

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

**FORM 8-K**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 8, 2024

**HEALTH CATALYST, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation)

**001-38993**  
(Commission File Number)

**45-3337483**  
(IRS Employer  
Identification No.)

**10897 South River Front Parkway #300**  
**South Jordan, UT 84095**  
(Address of principal executive offices, including zip code)

**(801) 708-6800**  
(Registrant's telephone number, including area code)

**Not Applicable**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class  
**Common Stock, par value \$0.001 per share**

Trading Symbol(s)  
**HCAT**

Name of exchange on which registered  
**The Nasdaq Global Select Market**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).  
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.

**Item 8.01 Other Events.**

On January 8, 2024, Health Catalyst, Inc. (the Company) published its J.P. Morgan 2024 Healthcare Conference presentation (Presentation) on its investor relations website (<https://ir.healthcatalyst.com/>), including certain preliminary 2023 results and forward-looking commentary (Excerpt). Copies of the Presentation and Excerpt are filed hereto as Exhibits 99.1 and 99.2, respectively, and are incorporated herein by reference.

“We are pleased to see that our preliminary results for 2023 Q4 and full-year 2023 Revenue and Adjusted EBITDA are coming in at or above the midpoint of our guidance range and we are also encouraged by our preliminary 2023 bookings results. We anticipate that our net new DOS Subscription Client performance for 2023 will be in line with our expectations and that our 2023 Dollar-Based Retention Rate will be approximately 100%, which is below our forecasted range of 102% to 110%. This estimated performance is primarily due to a timing delay with a few larger Tech-Enabled Managed Services (TEMS) expansion opportunities, which we still anticipate we will sign in the near future. We see continued evidence for optimism in our pipeline and momentum as we begin 2024.” said Dan Burton, the Company’s Chief Executive Officer. Turning to forward-looking commentary, Dan Burton added, “As we continue to focus on growth reacceleration, we anticipate improvement in 2024 net new DOS Subscription Client bookings and Dollar-Based Retention Rate metrics relative to 2023, including through continued improvement in the operating environment of our end market. Finally, we are pleased to share that based on continued profitability progress, we now anticipate 2024 Adjusted EBITDA of approximately \$25 million, and a 2025 Adjusted EBITDA margin target of 10% or greater.”

The Company has not reconciled guidance for Adjusted EBITDA to net loss, the most directly comparable measure calculated in accordance with generally accepted accounting principles in the United States, or Adjusted EBITDA margin to net loss margin, and has not provided forward-looking guidance for net loss or net loss margin, because there are items that may impact net loss, including stock-based compensation, that are not within the Company’s control or cannot be reasonably forecasted.

**Forward-Looking Statements**

This Current Report on Form 8-K contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including statements concerning or relating to the Company’s expectations regarding its operating performance, including its DOS Subscription Client bookings and Dollar-Based Retention Rate, and its financial performance, including Adjusted EBITDA and Adjusted EBITDA margin. Any forward-looking statements contained in this Current Report on Form 8-K are based upon the Company’s historical performance and its current plans, estimates, and expectations, and are not a representation that such plans, estimates, or expectations will be achieved. These forward-looking statements represent the Company’s expectations as of the date of this Current Report on Form 8-K, and involve risks, uncertainties, and assumptions. The actual results may differ materially from those anticipated in the forward-looking statements as a result of numerous factors, many of which are beyond the control of the Company, including changes under the Company’s financial performance, including expectations regarding its results of operations, unexpected or otherwise unplanned events, and the risks and uncertainties disclosed in the Company’s reports filed from time to time with the Securities and Exchange Commission, including its most recent Form 10-K and any subsequent filings on Forms 10-Q or 8-K, available at [www.sec.gov](http://www.sec.gov). Except as required by law, the Company does not intend to update any forward-looking statement contained in this Current Report on Form 8-K to reflect events or circumstances arising after the date hereof.

**Item 9.01. Financial Statements and Exhibits**

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
<a href="#">99.1</a>	<a href="#">Presentation</a>
<a href="#">99.2</a>	<a href="#">Excerpt</a>
104	Cover page Interactive Data File (embedded within the Inline XBRL document)

**SIGNATURE**

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 hereunto duly authorized.

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# Overview Presentation

January 2024

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## Disclaimer

This presentation and the accompanying oral presentation, if any, contain forward-looking statements. All statements other than statements of historical fact contained in this presentation, including statements as to future results of operations and financial position, planned products and services, business strategy and plans, objectives of management for future operations of Health Catalyst, Inc. and its subsidiaries ("Health Catalyst" or the "Company"), market size and growth opportunities, competitive position and technological and market trends, are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "expect," "plan," "anticipate," "intend," "target," "project," "predicts," "shall," "potential," "explore" or "continues" or the negative of these terms or other similar words. Health Catalyst has based these forward-looking statements largely on its current expectations and assumptions and on information available as of the date of this presentation. The Company assumes no obligation to update any forward-looking statements or any other information included in this presentation after the date of this presentation, except as required by law.

The forward-looking statements contained in this presentation and the accompanying oral presentation are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause actual results or outcomes to be materially different from any future results or outcomes expressed or implied by the forward-looking statements. These risks, uncertainties, assumptions and other factors include, but are not limited to, those related to our business and financial performance, the impact of macroeconomic challenges (including inflation) or public health emergencies, such as the COVID-19 pandemic, on our business and results of operations, our ability to attract and retain customers, our ability to develop new products and services and enhance existing products and services, our ability to respond rapidly to emerging technology trends, our ability to execute on our business strategy, our ability to compete effectively and our ability to manage growth. These risks and uncertainties may also include those described under the heading "Risk Factors" and elsewhere in the Company's most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q on file with the Securities and Exchange Commission (the "SEC") and our other filings with the SEC. Moreover, we operate in a very competitive and rapidly changing environment, and new risks may emerge from time to time. It is not possible for us to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results or outcomes to differ materially from those contained in any forward-looking statements we may make.

In addition to the Company's GAAP financial information, this presentation may include certain non-GAAP financial measures. The non-GAAP measures have limitations as analytical tools and you should not consider them in isolation or as a substitute for the most directly comparable financial measures prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. Other companies, including companies in our industry, may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. We urge you to review the reconciliation of our non-GAAP financial measures to the most directly comparable GAAP financial measures set forth in the Company's most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q on file with the SEC and our other filings with the SEC, and not to rely on any single financial measure to evaluate our business.

This presentation also contains estimates and other statistical data made by independent parties and by the Company relating to market size and growth and other industry data. These data involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. The Company has not independently verified the statistical and other industry data generated by independent parties and contained in this presentation and, accordingly, it cannot guarantee their accuracy or completeness. In addition, projections, assumptions and estimates of its future performance and the future performance of the markets in which it competes are necessarily subject to a high degree of uncertainty and risk due to a variety of factors. These and other factors could cause results or outcomes to differ materially from those expressed in the estimates made by the independent parties and by Health Catalyst.

This presentation shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of any securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.



# Health Catalyst Overview

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

## Comprehensive Solution



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



**Deliver insights on how to  
measurably improve**

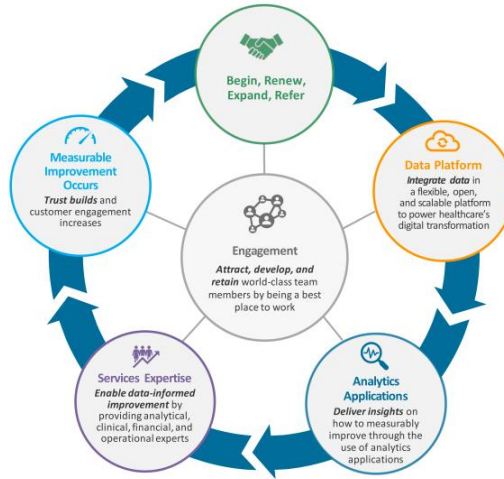


**Enable and accelerate data-  
informed improvement**

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—our **company strategy**



# Investment Highlights

	<p><b>Recognized industry leader in healthcare data &amp; analytics</b></p>	<p>~\$1T<sup>(1)</sup> WASTE</p> <p>\$8B+<sup>(2)</sup> TAM</p>
<p><b>Comprehensive solution: data platform, analytics applications &amp; services expertise</b></p>	<p>&gt;300 DATA SOURCES</p> <p>Up to 100 TBs / CLIENT</p> <p>12 APP SUITES + LIBRARY</p> <p>&gt;1,000 ANALYTICS &amp; DOMAIN EXPERTS</p>	
<p><b>Measurable clinical, financial &amp; operational improvements</b></p>	<p>\$1.5B IMPROVEMENTS</p> <p>345+ CLIENT CASE STUDIES</p>	
<p><b>World-class team member engagement</b></p>	<p>94th-99th<sup>(3)</sup> PERCENTILE ENGAGEMENT</p> <p>85 BEST PLACE TO WORK AWARDS</p>	
<p><b>Attractive operating model</b></p>	<p>&gt;90%<sup>(4)</sup> RECURRING REVENUE</p> <p>20%+<sup>(5)</sup> LONG-TERM REVENUE GROWTH TARGET</p> <p>100%-112%<sup>(6)</sup> DOLLAR-BASED RETENTION RATE</p> <p>FY2023E<sup>(7)</sup> Adj. EBITDA POSITIVE</p>	

