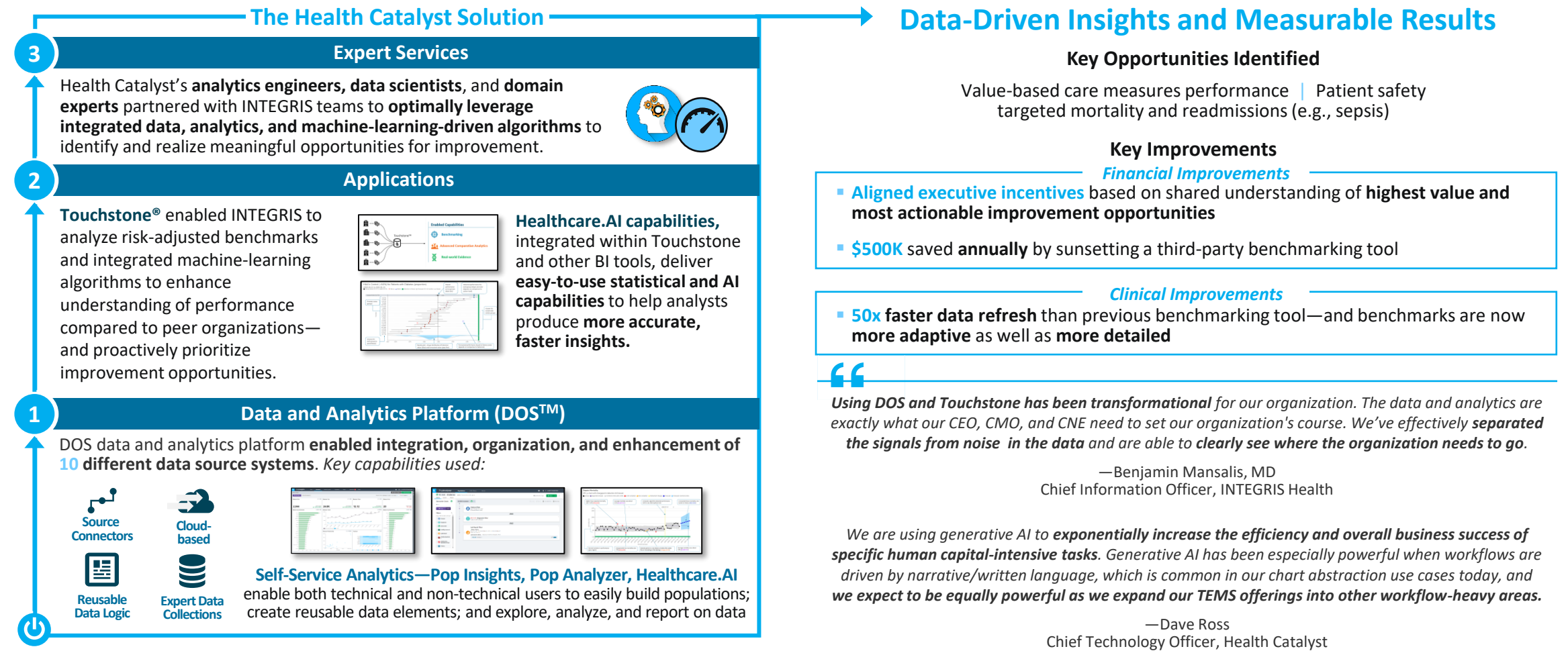


*VitalIntegrity enabled us to **efficiently identify and resolve charge capture issues**, retaining **\$6.1M** in net revenue in just three months, while supporting **root cause analyses** for ongoing process improvement.”*

