

**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 9, 2023

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.



Overview Presentation

January 2023



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 of 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 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 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 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, 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 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 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 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 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 we operate 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 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 is 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

Components of Our Solution



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



**Deliver insights on how
to measurably improve**

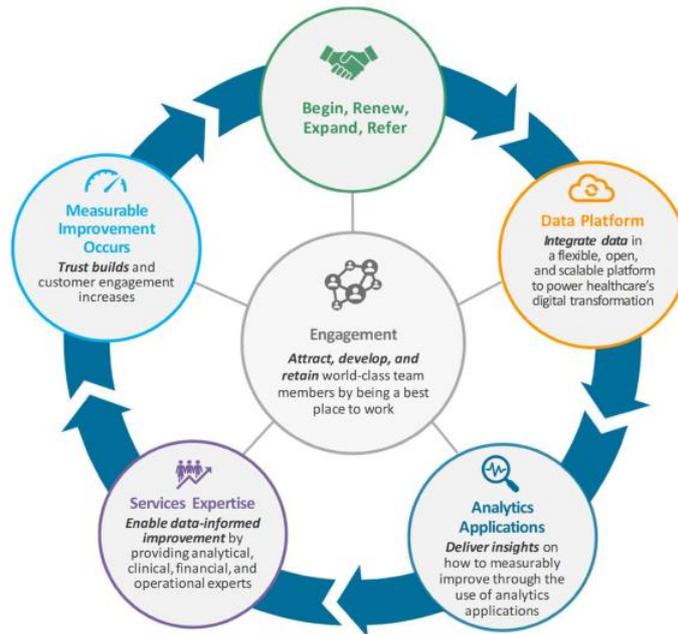


**Enable and accelerate
data-informed
improvement**

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

(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) As of March 2019
 (3) In 2021
 (4) 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 earnings releases and our associated Form 10-K and Form 10-Q for more details on these risks.
 (5) Overall range from 2017 – 2021 for DOS Subscription Customers, as further defined in our Form 10-K (e.g., excludes clients acquired in Medicity, Able Health, Healthfinch, Vitalware, Twistle, KPI Nirja and Af acquisitions and other non-DOS Subscription Customers). 2020 performance of 102% impacted by COVID-19 pandemic.
 (6) Estimated for FY 2023.
 (7) Bookings metrics results for FY 2022 (DOS subscription customers' dollar-based retention rate and net new DOS subscription customers) were generally consistent with management's guidance for FY 2022 in the Q3 2022 earnings call on November 8, 2022.

	Recognized industry leader in healthcare data & analytics	~\$1T⁽¹⁾ WASTE	\$8B⁽²⁾ TAM		
	Comprehensive solution: data platform, analytics applications & services expertise	>300 DATA SOURCES	-10-100 TBs / CLIENT	12 APP SUITES + LIBRARY	>525 ANALYTICS DOMAIN EXP
	Measurable clinical, financial & operational improvements	\$1.5B IMPROVEMENTS	300+ CLIENT CASE STUDIES		
	World-class team member engagement	95th-99th PERCENTILE ENGAGEMENT	76 BEST PLACE TO WORK AWARDS		
	Attractive operating model	>90%⁽³⁾ RECURRING REVENUE	20%+⁽⁴⁾ LONG-TERM REVENUE GROWTH TARGET	102%-112%⁽⁵⁾ DOLLAR-BASED RETENTION RATE	FY2 Adj. EI POSI

The Problems Health Systems Face

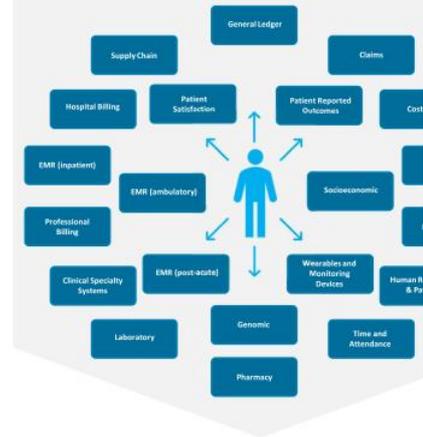
Waste

- A volume-based US healthcare reimbursement model with \$1 trillion/year of overspend⁽¹⁾
- 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 complexity requires advanced capabilities in data, analytics & improvement