<sup>(1)</sup> According to estimates in 2020, Research estimates 20% of U.S. healthcare spending is wasteful in nature, implying approximately \$1 trillion of waste amongst \$5 trillion of total healthcare expenditures in 2019.  
<sup>(2)</sup> Health Catalyst has made new offerings in Tech-enabled Managed Services (TEMS), an offering area in which we have seen historically modest and volatile 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.  
<sup>(3)</sup> As of September 2023.  
<sup>(4)</sup> Company's total TAM is materially higher than previously estimated as a result of these TEMS offerings. More details will be provided over time.  
<sup>(5)</sup> Long-term annual revenue growth goal. Given the uncertain timeline, impact and near-term uncertainty of macroeconomic challenges (including inflation and public health emergencies (including the COVID-19 pandemic)), we are unable to predict the extent to which such challenges and emergencies may adversely impact our business operations, financial performance, and results of operations. Please refer to our recent earnings releases and our prospectus filed from 10-K and Form 10-Q for more detail on these risks.  
<sup>(6)</sup> Overall range from 2017 - 2022 for DCS Subscription Clients, as further defined in our Form 10-K (e.g., excludes clients acquired in Medisync, Aha Health, HealthWitch, Vitakore, Telead, KPI Ninja and ARMUS acquisitions and other non-DCS Subscription Clients).  
<sup>(7)</sup> Estimated for FY 2023.



# We Solve the Key Problems Facing Healthcare Today



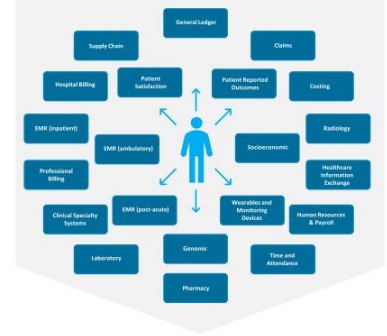
## Waste & Financial Pressure

- A volume-based US healthcare reimbursement model with \$1 trillion/year of waste <sup>(1)</sup> 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



>520 clients<sup>(1)</sup> include academic medical centers, integrated delivery networks, community hospitals, large physician practices, ACOs, health information exchanges, health insurers, and other risk-bearing entities



(1) 2022 figure; total clients inclusive of DOS Subscription and Other clients  
 Note: Representative client list

# Externally-Validated Industry Leadership



## Broad Recognition



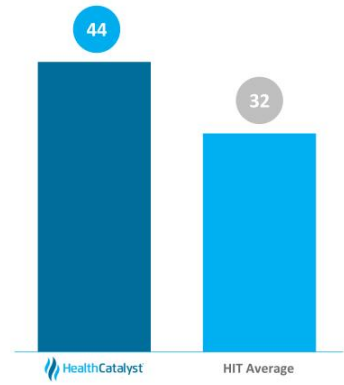
2019 Highest Client Satisfaction



## Chilmark Healthcare Analytics Report<sup>(1)</sup>

Vendor	Product Grade	Market Grade
Allyscript	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
<b>Health Catalyst</b>	<b>A</b>	<b>A</b>
HealthEC	B+	C+
IBM Watson Health	B	B-
Innovaccer	B-	C+
Lightbeam	B-	B
MedAnalytics	B	B
Medecision	C	C-
MEDITECH	B	C+
NextGen	B	B+
Optum	B+	B+
Philips	C+	C+
SOO-EXL	C+	C-
SpectraMedix	C	C+
SPH Analytics	B-	B-

## KLAS Evangelism Score<sup>(2)</sup>



(1) © 2019 Chilmark Research. Source: 2019 Provider Analytics Market Trends Report.

(2) Similar to a net promoter score, as of 12/31/22. Overall evangelism score is an average of each Health Catalyst solution's average evangelism scores.

# Comprehensive Solution for Data-informed Improvement



## 3 Services and Improvement Expertise: Analytical, clinical, financial, and operational experts facilitate and accelerate measurable improvement

Analytics Services (Data Analysts, Data Scientists, and Data Engineers)	Domain Expertise & Education Services (Analytics, Clinical, Financial, and Operational)
Implementation Services	Tech-Enabled Managed Services (Chart Abstraction, Analytics, Ambulatory Ops, etc.)

## 2 Analytics Applications: A robust set of applications, built on top of DOS, that generate meaningful insights for improvement

Clinical & Quality	Population Health	Financial & Operational
<b>Patient Safety</b> (Patient Safety Monitor™)  <b>Clinical Accelerators</b> (CAUTI, CLABSI, COPD, Diabetes, Falls, Heart Failure, Joint Replacement, Labor and Delivery, Patient Flow, Pneumonia, Readmissions, Sepsis, Stroke, etc.)  	<b>Care Management</b> (Care Flow™)  <b>EMR Embedded Insights</b> (Care Gaps & Refills)  <b>Pop Health Strategy</b> (Value Optimizer™)	<b>Activity-based Costing</b> (PowerCosting™)  <b>Labor Productivity</b> (PowerLabor™)  <b>Price Transparency</b> (Hospital Price Index™)
	<b>Pop Health Analytics</b> (Pop Analyzer™, Stratify, Pop Insights™)  <b>Quality and Regulatory Measures</b> (MeasureAble™)  <b>Patient Engagement</b> (Twistle™)	<b>Revenue Improvement &amp; Chargemaster Analytics</b> (VitalCDM®)  <b>Revenue Integrity &amp; Auditing</b> (VitalIntegrity™)  <b>Financial Accelerators</b> (Cost Insights, HR System, Revenue Cycle, Supply Chain, Surgical Supply, etc.)

## 1 Data and Analytics Platform (DOS™) : A healthcare-specific, open, flexible, scalable and self-service platform for analytics, app development & interoperability

Self-Service Analytics						Benchmarking Data (Touchstone™)			
AI (Healthcare.AI™)	Analytics (Pop Analyzer™)	Reporting (Pop Insights™)	Data Entry (IDEA™)						
Data Warehouse	Source Connectors	Cloud-based	Reusable Data Logic	Machine Learning	Terminology Services	Expert Data Collections	Text Processing	Real-time Streaming & Interoperability	Big Data



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# Meaningful Investment in the Scalability, Modularity and Flexibility of Our Next-Generation Data Platform

*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)

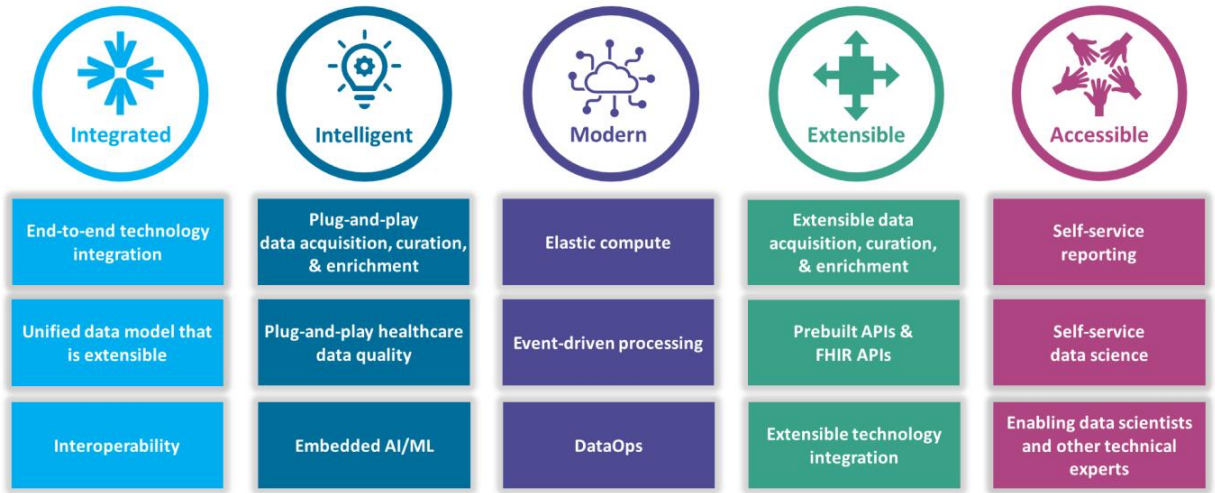
## Best-in-class open platforms

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

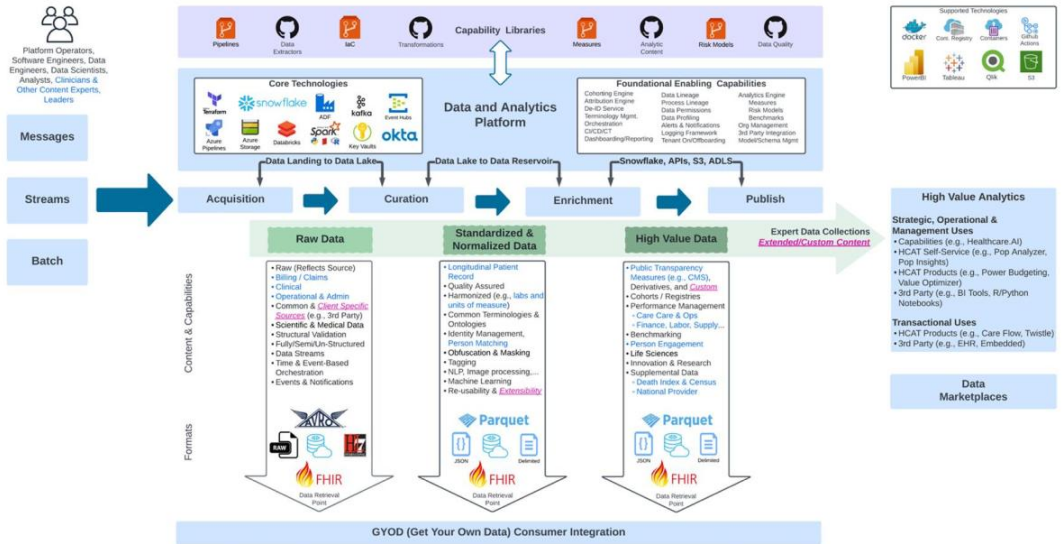


– A “Standardize to Customize” approach from acquisition through analytics –  
– Built for today and the future –