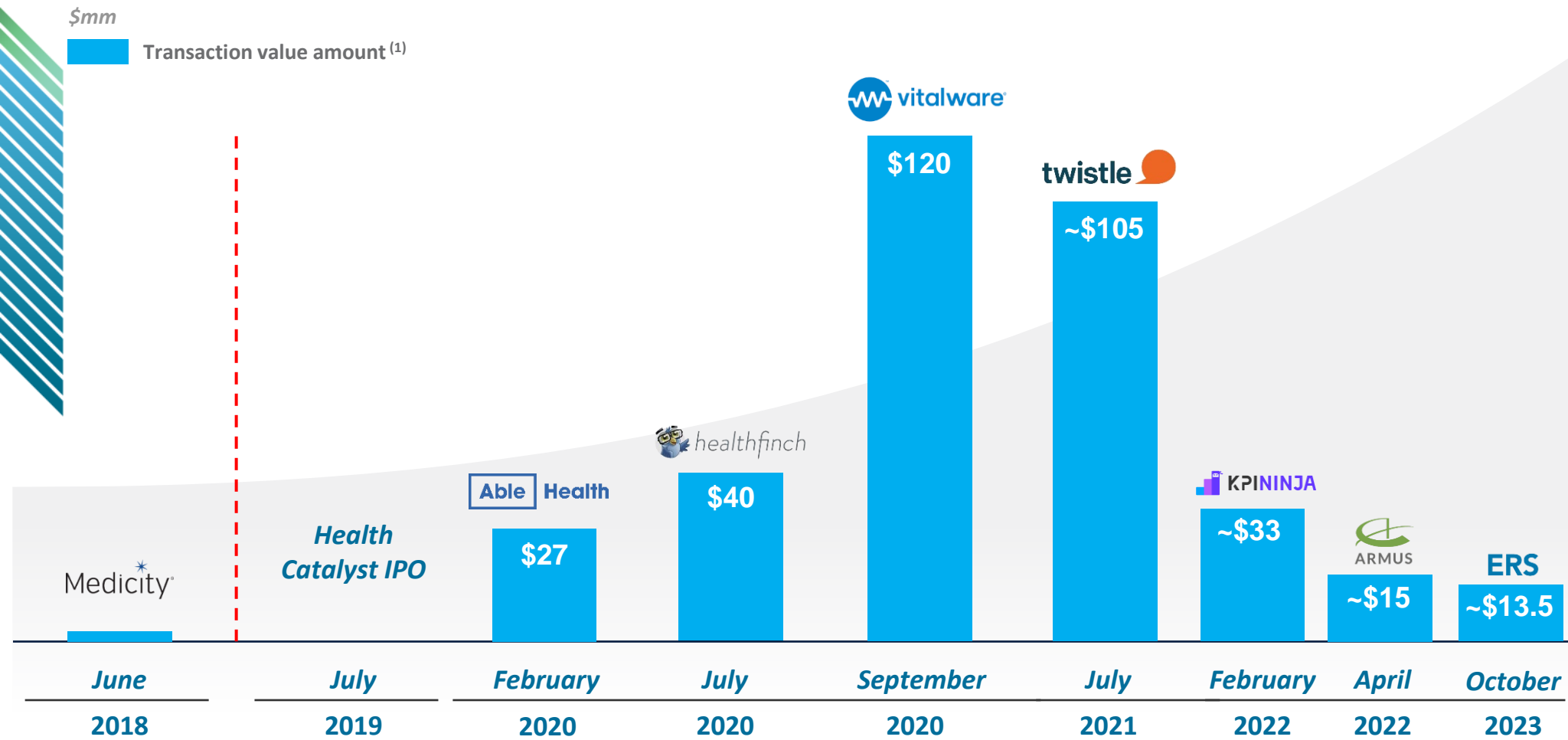
—Nicole Gorder, MBA,
Executive Director of Revenue Integrity & CDM
MultiCare Health System

INTEGRIS: Healthcare.AI Helps Drive Executive Alignment and Decision-making

The Challenge: INTEGRIS Health had high volumes of data but lacked the timely, accurate, and actionable insight needed to support key leadership decisions and drive meaningful improvements.