(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

Blue Chip Client Base

>500 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



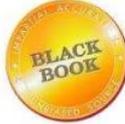
(1) 2022 figure; total clients inclusive of DOS Subscription and Other customers
 Note: Representative client list

Externally-Validated Industry Leadership

Broad Recognition



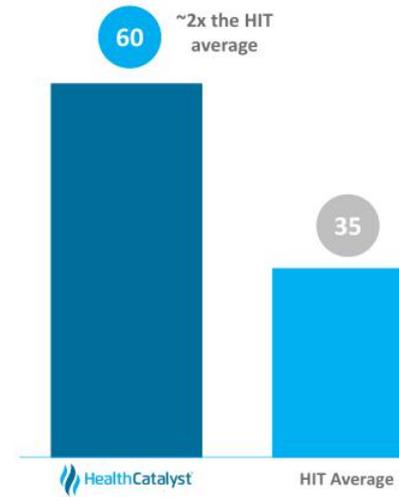
2019 Highest Client Satisfaction



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-
MedAnalytics	B	B
MedDecision	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-

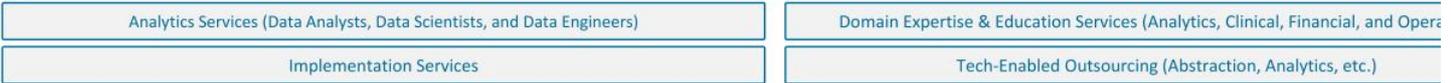
KLAS Evangelism Score⁽²⁾



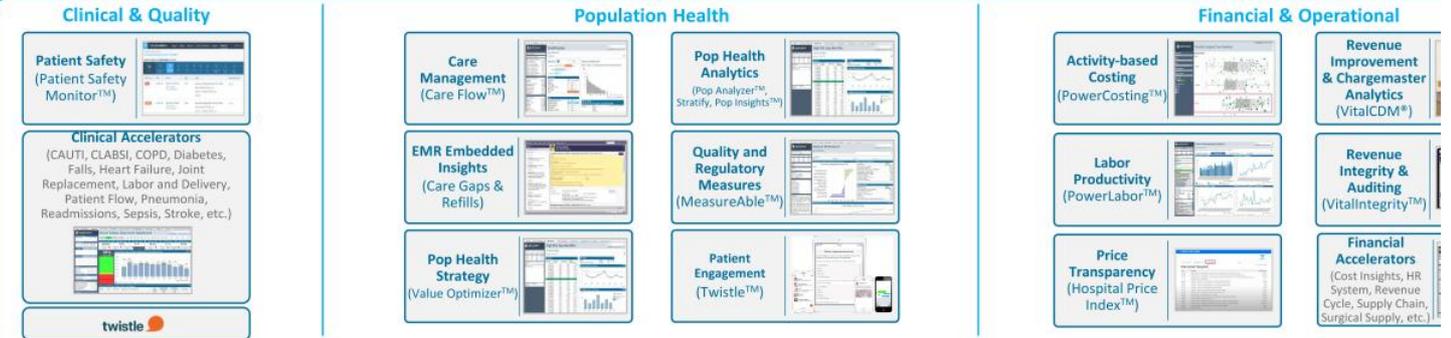
⁽¹⁾ © 2019 Chilmark Research. Source: 2019 Provider Analytics Market Trends Report
⁽²⁾ Similar to a net promoter score, as of 12/31/21. Overall evangelism score is an aw solution's average evangelism scores.