## Next-Generation Data Platform: *Highlights*



# Next-Generation Data Platform: Architecture



## Leveraging Healthcare.AI

Health Catalyst has invested in machine learning and augmented intelligence models over the past few years, primarily through its Healthcare.AI DOS module



### 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”)
- 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



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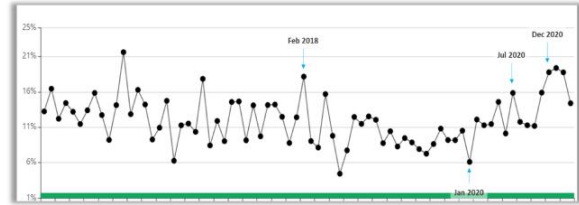


## Leveraging Healthcare.AI DOS Platform Module

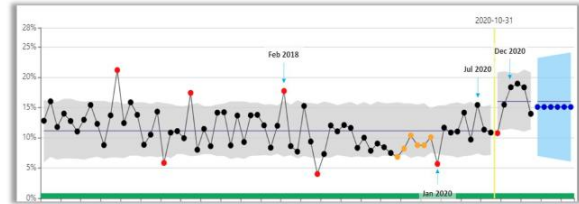
High-Value Analytics Enables Users to See What Is Right In Front Of Them



- 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
- >95% of clients using Healthcare.AI for some purpose (including Data Quality)
- ~7,800 calls per day



Typical Time Series



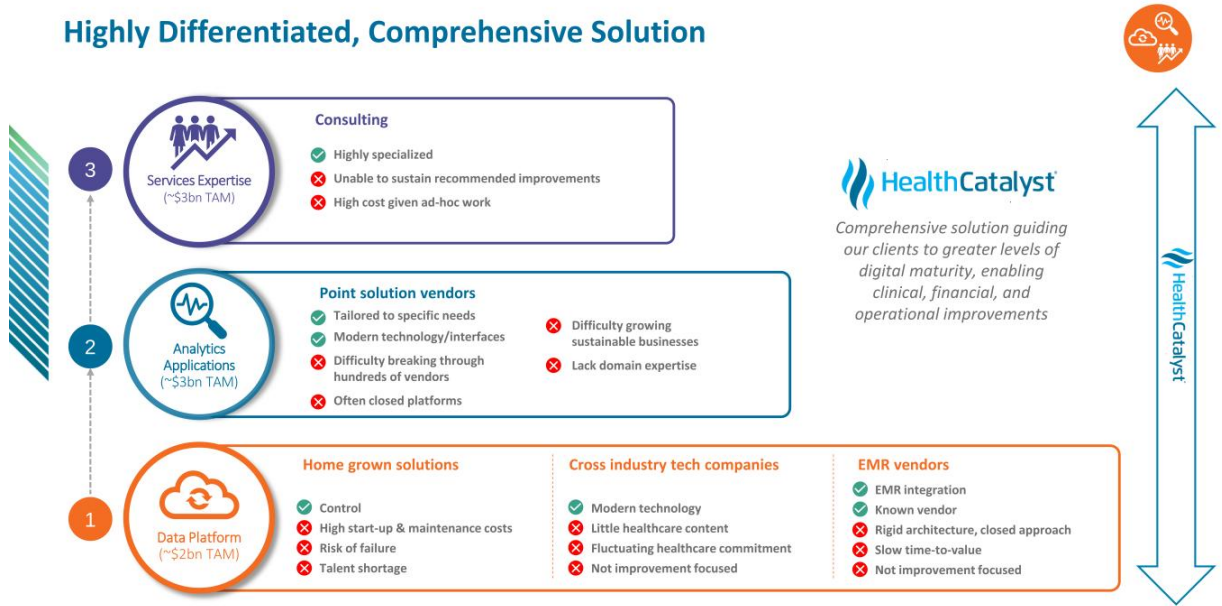
Healthcare.AI



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Line Chart: <https://userlab.hcdatascienceservices.com?testplan=17&stimulusBundle=33&event=26>  
SPC: <https://userlab.hcdatascienceservices.com?testplan=17&stimulusBundle=34&event=26>  
Results: <https://userlab.hcdatascienceservices.com/results?testplan=17&event=26>

# Highly Differentiated, Comprehensive Solution



(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.

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



Together with our clients, celebrating an important milestone 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



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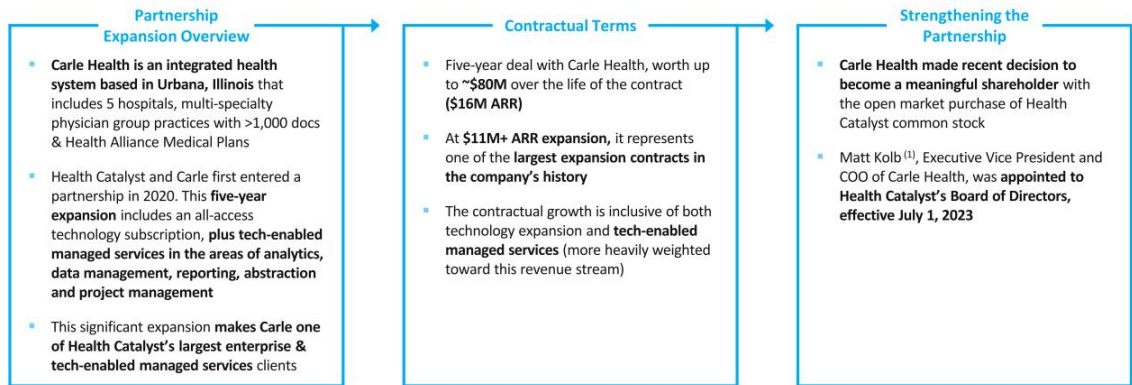
# Carle Health: Long-term, Significant Partnership Expansion



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.”

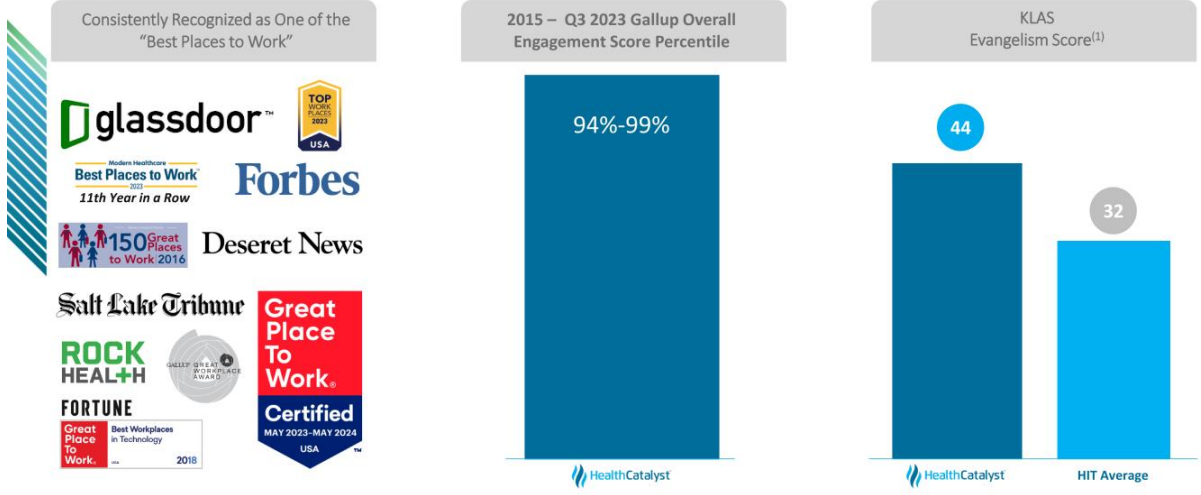
- Matt Kolb<sup>(1)</sup>, Executive Vice President, Chief Operating Officer at Carle Health



(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



(1) Similar to a net promoter score, as of 12/31/22. 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: 12 years