Historical M&A Transactions



M&A Strategy

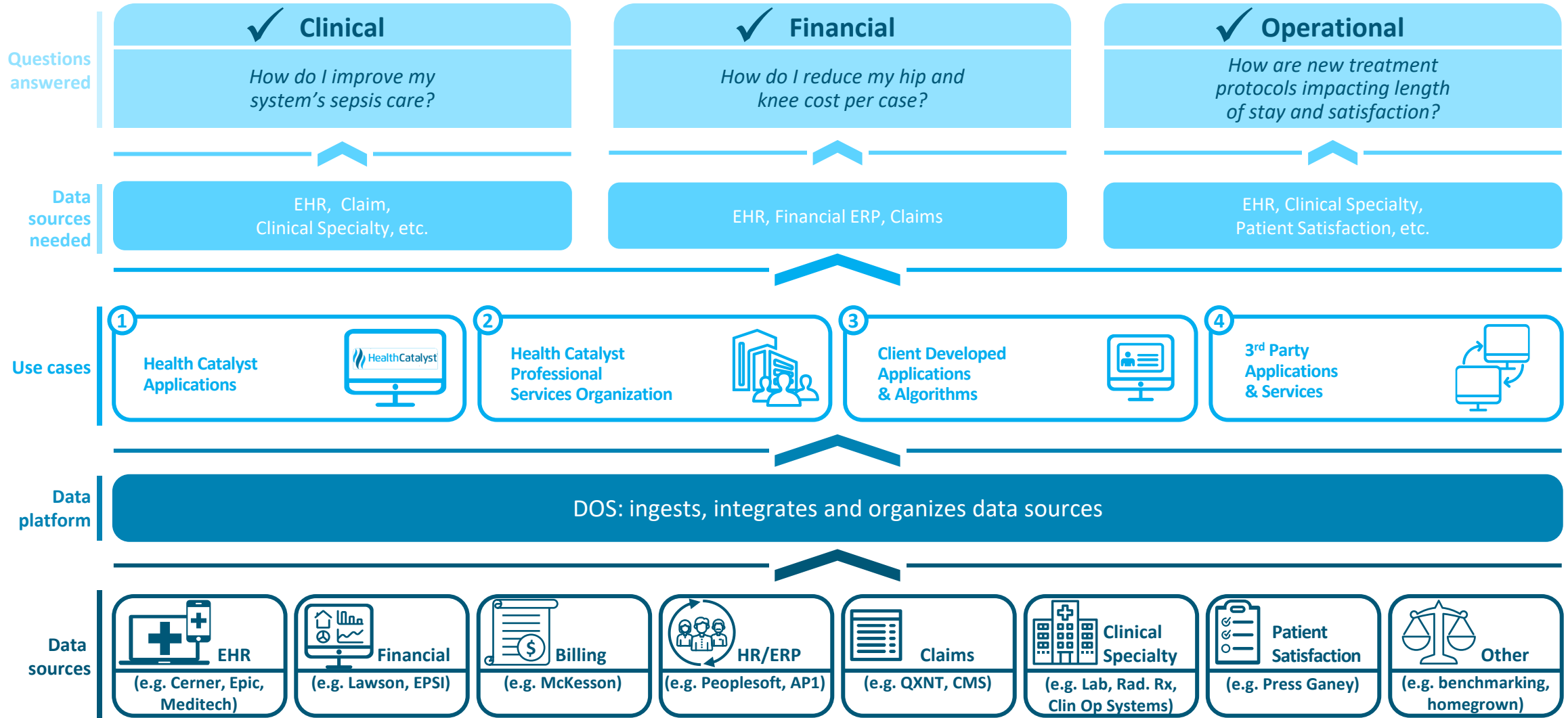
- Ability to integrate and scale software applications on top of DOS platform
- Broadens value proposition to existing and new clients
- Primary focus on applications layer
 - Hundreds of opportunities
 - Gross margin accretive
 - Faster time to market (buy vs. build)
- Additional focus areas in adjacent markets
 - Life Sciences
 - International
- Wide range of targets → tuck-ins to larger transactions
- COVID-19 accelerated certain M&A opportunities
- HCAT is destination of choice for many targets given cultural differentiation