Comprehensive Solution for Data-informed Improvement

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



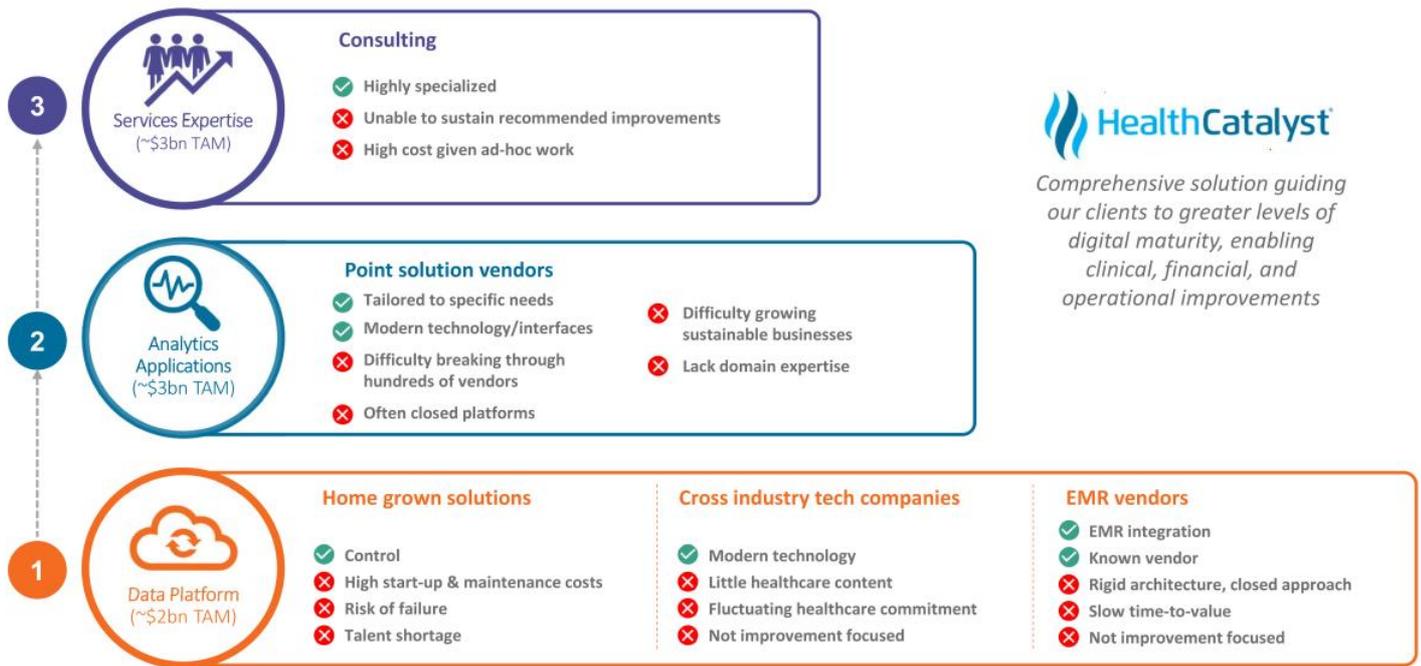
2 Analytics Applications: A robust set of applications, built on top of DOS, that generate meaningful insights for improvement



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



Highly Differentiated, Comprehensive Solution



Comprehensive solution guiding our clients to greater levels of digital maturity, enabling clinical, financial, and operational improvements

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 Outsourcing 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 outsourcing 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 Outsourcing 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 Outsourcing has improved quality and yielded these measurable results:

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

Carle Health: Long-term, Significant Partnership Expansion



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

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 outsourcing clients**

Contractual Terms

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

"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 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 depend on us."

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

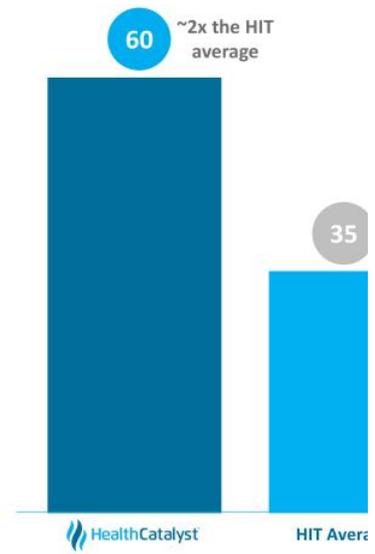
World-class Team Member Engagement

Driving Industry-leading Client Satisfaction, Renewal, Expansion & Referral

Consistently Recognized as One of the "Best Places to Work"

2015 – 1H 2022 Gallup Overall Engagement Score Percentile

KLAS Evangelism Score⁽¹⁾



(1) Similar to a net promoter score, as of 12/31/21. Overall evangelism score is an average of each Health Catalyst solution's average evangelism scores.