**Jason Alger**

Chief Accounting 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: 3 years



**Leslie Falk**

Chief Client Success Officer

Tenure at Health Catalyst: 11 years



**Bryan Hunt**

Chief Financial Officer

Tenure at Health Catalyst: 10 years



**Ben Landry**

General Counsel &  
Corporate Secretary

Tenure at Health Catalyst: 5 years



**Dan LeSueur**

SVP and GM of the  
Professional Services Unit

Tenure at Health Catalyst: 12 years



**Linda Llewelyn**

Chief People Officer

Tenure at Health Catalyst: 11 years



**Holly Rimmasch**

Chief Clinical Officer

Tenure at Health Catalyst: 12 years



**Dave Ross**

Chief Technology Officer

Tenure at Health Catalyst: 3 years



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# 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 balance the vision, priority, and pace of innovation for data and analytics technology. We prioritize innovations that accelerate improvement
- We attract, develop, & retain experts who know best practice in their domain, leverage analytics for insight, & accelerate adoption for sustained improvement

## Ownership

- We are accountable, as owners, to enable our clients' measurable improvements
- We make decisions that balance and optimize the interests of our teammates, clients, patients, and owners
- We avoid an entitlement mentality and are good stewards of our assets
- We don't micro-manage and we encourage autonomy while also supporting scalable consistency

## 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 owners
- We benefit from one another's diverse backgrounds and experiences

## Transparency

- We courageously tell the truth and we face the truth
- We are the same company, culture, and people 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 Learner

- I can learn from anyone
- I love to learn, and I am a lifelong student
- I recognize my mistakes and correct them quickly; I fail fast
- I am open to 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

## Hard Working

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

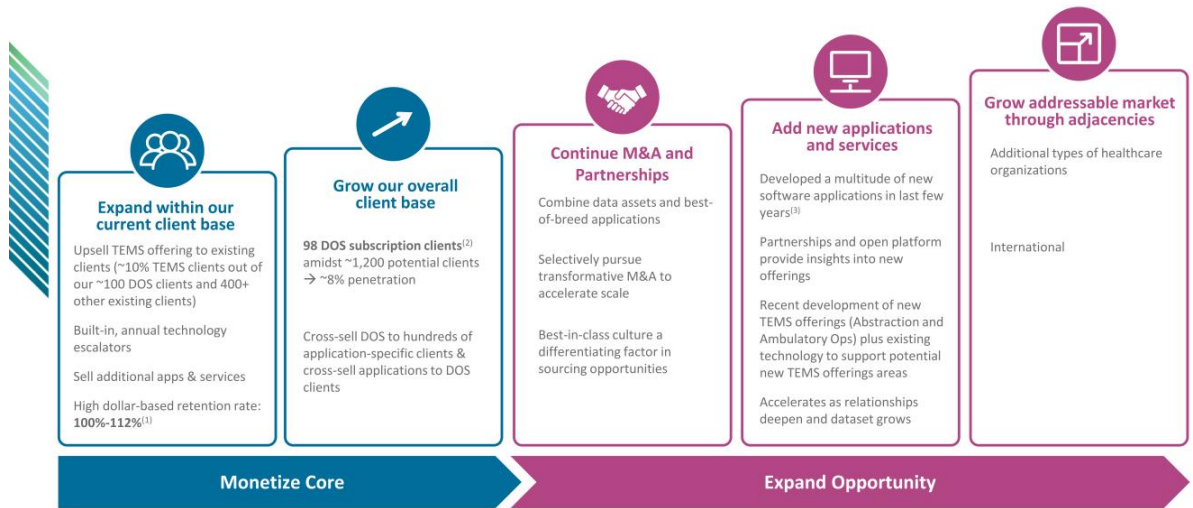
## Humble

- I listen first
- I assume positive intent
- I ask for help when I need it
- I serve others without looking for recognition
- 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 often acknowledge others for their contributions to my success
- I frequently express gratitude and appreciation to those around me

## World-Class

- I strive to be the best in the world at what I do by continuously learning
- I recognize the importance of excellence in pursuit of our mission
- I am well informed about events & trends in healthcare, data & analytics
- I actively contribute to the company's pursuit of excellence—in the data and analytics technology we build, in the domain expertise we provide, and in the functions that support this important work

# Multiple Strategic Levers to Drive Durable, Long-Term Growth




(1) Overall range from 2017 - 2022 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 and ARMUS acquisitions and other non-DOS Subscription Clients).

(2) As of 12/31/22

(3) Added to this figure recently via M&A

## Preliminary 2023 Financial Updates & Forward-Looking Commentary

 <b>Preliminary Q4 &amp; FY 2023 Revenue and Adjusted EBITDA</b>	<ul style="list-style-type: none"><li>• Preliminary Q4 2023 Total Revenue results above guidance midpoint (range of \$70.1M to \$75.1M)</li><li>• Preliminary Q4 2023 Adjusted EBITDA results at or above guidance midpoint (range of \$0.3M to \$2.3M)</li><li>• Preliminary FY 2023 Total Revenue results above guidance midpoint (range of \$291.0M to \$296.0M)</li><li>• Preliminary FY 2023 Adjusted EBITDA results at or above guidance midpoint (range of \$10.0M to \$12.0M)</li></ul>
<b>2023 Bookings Performance</b>	<ul style="list-style-type: none"><li>• We anticipate Net New DOS Subscription Client performance for 2023 will be in line with our expectations (both in number of net additions and in average ARR per net new client), with continued encouraging 2024 pipeline.</li><li>• We anticipate 2023 Dollar-Based Retention Rate will be approximately 100%, below our forecasted range of 102% - 110%, primarily due to a timing delay with a few larger Tech-Enabled Managed Services (TEMS) expansion opportunities. We anticipate we will sign these expansion opportunities, but as we have shared previously, precisely predicting the timing on these larger deals can be challenging.</li></ul>
<b>Forward-Looking Commentary</b>	<ul style="list-style-type: none"><li>• We will provide 2024 revenue and Adjusted EBITDA guidance, along with our 2024 bookings expectations, on our upcoming Q4 2023 earnings call, consistent with our typical disclosure timeline.</li><li>• As we continue to drive growth, we anticipate improvement in 2024 Net New DOS Subscription Client bookings and Dollar-Based Retention Rate metrics relative to 2023, supported by continued improvement in the operating environment of our end market.</li><li>• Based on continued profitability progress, we now anticipate 2024 Adjusted EBITDA of approximately \$25 million, and a 2025 Adjusted EBITDA margin target of 10% or greater.</li></ul>

# Highly Attractive Operational and Financial Model

Poised for Growth Reacceleration and Profitability



	<b>Recurring revenue streams across technology, analytics and services</b>	<b>&gt;90%</b> <sup>(1)</sup> Recurring Revenue			
	<b>Long-term Revenue Growth Target</b>	<b>20%+</b> <sup>(2)</sup> Long-term Growth Target			
	<b>Strong client retention and stickiness</b>	<b>100%-112%</b> <sup>(3)</sup> Dollar-based Retention Rate	<b>34</b> <sup>(4)</sup> 2017 Clients	<b>→ 98</b> <sup>(4)</sup> 2022 Clients	
	<b>Improving gross margin</b>	<b>41%</b> <sup>(5)</sup> 2017 Adj. Gross Margin	<b>→ 50%</b> <sup>(5)</sup> Q1-Q3 2023 Adj. Gross Margin		
	<b>Continued Adj. EBITDA leverage</b>	<b>(1%)</b> <sup>(6)</sup> 2022 Adj. EBITDA % of Revenue	<b>→ ~4%</b> <sup>(6)</sup> 2023 Adj. EBITDA % of Revenue	<b>→ 10%+</b> <sup>(6)</sup> 2025 Target Adj. EBITDA % of Revenue	<b>→ 20%+</b> <sup>(6)</sup> Long-term Target Adj. EBITDA % of Revenue