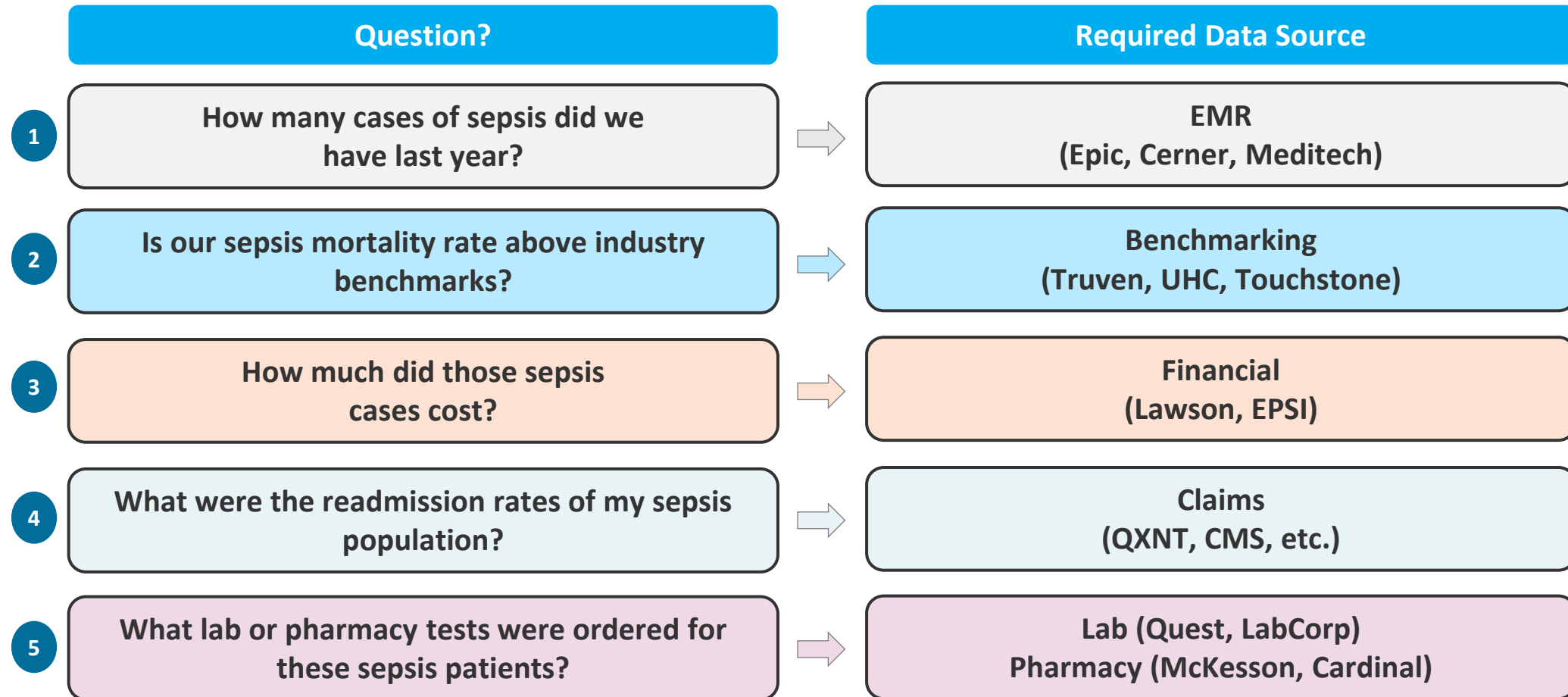
How We Engage With Our Clients

	Option 1	Option 2
	Enterprise	Limited-Access / Modular
Overview	Includes subscription access to DOS and most/all Applications	Includes subscription access to DOS only or DOS plus selected Analytics Applications
Technology Access Subscription	Based on client size and data footprint; includes annual price escalators	Includes opportunity to upsell additional applications
Professional Services Subscription	Recurring access to a specific number of FTEs that is listed in the contract	
Tech-enabled Managed Services	Typically re-badges existing health system team members within the applicable functional area	
	Historically the majority of our DOS Subscription Clients have chosen an enterprise contract model Enterprise subscription provides clients budget predictability and use-case flexibility and aligns with clients’ increases in improvements, data sources, users, and applications	

A Single Clinical, Financial, or Operational Question Often Requires Integrated Data from Multiple Source Systems