Experienced and Visionary Management Team



Anne Marie Bickmore
 Chief Product Officer
 Tenure at Health Catalyst: 10 years



Daniel Burton
 Chief Executive Officer and Director
 Tenure at Health Catalyst: 11 years



Kevin Freeman
 Chief Growth Officer
 Tenure at Health Catalyst: 2 years



Paul Horstmeier
 Chief Operating Officer
 Tenure at Health Catalyst: 11 years



Bryan Hun
 Chief Financial Officer
 Tenure at Health Catalyst: 11 years



Linda Llewelyn
 Chief People Officer
 Tenure at Health Catalyst: 9 years



Daniel Orenstein
 General Counsel
 Tenure at Health Catalyst: 7 years



Holly Rimmasch
 Chief Clinical Officer
 Tenure at Health Catalyst: 10 years



Dave Ross
 Chief Technology Officer
 Tenure at Health Catalyst: 1 year



Trudy Sullivan
 Chief Communications and Diversity, Equity & Inclusion
 Tenure at Health Catalyst: 11 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 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 privacy 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

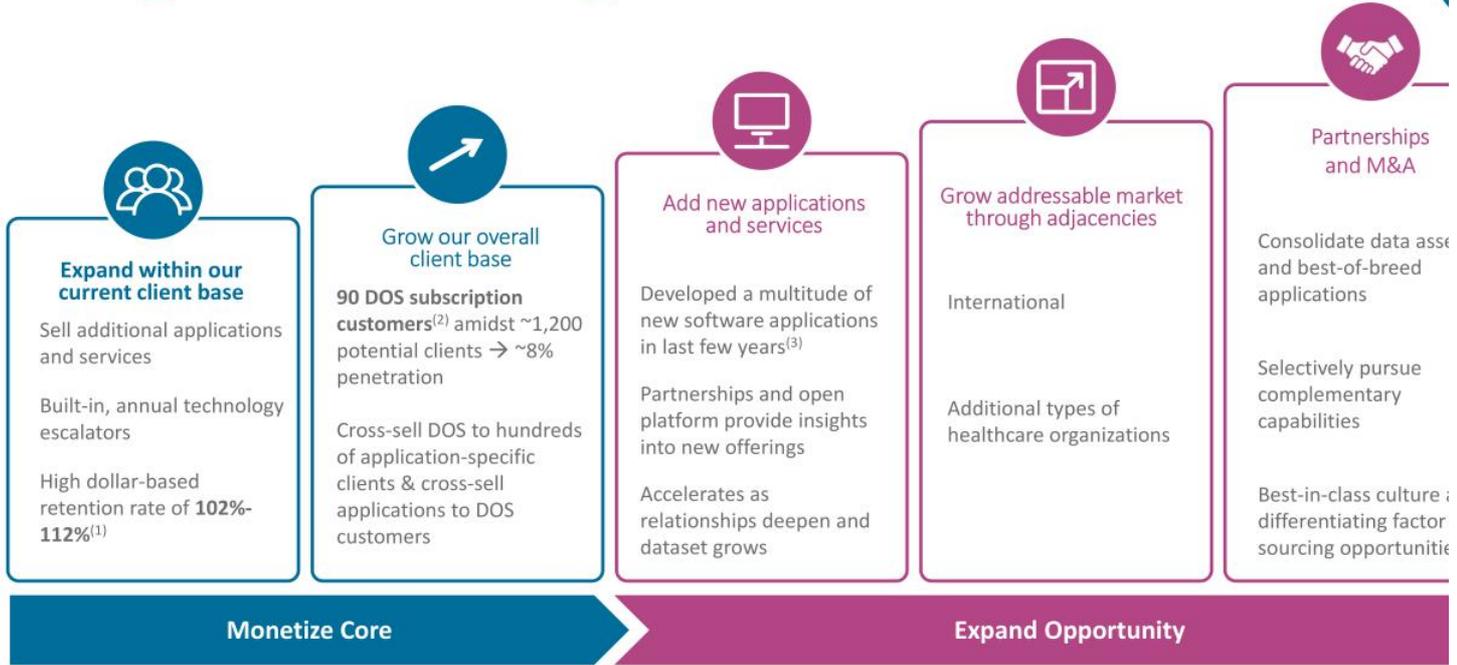
Humble

- 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 analytics technology we build, in the domain expertise we provide, and in the functions that support this important work