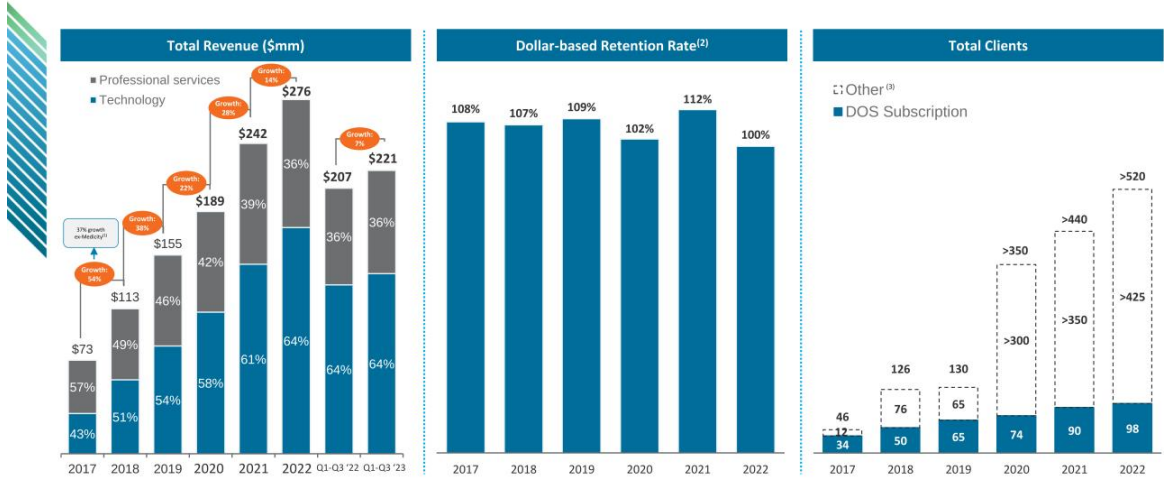


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<sup>(1)</sup> In 2022  
<sup>(2)</sup> Long-term annual revenue growth goal. Given the unknown timeline, impact and near-term uncertainty of macroeconomic challenges (including inflation) and public health emergencies (including the COVID-19 pandemic), we are unable to predict the extent to which such challenges and emergencies may adversely impact our business operations, financial performance, and results of operations. Please refer to our recent earnings releases and our associated Form 10-K and Form 10-Q for more details on these risks.  
<sup>(3)</sup> Overall average from 2017 - 2022 for DDC Subscription Clients, as further defined in our Form 10-K (e.g., excludes clients acquired by Specialty, Open Health, HealthPro, Veterans, Tenet, Suninga and ARMAUS acquisitions and other non-DDC Subscription Clients).  
<sup>(4)</sup> DDC Subscription Clients only.  
<sup>(5)</sup> Adjusted Gross Margin is a non-GAAP financial measure as defined in our Adjusted Gross Profit divided by our revenue - see Appendix and our most recent Annual Report on Form 10-K and our Quarterly Report on Form 10-Q for more information. See Appendix for reconciliation to GAAP.  
<sup>(6)</sup> Excluding DDA, which is non-compensated. Includes other appropriate financial compensation, loss on extinguishment of debt, acquisition-related costs, net, non-recurring item-related charges, income tax provision (benefit), interest expense and other (net) and restructuring charges. Please see the Appendix and our most recent Annual Report on Form 10-K and our Quarterly Report on Form 10-Q for more details.

# High Engagement, Satisfaction & Expansion

Produces a High-Growth, Predictable, Recurring Revenue Business

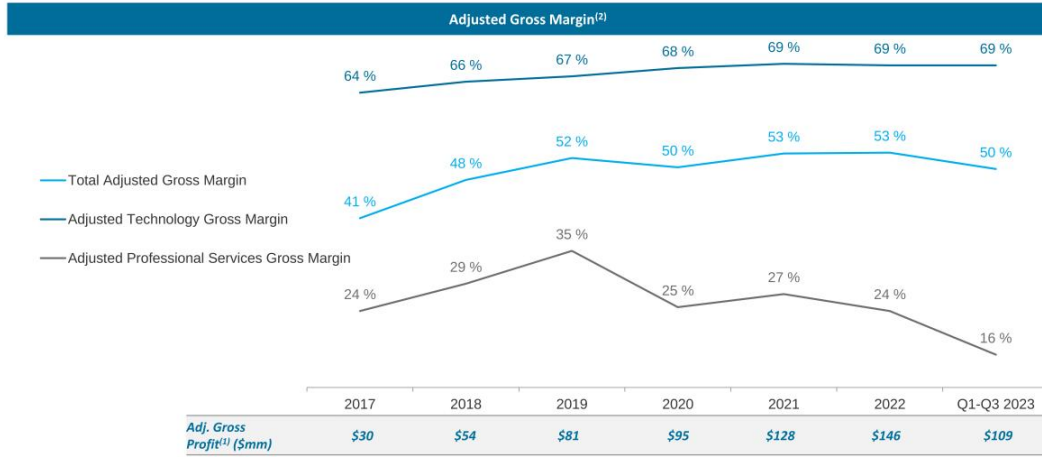


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(1) Excludes impact of Medicity acquisition, which occurred on June 29, 2018.  
 (2) We calculate our dollar-based retention rate as of a period end by starting with the sum of the Annual Recurring Revenue (ARR) from all DOS subscription clients as 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 and 2022 acquisitions of Vitalware, Healthfinch, Able Health, Twistle, KPI Ninja and ARMUS.

# High Engagement, Satisfaction & Expansion

Leads to Technology Gross Margin Expansion



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(1) Adjusted Gross Profit is a non-GAAP financial measure that we define as revenue less cost of revenue, excluding depreciation and amortization, stock-based compensation, tender offer payments deemed compensation, acquisition-related costs, net, and restructuring charges. Please see the Appendix and our recent Annual Report on Form 10-K and our Quarterly Report on Form 10-Q for more details.  
 (2) Adjusted Gross Margin is a non-GAAP financial measure that we define as our Adjusted Gross Profit divided by our revenue. Please see the Appendix and our most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q for more information.

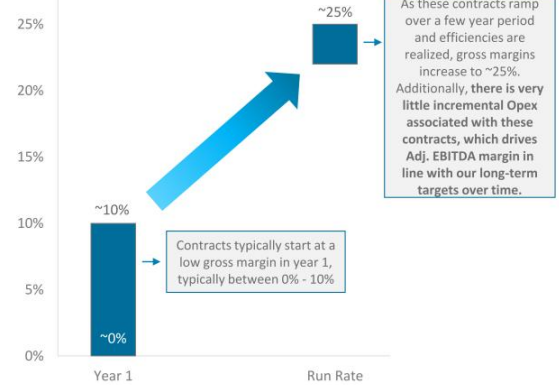
## Tech-Enabled Managed Services (“TEMS”): Unit Economics

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 grows 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



## Long Term Target Model (Non-GAAP)



	2019 (IPO year)	2020	2021	2022	Q1-Q3 2023	Long-Term Goals <sup>(3)</sup>
<b>Total Revenue Growth</b>	<b>38%</b>	<b>22%</b>	<b>28%</b>	<b>14%</b>	<b>7%</b>	<b>20%+</b>
<b>Adj. Gross Margin<sup>(1)</sup></b>	<b>52%</b>	<b>50%</b>	<b>53%</b>	<b>53%</b>	<b>50%</b>	
<b>Operating Expenses<sup>(2)</sup></b>	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%
<b>Adj. EBITDA Margin<sup>(2)</sup></b>	<b>(18%)</b>	<b>(11%)</b>	<b>(5%)</b>	<b>(1%)</b>	<b>4%</b>	<b>20%+</b>
<b>2025 mid-term targets of 10%+ Adj. EBITDA margin and meaningful positive adjusted free cash flow</b>						



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<sup>(1)</sup> Adjusted Gross Profit is a non-GAAP financial measure that we define as revenue less cost of revenue, excluding depreciation and amortization, stock-based compensation, tender offer payments deemed compensation, acquisition-related costs, net, and rest. We define Adjusted Gross Margin as our Adjusted Gross Profit divided by our revenue. Please see the Appendix and our recent Annual Report on Form 10-K and our Quarterly Report on Form 10-Q for more details.

<sup>(2)</sup> Excluding D&A, stock-based compensation, tender offer payments deemed compensation, loss on extinguishment of debt, acquisition-related costs, net, non-recruiting 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.

<sup>(3)</sup> Long-term annual revenue growth goal. Given the unknown timeline, impact and near-term uncertainty of macroeconomic challenges (including inflation) and public health emergencies (including the COVID-19 pandemic), we are unable to predict the extent to which such challenges and emergencies may adversely impact our business operations, financial performance, and results of operations. Please refer to our recent earnings releases and our associated Form 10-K and Form 10-Q for more details on these risks.



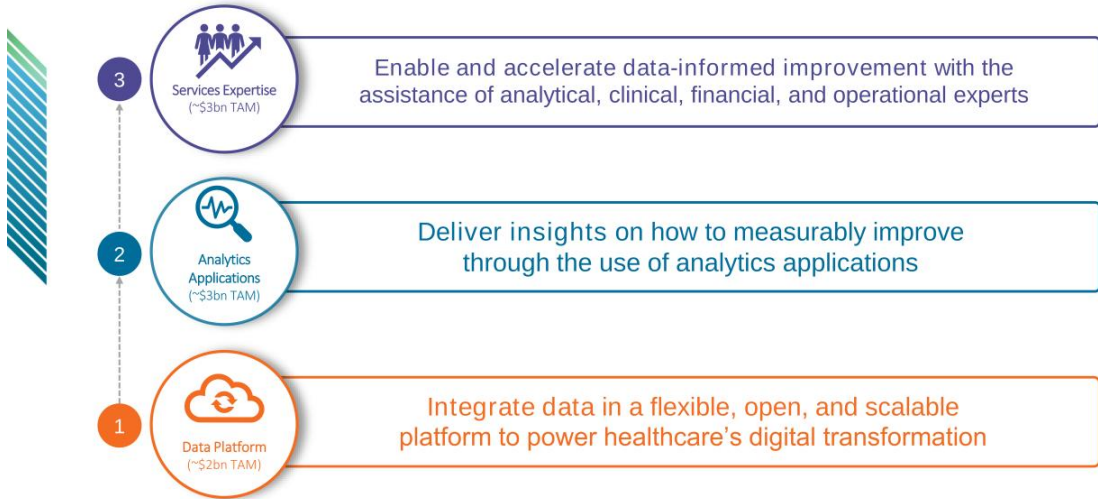
# Appendix

# Healthcare Success: Proven Methodology



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

## Strong Balance Sheet & High Confidence in our Outlook / Profitability Levels

Leading to Share Repurchase Program and Insider Purchases



### Share Repurchase Program

- Authorization to purchase up to **\$40 million** of HCAT Common Stock
- Demonstrates our **confidence in the future of our business** and our **commitment to creating long-term, sustainable value** for our shareholders, our clients and our team members
- We believe the **current market does not reflect the long-term value of our shares** of common stock and this share repurchase program will allow us to unlock more of the long-term value and opportunity we see ahead