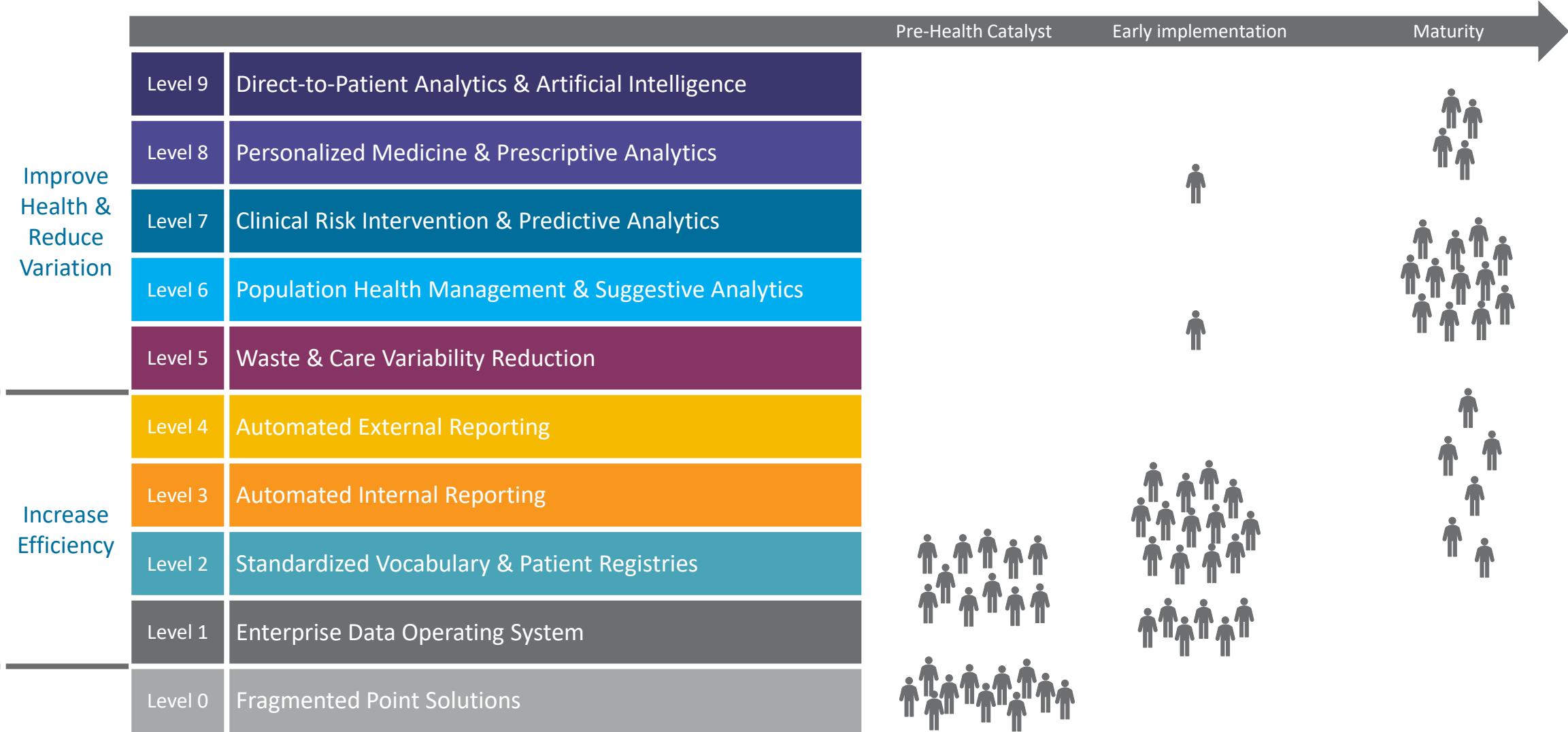


A typical Problem Facing a Healthcare Organization Most Often Requires Data From Multiple Source Systems: Sepsis Example



Customer's Path to Greater Digital Maturity with Health Catalyst

The healthcare analytics adoption model



GAAP to Non-GAAP Reconciliation: Adjusted Gross Profit and Adjusted Gross Margin

(in thousands, except percentages)	Year Ended 31-Dec-2017		
	Technology	Professional Services	Total
Revenue	\$31,693	\$41,388	\$73,081
Cost of Revenue, Excluding Depreciation and Amortization	(\$11,610)	(\$32,032)	(\$43,642)
Gross Profit, Excluding Depreciation and Amortization	\$20,083	\$9,356	\$29,439
Add:			
Stock-Based Compensation	65	514	579
Adjusted Gross Profit	\$20,148	\$9,870	\$30,018
Gross Margin, Excluding Depreciation and Amortization	63%	23%	40%
Adjusted Gross Margin	64%	24%	41%

(in thousands, except percentages)	Year Ended 31-Dec-2018		
	Technology	Professional Services	Total
Revenue	\$57,224	\$55,350	\$112,574
Cost of Revenue, Excluding Depreciation and Amortization	(\$19,429)	(\$40,423)	(\$59,852)
Gross Profit, Excluding Depreciation and Amortization	\$37,795	\$14,927	\$52,722
Add:			
Stock-Based Compensation	78	480	558
Tender Offer Payments Deemed Compensation ⁽¹⁾	28	284	312
Acquisition-related costs, net ⁽²⁾	0	337	337
Adjusted Gross Profit	\$37,901	\$16,028	\$53,929
Gross Margin, Excluding Depreciation and Amortization	66%	27%	47%
Adjusted Gross Margin	66%	29%	48%

(in thousands, except percentages)	Year Ended 31-Dec-2019		
	Technology	Professional Services	Total
Revenue	\$83,975	\$70,966	\$154,941
Cost of Revenue, Excluding Depreciation and Amortization	(\$27,797)	(\$47,548)	(\$75,345)
Gross Profit, Excluding Depreciation and Amortization	\$56,178	\$23,418	\$79,596
Add:			
Stock-Based Compensation	200	968	1,168
Acquisition-related costs, net ⁽²⁾	0	108	108
Adjusted Gross Profit	\$56,378	\$24,494	\$80,872
Gross Margin, Excluding Depreciation and Amortization	67%	33%	51%
Adjusted Gross Margin	67%	35%	52%