Strategic Levers to Drive Long-Term Growth



(1) Overall range from 2017 - 2021 for DOS Subscription Customers, 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 Customers). 2020 performance of 102% impacted by COVID-19 pandemic.
 (2) As of 12/31/21
 (3) Added to this figure recently via M&A

Strong Balance Sheet & High Confidence in our Outlook / Path to Profitability

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⁽¹⁾**
- Duncan Gallagher (Director): **~\$175K**

As of Q3 2022, >\$375M of cash and equivalents on our balance sheet

(1) Inclusive of open market purchases and o

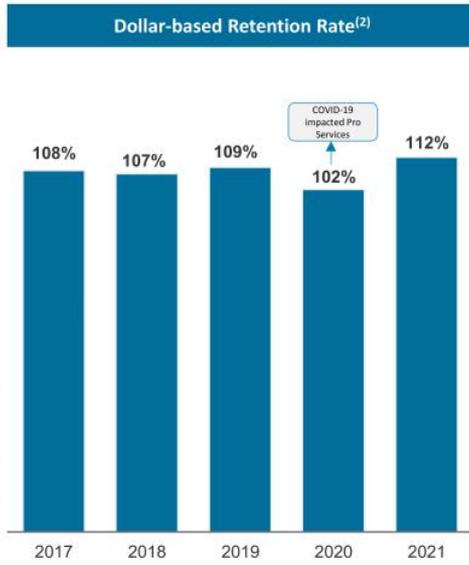
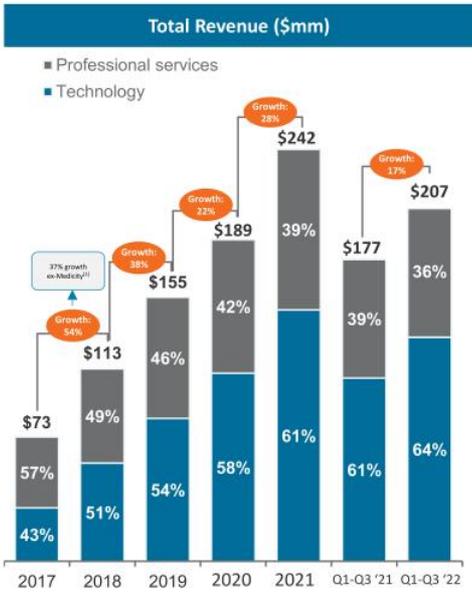
1) In 2021
 2) Long-term annual revenue growth goal. Given the unknown timeline, impact and near-term uncertainty of macroeconomic challenges (including inflation) and public health emergencies (including the COVID-19 pandemic), we are unable to predict the extent to which such challenges and emergencies 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
 3) Overall range from 2017 - 2021 for DOS Subscription Customers, as further defined in our Form 10-K (e.g., excludes clients acquired in Medicity, Able Health, Healthfinch, Vitalware, Twisto, KPI Ninja and ARMUS acquisitions and other non-DOS Subscription Customers). 2020 performance of 102% impacted by COVID-19 pandemic.
 4) DOS Subscription Customers only.
 5) Adjusted Gross Margin is a non-GAAP financial measure we define as 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.
 6) Adjusted Operating Expense is a non-GAAP financial measure - 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.