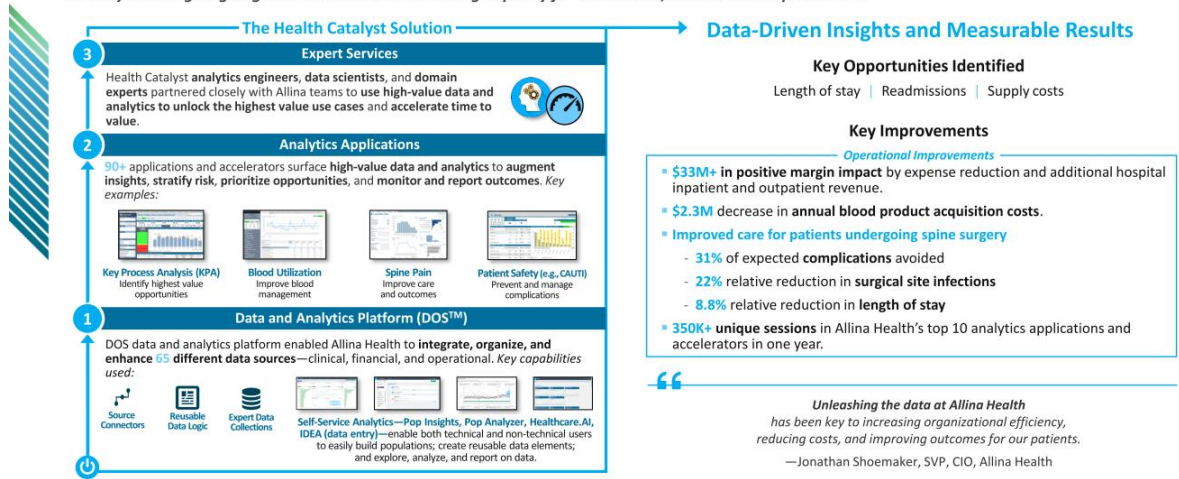
### Insider Purchases

- Dan Burton (CEO & Director): **~\$6M<sup>(1)</sup>**
- Duncan Gallagher (Director): **~\$175K**

As of ending Q3 2023, >\$345M of cash and equivalents on our balance sheet

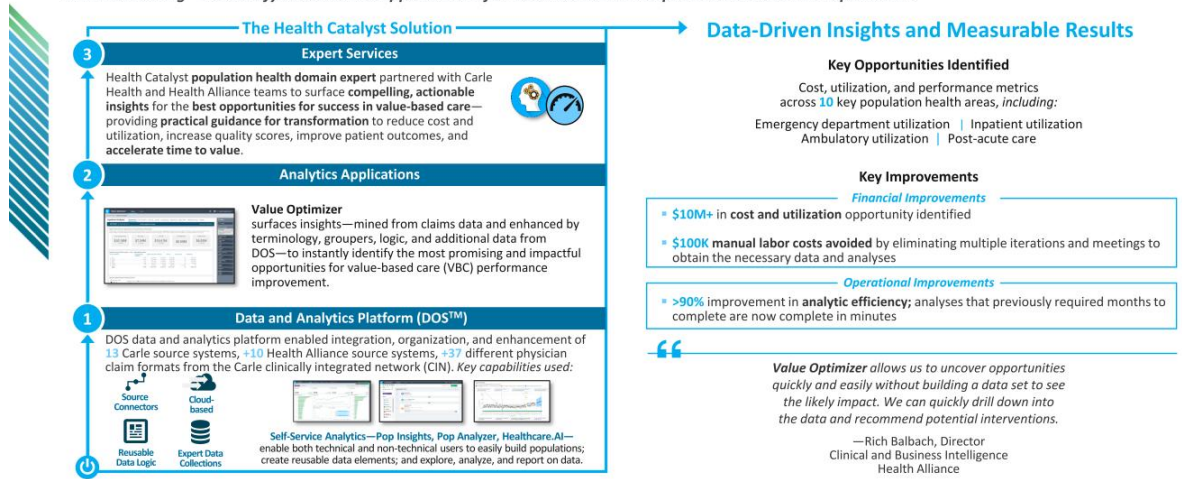
# Allina Health: High-Value Data & Analytics Drive \$33M+ in Quality & Operations Improvements

*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.*



# Carle Health & Health Alliance: Solution Uncovers \$10M+ in Population Health Opportunities

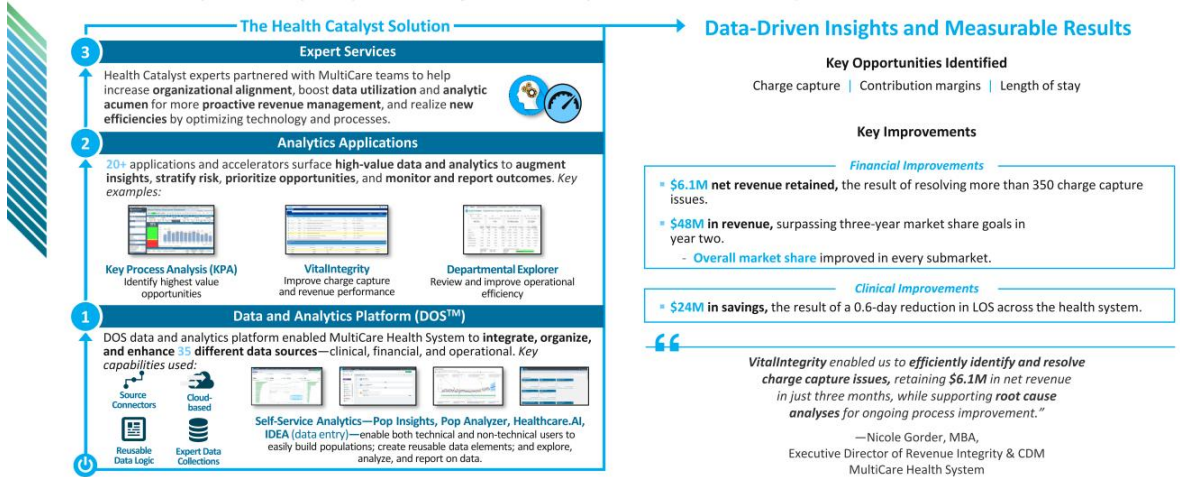
**The Challenge:** For Carle Health and Health Alliance<sup>(1)</sup>, Burdensome Manual Data Collection and Reporting Processes made it Difficult—and Time-consuming—to Identify and Address Opportunities for Value-based Care Improvement Across its Populations.



(1) Health Alliance Medical Plans is a leading provider-driven health plan.

# MultiCare Health System: Operational and Charge Capture Improvements Help Realize \$75M+ in Annual Revenue

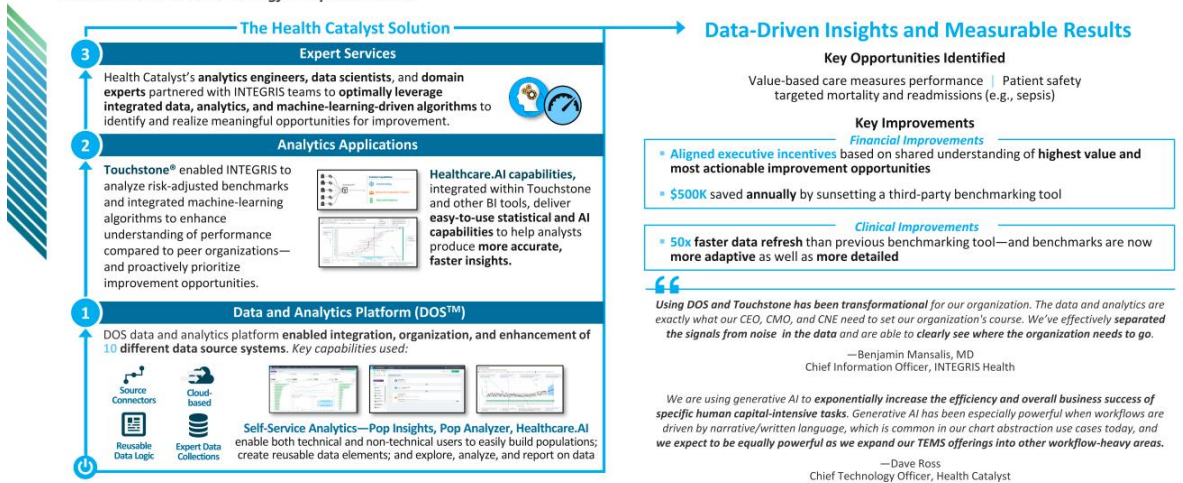
*The Challenge: Inconsistent Improvement Methods, Differing Competencies, and Inefficient Data Collection and Analytics were Impeding MultiCare Health System's Ability to Improve—Leaving Financial and Operational Metrics Below Expectations.*