(in thousands, except percentages)	Year Ended 31-Dec-2020		
	Technology	Professional Services	Total
Revenue	\$110,467	\$78,378	\$188,845
Cost of Revenue, Excluding Depreciation and Amortization	(\$35,604)	(\$62,473)	(\$98,077)
Gross Profit, Excluding Depreciation and Amortization	\$74,863	\$15,905	\$90,768
Add:			
Stock-Based Compensation	803	3,453	4,256
Adjusted Gross Profit	\$75,666	\$19,358	\$95,024
Gross Margin, Excluding Depreciation and Amortization	68%	20%	48%
Adjusted Gross Margin	68%	25%	50%

(in thousands, except percentages)	Year Ended 31-Dec-2021		
	Technology	Professional Services	Total
Revenue	\$147,718	\$94,208	\$241,926
Cost of Revenue, Excluding Depreciation and Amortization	(\$47,516)	(\$76,838)	(\$124,354)
Gross Profit, Excluding Depreciation and Amortization	\$100,202	\$17,370	\$117,572
Add:			
Stock-Based Compensation	2,063	8,047	10,110
Acquisition-related costs, net ⁽²⁾	61	127	188
Adjusted Gross Profit	\$102,326	\$25,544	\$127,870
Gross Margin, Excluding Depreciation and Amortization	68%	18%	49%
Adjusted Gross Margin	69%	27%	53%

(in thousands, except percentages)	Year Ended 31-Dec-2022		
	Technology	Professional Services	Total
Revenue	\$176,288	\$99,948	\$276,236
Cost of Revenue, Excluding Depreciation and Amortization	(\$56,642)	(\$86,407)	(\$143,049)
Gross Profit, Excluding Depreciation and Amortization	\$119,646	\$13,541	\$133,187
Add:			
Stock-Based Compensation	2,058	8,230	10,288
Acquisition-related costs, net ⁽²⁾	351	655	1,006
Restructuring Charges ⁽³⁾	229	1,139	1,368
Adjusted Gross Profit	\$122,284	\$23,565	\$145,849
Gross Margin, Excluding Depreciation and Amortization	68%	14%	48%
Adjusted Gross Margin	69%	24%	53%

(in thousands, except percentages)	Year Ended 31-Dec-2023		
	Technology	Professional Services	Total
Revenue	\$187,583	\$108,355	\$295,938
Cost of Revenue, Excluding Depreciation and Amortization	(\$62,474)	(\$101,631)	(\$164,105)
Gross Profit, Excluding Depreciation and Amortization	\$125,109	\$6,724	\$131,833
Add:			
Stock-Based Compensation	1,866	7,369	9,235
Acquisition-related costs, net ⁽²⁾	273	391	664
Restructuring Charges ⁽³⁾	496	1,832	2,328
Adjusted Gross Profit	\$127,744	\$16,316	\$144,060
Gross Margin, Excluding Depreciation and Amortization	67%	6%	45%
Adjusted Gross Margin	68%	15%	49%

(in thousands, except percentages)	3-Months Ended 31-Mar-2024		
	Technology	Professional Services	Total
Revenue	\$46,966	\$27,757	\$74,723
Cost of Revenue, Excluding Depreciation and Amortization	(\$15,315)	(\$23,202)	(\$38,517)
Gross Profit, Excluding Depreciation and Amortization	\$31,651	\$4,555	\$36,206
Add:			
Stock-Based Compensation	365	1,332	\$1,697
Acquisition-related costs, net ⁽²⁾	65	91	\$156
Restructuring Charges ⁽³⁾	79	181	\$260
Adjusted Gross Profit	\$32,160	\$6,159	\$38,319
Gross Margin, Excluding Depreciation and Amortization	67%	16%	48%
Adjusted Gross Margin	68%	22%	51%

Note: Gross profit is a GAAP financial measure that is calculated as revenue less cost of revenue, including depreciation and amortization of capitalized software development costs and acquired technology. We calculate gross margin as gross profit divided by our revenue. Adjusted Gross Profit is a non-GAAP financial measure that we define as gross profit, adjusted for (i) depreciation and amortization, (ii) stock-based compensation, (iii) acquisition-related costs, net, (iv) tender offer payments deemed compensation, and (v) restructuring costs, as applicable. We define Adjusted Gross Margin as our Adjusted Gross Profit divided by our revenue. We believe Adjusted Gross Profit and Adjusted Gross Margin are useful to investors as they eliminate the impact of certain non-cash expenses, as well as certain other non-recurring operating expenses, and allow a direct comparison of these measures between periods without the impact of non-cash expenses and certain other non-recurring operating expenses.