Attractive Financial Model

	Recurring revenue streams across technology, analytics and services	>90%⁽¹⁾ Recurring Revenue	
	Long-term Revenue Growth Target	20%+⁽²⁾ Long-term Growth Target	
	Strong client retention and stickiness	102%-112%⁽³⁾ Dollar-based Retention Rate	34⁽⁴⁾ → 90⁽⁴⁾ 2017 Clients → 2021 Clients
	Improving gross margin	41%⁽⁵⁾ 2017 Adj. Gross Margin	→ 54%⁽⁵⁾ Q1-Q3 2022 Adj. Gross Margin
	Continued operating leverage	90%⁽⁶⁾ 2017 Adj. Operating Expense % of Revenue	→ 54%⁽⁶⁾ Q1-Q3 2022 Adj. Operating Expense % of Revenue

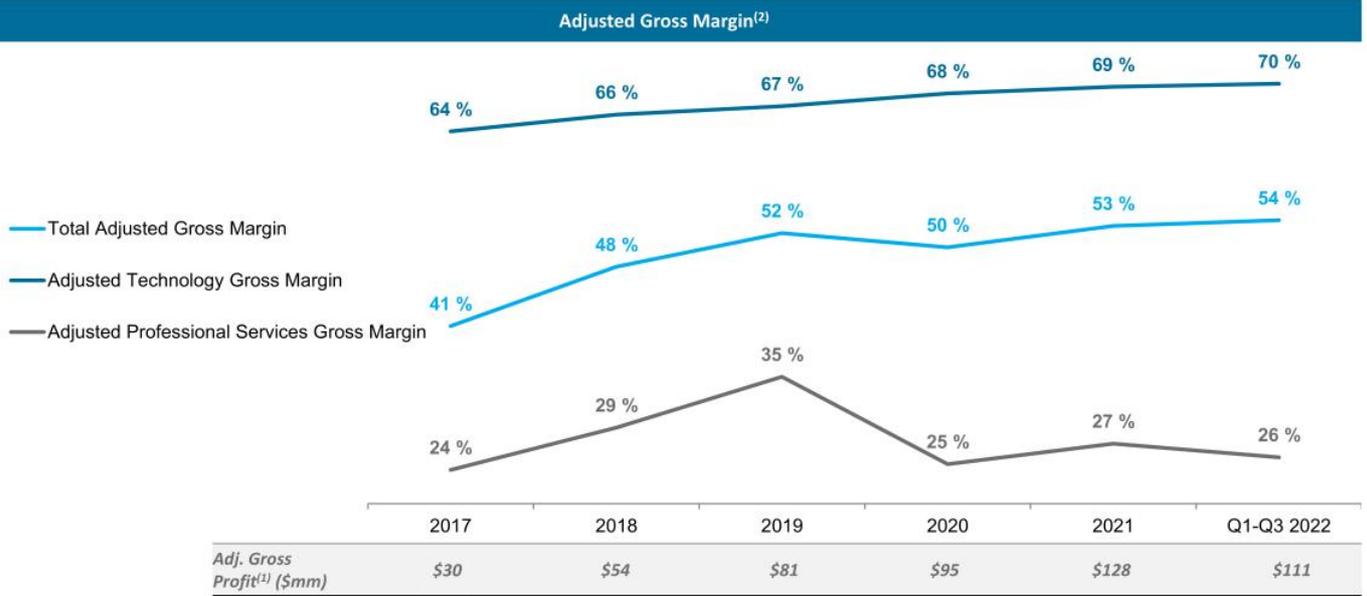
Bookings metrics results for FY 2022 (DOS subscription customers' dollar-based retention rate and net new DOS subscription customers) were generally consistent with management's guidance for FY 2022 shared on the Q3 2022 earnings call on November 8, 2022.

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 customers as of the 6 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 customers were acquired via 2018 Medicity acquisition and 2020 acquisitions of Vitalware, Healthfinch, Able Health and Twistle.

High Engagement, Satisfaction & Expansion Leads to Technology Gross Margin Expansion



(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 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.