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

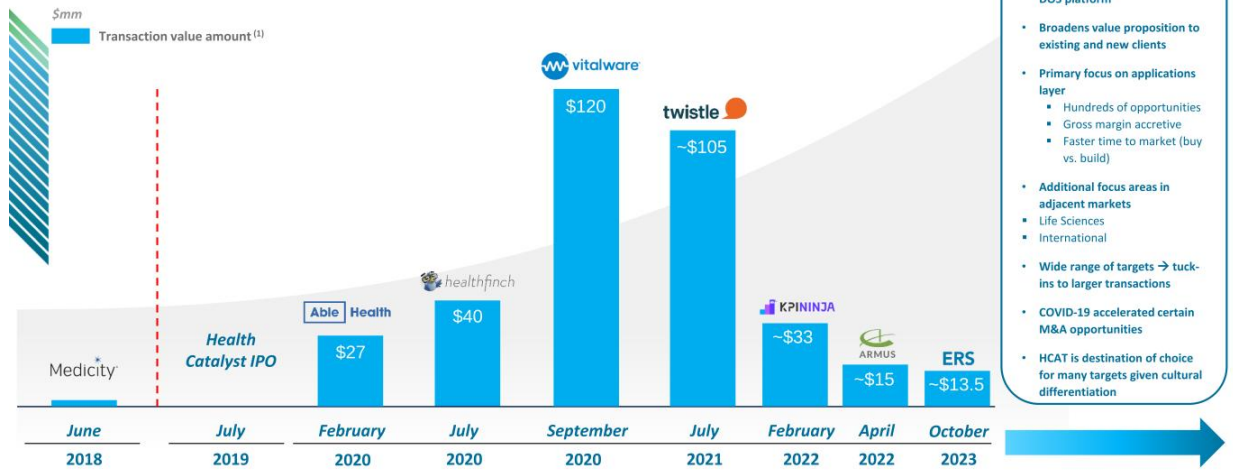
*The Challenge: INTEGRIS Health had High Volumes of Data but Lacked the Timely, Accurate, and Actionable Insight Needed to Support Key Leadership Decisions and Drive Meaningful Improvements.*



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# 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



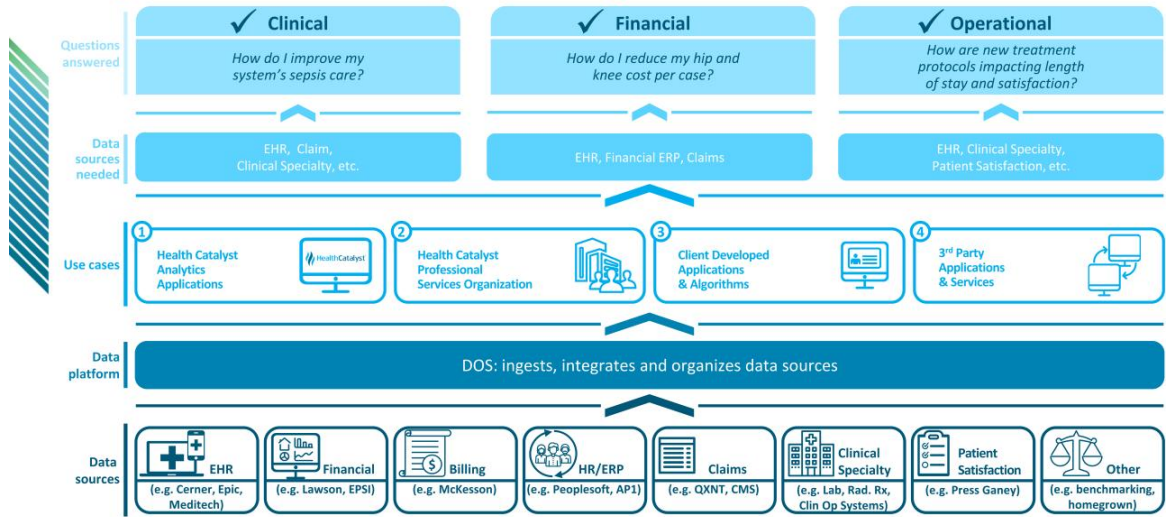
Note: Transaction close date shown  
 (1) Transaction value includes only the upfront purchase price amount anticipated at the time of the execution of the respective acquisition agreements

## How We Engage With Our Clients

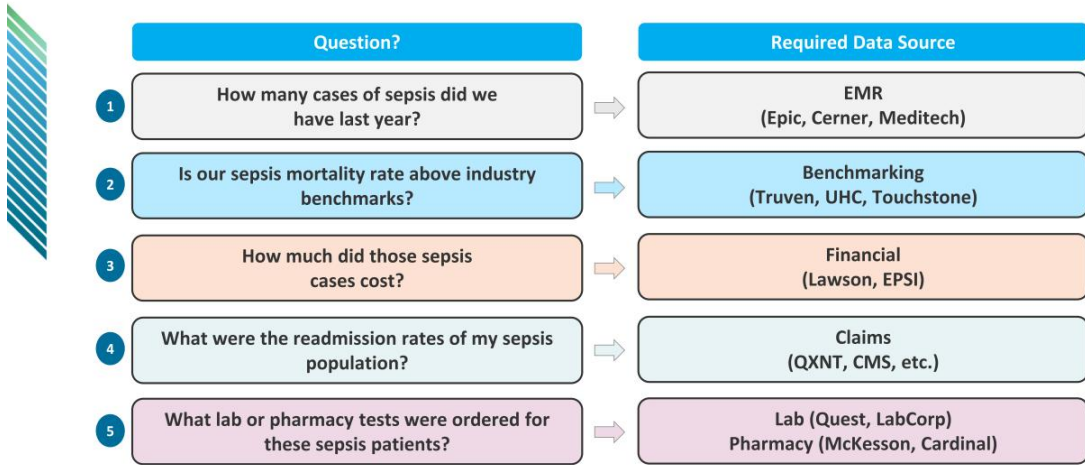


	Option 1	Option 2
	<b>All-Access</b>	<b>Limited-Access / Modular</b>
Overview	Includes subscription access to <b>DOS and all Analytics Applications</b>	Includes subscription access to <b>DOS only or DOS plus selected Analytics Applications</b>
Technology Access Subscription	Based on client size and data footprint; <b>includes annual price escalators</b>	Includes opportunity to <b>upsell additional applications</b>
Professional Services Subscription	Recurring access to a specific number of FTEs that is listed in the contract	
<p>Historically the majority of our DOS Subscription Clients have chosen an enterprise contract model. All-access provides clients budget predictability and use-case flexibility and aligns with clients' increases in improvements, data sources, users, and analytics applications.</p>		

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

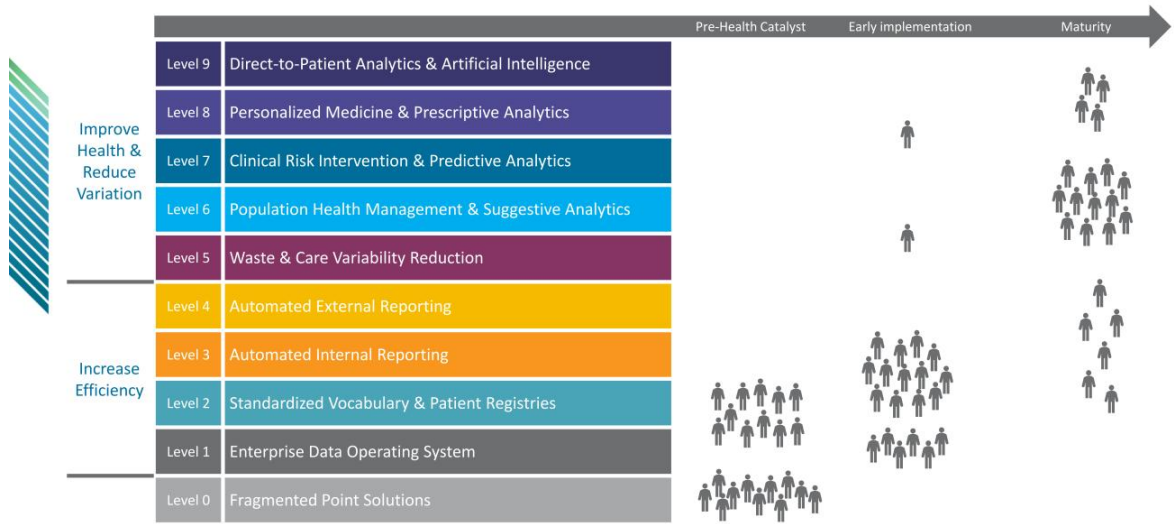


A typical problem facing a healthcare organization most often requires data from multiple source systems: *Sepsis example*