(1) Tender offer payments deemed compensation relate to employee compensation from repurchases of common stock at a price in excess of its estimated fair value.

(2) Acquisition-related costs, net included in the Adjusted Gross Profit reconciliation relate to post acquisition restructuring costs and deferred retention expenses incurred as part of business combinations.

(3) Restructuring charges include severance and other team member costs from workforce reductions.



GAAP to Non-GAAP Reconciliation: Adjusted EBITDA

(in thousands)	3 Months Ended March 31,		Year Ended December 31,						
	2024	2023	2023	2022	2021	2020	2019	2018	2017
Net Loss	(\$20,587)	(\$33,190)	(\$118,147)	(\$137,403)	(\$153,210)	(\$115,017)	(\$60,096)	(\$61,984)	(\$47,035)
Add:									
Interest and other expense, net	(\$2,338)	(\$1,793)	(\$9,106)	\$1,678	\$16,458	\$11,572	\$3,419	\$2,024	\$1,469
Loss on extinguishment of debt	\$0	\$0	\$0	\$0	\$0	\$8,514	\$1,670	\$0	\$0
Income tax provision (benefit)	\$113	\$69	\$356	(\$4,280)	(\$6,898)	(\$1,194)	\$142	(\$135)	\$26
Depreciation and amortization	\$10,525	\$10,994	\$42,223	\$48,297	\$37,528	\$18,725	\$9,212	\$7,412	\$5,892
Stock-based compensation	\$10,838	\$13,884	\$55,756	\$72,104	\$65,145	\$37,957	\$17,844	\$4,198	\$4,241
Tender offer payments deemed compensation ⁽¹⁾	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,318	\$0
Acquisition-related costs, net ⁽²⁾	\$813	\$481	\$5,757	\$4,894	\$27,929	\$16,758	\$446	\$2,114	\$0
Restructuring costs ⁽³⁾	\$1,813	\$2,055	\$8,822	\$8,425	\$0	\$0	\$0	\$0	\$0
Non-recurring lease-related charges ⁽⁴⁾	\$2,200	\$0	\$4,081	\$3,798	\$1,800	\$1,398	\$0	\$0	\$0
Litigation costs ⁽⁵⁾	\$0	\$11,664	\$21,279	\$0	\$0	\$0	\$0	\$0	\$0
Adjusted EBITDA	\$3,377	\$4,164	\$11,021	(\$2,487)	(\$11,248)	(\$21,287)	(\$27,363)	(\$38,053)	(\$35,407)
Net Loss as % of Revenue	(28%)	(45%)	(40%)	(50%)	(63%)	(61%)	(39%)	(55%)	(64%)
Adjusted EBITDA as % of Revenue	5%	6%	4%	(1%)	(5%)	(11%)	(18%)	(34%)	(48%)

Note: Adjusted EBITDA is a non-GAAP financial measure that we define as net loss adjusted for (i) interest and other (income) expense, net, (ii) loss on extinguishment of debt, (iii) income tax provision (benefit), (iv) depreciation and amortization, (v) stock-based compensation, (vi) tender offer payments deemed compensation, (vii) acquisition-related costs, net, (viii) restructuring costs, (ix) nonrecurring lease-related charges, and (x) litigation costs. Adjusted EBITDA margin is a non-GAAP financial measure that we define as Adjusted EBITDA divided by net revenue. We view acquisition-related expenses when applicable, such as transaction costs and changes in the fair value of contingent consideration liabilities that are directly related to business combinations, as costs that are unpredictable, dependent upon factors outside of our control, and are not necessarily reflective of operational performance during a period. We believe that excluding tender offer payments deemed compensation, loss on extinguishment of debt, restructuring costs, litigation costs and non-recurring lease-related charges allows for more meaningful comparisons between operating results from period-to-period as these are separate from the core activities that arise in the ordinary course of our business and are not part of our ongoing operations. We believe Adjusted EBITDA and Adjusted EBITDA margin provide investors with useful information on period-to-period performance as evaluated by management and a comparison with our past financial performance, and is useful in evaluating our operating performance compared to that of other companies in our industry, as these metrics generally eliminate the effects of certain items that may vary from company to company for reasons unrelated to overall operating performance.

(1) Tender offer payments deemed compensation relate to employee compensation from repurchases of common stock at a price in excess of its estimated fair value.