# Customer's Path to Greater Digital Maturity with Health Catalyst

## The Healthcare Analytics Adoption Model



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



(in thousands, except percentages)	Year Ended 31-Dec-2017		
	Technology	Professional Services	Total
Revenue	\$21,893	\$42,368	\$74,261
Cost of Revenue, Excluding Depreciation and Amortization	(\$11,610)	(\$32,032)	(\$43,642)
<b>Gross Profit, Excluding Depreciation and Amortization</b>	<b>\$20,083</b>	<b>\$9,336</b>	<b>\$29,419</b>
Add:			
Stock-Based Compensation	65	514	579
<b>Adjusted Gross Profit</b>	<b>\$20,148</b>	<b>\$9,850</b>	<b>\$30,018</b>
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)
<b>Gross Profit, Excluding Depreciation and Amortization</b>	<b>\$37,795</b>	<b>\$14,927</b>	<b>\$52,722</b>
Add:			
Stock-Based Compensation	78	480	558
Tender Offer Payments (deemed Compensation) <sup>(1)</sup>	28	284	312
Acquisition-related costs, net <sup>(2)</sup>	0	337	337
<b>Adjusted Gross Profit</b>	<b>\$37,901</b>	<b>\$16,028</b>	<b>\$53,929</b>
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)
<b>Gross Profit, Excluding Depreciation and Amortization</b>	<b>\$56,178</b>	<b>\$23,418</b>	<b>\$79,596</b>
Add:			
Stock-Based Compensation	200	968	1,168
Acquisition-related costs, net <sup>(2)</sup>	0	108	108
<b>Adjusted Gross Profit</b>	<b>\$56,378</b>	<b>\$24,484</b>	<b>\$80,872</b>
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	\$78,379	\$188,846
Cost of Revenue, Excluding Depreciation and Amortization	(\$53,604)	(\$62,473)	(\$116,077)
<b>Gross Profit, Excluding Depreciation and Amortization</b>	<b>\$74,863</b>	<b>\$15,906</b>	<b>\$90,769</b>
Add:			
Stock-Based Compensation	803	3,453	4,256
<b>Adjusted Gross Profit</b>	<b>\$75,666</b>	<b>\$19,359</b>	<b>\$95,025</b>
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)	(\$76,338)	(\$123,854)
<b>Gross Profit, Excluding Depreciation and Amortization</b>	<b>\$100,202</b>	<b>\$17,870</b>	<b>\$118,072</b>
Add:			
Stock-Based Compensation	2,063	8,047	10,110
Acquisition-related costs, net <sup>(2)</sup>	61	127	188
<b>Adjusted Gross Profit</b>	<b>\$102,326</b>	<b>\$25,544</b>	<b>\$127,870</b>
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)
<b>Gross Profit, Excluding Depreciation and Amortization</b>	<b>\$119,646</b>	<b>\$13,541</b>	<b>\$133,187</b>
Add:			
Stock-Based Compensation	2,058	8,230	10,288
Acquisition-related costs, net <sup>(2)</sup>	351	655	1,006
Restructuring Charges <sup>(3)</sup>	229	1,139	1,368
<b>Adjusted Gross Profit</b>	<b>\$122,294</b>	<b>\$23,565</b>	<b>\$145,859</b>
Gross Margin, Excluding Depreciation and Amortization	68%	14%	48%
Adjusted Gross Margin	69%	24%	53%

(in thousands, except percentages)	9-Months Ended 30-Sep-2022		
	Technology	Professional Services	Total
Revenue	\$140,483	\$60,371	\$200,854
Cost of Revenue, Excluding Depreciation and Amortization	(\$45,755)	(\$73,714)	(\$119,469)
<b>Gross Profit, Excluding Depreciation and Amortization</b>	<b>\$94,728</b>	<b>\$6,657</b>	<b>\$101,385</b>
Add:			
Stock-Based Compensation	1,408	5,682	7,090
Acquisition-related costs, net <sup>(2)</sup>	208	298	506
Restructuring Charges <sup>(3)</sup>	12	434	446
<b>Adjusted Gross Profit</b>	<b>\$96,356</b>	<b>\$13,011</b>	<b>\$109,367</b>
Gross Margin, Excluding Depreciation and Amortization	67%	8%	46%
Adjusted Gross Margin	69%	16%	50%



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- (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)	9 Months Ended September 30,		Year Ended December 31,					
	2023	2022	2022	2021	2020	2019	2018	2017
Net loss	(\$87,835)	(\$101,621)	(\$137,403)	(\$153,210)	(\$115,017)	(\$60,096)	(\$61,984)	(\$47,035)
Add:								
Interest and other expense, net	(\$6,490)	\$2,700	\$1,678	\$16,458	\$11,572	\$3,419	\$2,024	\$1,469
Loss on extinguishment of debt	\$0	\$0	\$0	\$0	\$8,514	\$1,670	\$0	\$0
Income tax provision (benefit)	\$213	(\$4,339)	(\$4,280)	(\$6,898)	(\$1,194)	\$142	(\$135)	\$26
Depreciation and amortization	\$31,919	\$36,633	\$48,297	\$37,528	\$18,725	\$9,212	\$7,412	\$5,892
Stock-based compensation	\$42,745	\$53,356	\$72,104	\$65,145	\$37,957	\$17,844	\$4,198	\$4,241
Tender offer payments deemed compensation <sup>(1)</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$8,318	\$0
Acquisition-related costs, net <sup>(2)</sup>	\$3,102	\$3,188	\$4,894	\$27,929	\$16,758	\$446	\$2,114	\$0
Restructuring costs <sup>(3)</sup>	\$2,055	\$4,499	\$8,425	\$0	\$0	\$0	\$0	\$0
Non-recurring lease-related charges <sup>(4)</sup>	\$2,681	\$3,700	\$3,798	\$1,800	\$1,398	\$0	\$0	\$0
Litigation costs <sup>(5)</sup>	\$21,279	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Adjusted EBITDA</b>	<b>\$9,669</b>	<b>(\$1,884)</b>	<b>(\$2,487)</b>	<b>(\$11,248)</b>	<b>(\$21,287)</b>	<b>(\$27,363)</b>	<b>(\$38,053)</b>	<b>(\$35,407)</b>



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(1) Tender offer payments deemed compensation relate to employee compensation from repurchasers 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 charge 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)	9 Months Ended September 30,		Year Ended December 31,					
	2023	2022	2022	2021	2020	2019	2018	2017
Operating expenses	\$195,437	\$205,391	\$273,192	\$261,222	\$186,893	\$134,461	\$112,817	\$74,979
Less:								
Depreciation and amortization	(\$31,919)	(\$36,633)	(\$48,297)	(\$37,528)	(\$18,725)	(\$9,212)	(\$7,412)	(\$5,892)
Stock-based compensation	(\$35,655)	(\$45,711)	(\$61,816)	(\$55,035)	(\$33,701)	(\$16,676)	(\$3,640)	(\$3,662)
Tender offer payments deemed compensation <sup>(1)</sup>	\$0	\$0	\$0	\$0	\$0	\$0	(\$8,006)	\$0
Acquisition-related costs, net <sup>(2)</sup>	(\$2,596)	(\$2,412)	(\$3,888)	(\$27,741)	(\$16,758)	(\$338)	(\$1,777)	\$0
Restructuring costs <sup>(3)</sup>	(\$1,609)	(\$4,252)	(\$7,057)	\$0	\$0	\$0	\$0	\$0
Non-recurring lease-related charges <sup>(4)</sup>	(\$2,681)	(\$3,700)	(\$3,798)	(\$1,800)	(\$1,398)	\$0	\$0	\$0
Litigation costs <sup>(5)</sup>	(\$21,279)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Adjusted Operating Expenses</b>	<b>\$99,698</b>	<b>\$112,683</b>	<b>\$148,336</b>	<b>\$139,118</b>	<b>\$116,311</b>	<b>\$108,235</b>	<b>\$91,982</b>	<b>\$65,425</b>
<i>Adjusted Operating Expenses as % of Revenue</i>	45%	54%	54%	58%	62%	70%	82%	90%




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# Preliminary 2023 Financial Updates & Forward-Looking Commentary

 <b>Preliminary Q4 &amp; FY 2023 Revenue and Adjusted EBITDA</b>	<ul style="list-style-type: none"><li>• Preliminary Q4 2023 Total Revenue results above guidance midpoint (range of \$70.1M to \$75.1M)</li><li>• Preliminary Q4 2023 Adjusted EBITDA results at or above guidance midpoint (range of \$0.3M to \$2.3M)</li><li>• Preliminary FY 2023 Total Revenue results above guidance midpoint (range of \$291.0M to \$296.0M)</li><li>• Preliminary FY 2023 Adjusted EBITDA results at or above guidance midpoint (range of \$10.0M to \$12.0M)</li></ul>
<b>2023 Bookings Performance</b>	<ul style="list-style-type: none"><li>• We anticipate Net New DOS Subscription Client performance for 2023 will be in line with our expectations (both in number of net additions and in average ARR per net new client), with continued encouraging 2024 pipeline.</li><li>• We anticipate 2023 Dollar-Based Retention Rate will be approximately 100%, below our forecasted range of 102% - 110%, primarily due to a timing delay with a few larger Tech-Enabled Managed Services (TEMS) expansion opportunities. We anticipate we will sign these expansion opportunities, but as we have shared previously, precisely predicting the timing on these larger deals can be challenging.</li></ul>
<b>Forward-Looking Commentary</b>	<ul style="list-style-type: none"><li>• We will provide 2024 revenue and Adjusted EBITDA guidance, along with our 2024 bookings expectations, on our upcoming Q4 2023 earnings call, consistent with our typical disclosure timeline.</li><li>• As we continue to drive growth, we anticipate improvement in 2024 Net New DOS Subscription Client bookings and Dollar-Based Retention Rate metrics relative to 2023, supported by continued improvement in the operating environment of our end market.</li><li>• Based on continued profitability progress, we now anticipate 2024 Adjusted EBITDA of approximately \$25 million, and a 2025 Adjusted EBITDA margin target of 10% or greater.</li></ul>