(2) Acquisition-related costs, net impacting Adjusted EBITDA includes third party fees associated with due diligence, deferred retention expenses, and post-acquisition restructuring costs incurred as part of business combinations, and changes in fair value of contingent consideration liabilities for potential earnout payments.

(3) Restructuring costs include severance and other team member costs from workforce reductions, impairment of discontinued capitalized software projects, and other minor miscellaneous charges.

(4) Includes the lease-related impairment charges for the subleased portion of our corporate headquarters and duplicate rent expense incurred during the relocation of our corporate headquarters.

(5) Reflects costs related to litigation that are outside the ordinary course of our business. We believe it is useful to exclude such charges because we do not consider such amounts to be part of the ongoing operations of our business and because of the singular nature of the claims underlying the matter.

GAAP to Non-GAAP Reconciliation: Adjusted Operating Expenses

(in thousands)	3 Months Ended March 31,		Year Ended December 31,						
	2024	2023	2023	2022	2021	2020	2019	2018	2017
Operating expenses	\$59,018	\$70,478	\$258,730	\$273,192	\$261,222	\$186,893	\$134,461	\$112,817	\$74,979
Less:									
Depreciation and amortization	(\$10,525)	(\$10,994)	(\$42,223)	(\$48,297)	(\$37,528)	(\$18,725)	(\$9,212)	(\$7,412)	(\$5,892)
Stock-based compensation	(\$9,141)	(\$11,694)	(\$46,521)	(\$61,816)	(\$55,035)	(\$33,701)	(\$16,676)	(\$3,640)	(\$3,662)
Tender offer payments deemed compensation ⁽¹⁾	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$8,006)	\$0
Acquisition-related costs, net ⁽²⁾	(\$657)	(\$309)	(\$5,093)	(\$3,888)	(\$27,741)	(\$16,758)	(\$338)	(\$1,777)	\$0
Restructuring costs ⁽³⁾	(\$1,553)	(\$1,609)	(\$6,494)	(\$7,057)	\$0	\$0	\$0	\$0	\$0
Non-recurring lease-related charges ⁽⁴⁾	(\$2,200)	\$0	(\$4,081)	(\$3,798)	(\$1,800)	(\$1,398)	\$0	\$0	\$0
Litigation costs ⁽⁵⁾	\$0	(\$11,664)	(\$21,279)	\$0	\$0	\$0	\$0	\$0	\$0
Adjusted Operating Expenses	\$34,942	\$34,208	\$133,039	\$148,336	\$139,118	\$116,311	\$108,235	\$91,982	\$65,425
<i>Adjusted Operating Expenses as % of Revenue</i>	<i>47%</i>	<i>46%</i>	<i>45%</i>	<i>54%</i>	<i>58%</i>	<i>62%</i>	<i>70%</i>	<i>82%</i>	<i>90%</i>

Note: Adjusted Operating Expenses is a non-GAAP financial measure that we define as operating expenses adjusted for (i) depreciation and amortization, (ii) stock-based compensation, (iii) tender offer payments deemed compensation, (iv) acquisition-related costs, net, (v) restructuring costs, (vi) non-recurring lease-related charges and (vii) litigation costs. We view these adjustments to allow for more meaningful comparisons between operating results from period-to-period as these are separate from the core activities that arise in the ordinary course of our business. We believe Adjusted Operating Expenses provides investors with useful information on period-to-period performance as evaluated by management and a comparison with our past financial performance and is useful in evaluating our operating performance compared to that of other companies in our industry, as this metric generally eliminates the effects of certain items that may vary from company to company for reasons unrelated to overall operating performance.

(1) Tender offer payments deemed compensation relate to employee compensation from repurchases of common stock at a price in excess of its estimated fair value.

(2) Acquisition-related costs, net impacting Adjusted EBITDA includes third party fees associated with due diligence, deferred retention expenses, and post-acquisition restructuring costs incurred as part of business combinations, and changes in fair value of contingent consideration liabilities for potential earnout payments.

(3) Restructuring costs include severance and other team member costs from workforce reductions, impairment of discontinued capitalized software projects, and other minor miscellaneous charges.

(4) Includes the lease-related impairment charges for the subleased portion of our corporate headquarters and duplicate rent expense incurred during the relocation of our corporate headquarters.

(5) Reflects costs related to litigation that are outside the ordinary course of our business. We believe it is useful to exclude such charges because we do not consider such amounts to be part of the ongoing operations of our business and because of the singular nature of the claims underlying the matter.