Long Term Target Model (Non-GAAP)

		2017	2018	2019	2020	2021	Q1-Q3 2022	2025	Long-Term Goals ⁽⁴⁾
Total Revenue Growth			54%	38%	22%	28%	17%		20%+
			37%						
			Excl. Medicity ⁽¹⁾						
Adj. Gross Margin⁽²⁾		41%	48%	52%	50%	53%	54%		Tech: mid-70% Pro Serv: mid-30 Overall: high 50
Operating Expenses⁽³⁾	S&M as % of Revenue	34%	34%	28%	22%	21%	21%		
	R&D as % of Revenue	38%	32%	27%	24%	21%	20%		
	G&A as % of Revenue	18%	16%	15%	15%	15%	13%		
Adj. EBITDA Margin⁽³⁾		(48%)	(34%)	(18%)	(11%)	(5%)	(1)%	10%	20%+

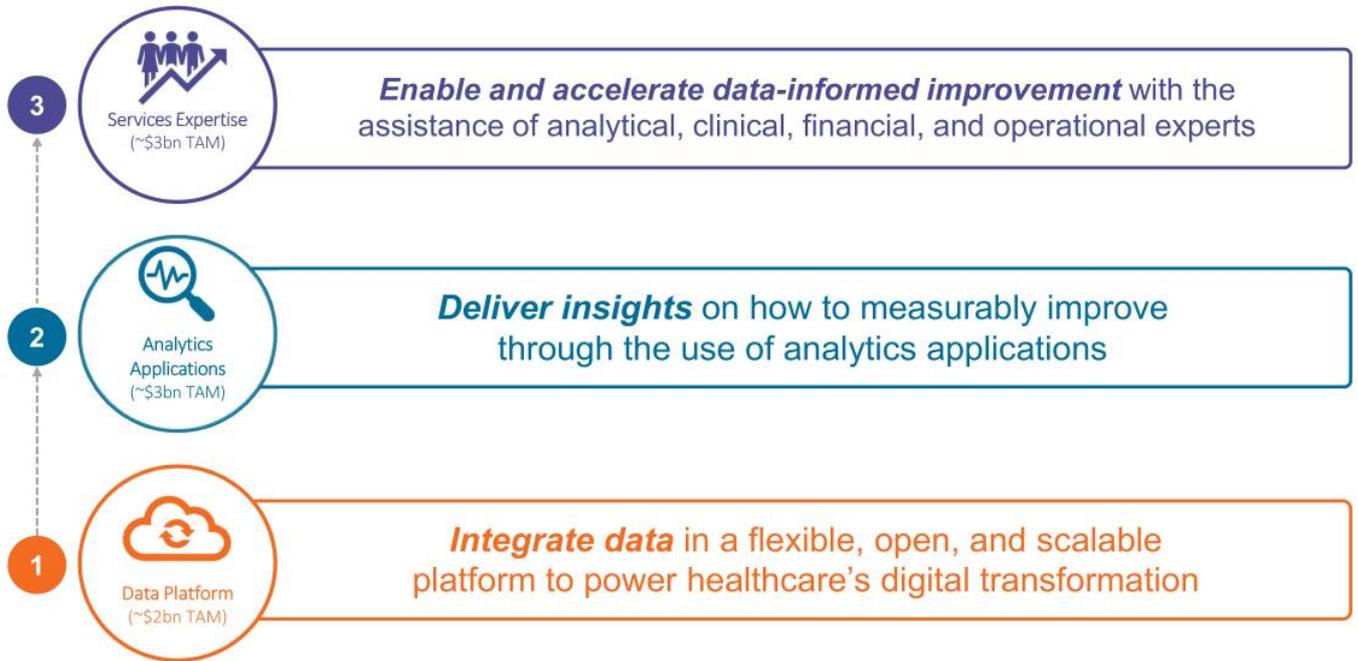
- (1) We acquired Medicity on June 29, 2018. We expect flat to declining revenue from Medicity clients in the foreseeable future. As the Medicity acquisition closed on June 29, 2018, we expect Medicity will impact our organic overall growth rate moving forward.
- (2) Adjusted Gross Profit is a non-GAAP 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 Adj. 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.
- (3) 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) and restructuring charges. Please see the Appendix Annual Report on Form 10-K and our Quarterly Report on Form 10-Q for more details.
- (4) 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 in 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.

Healthcare Success: Proven Methodology



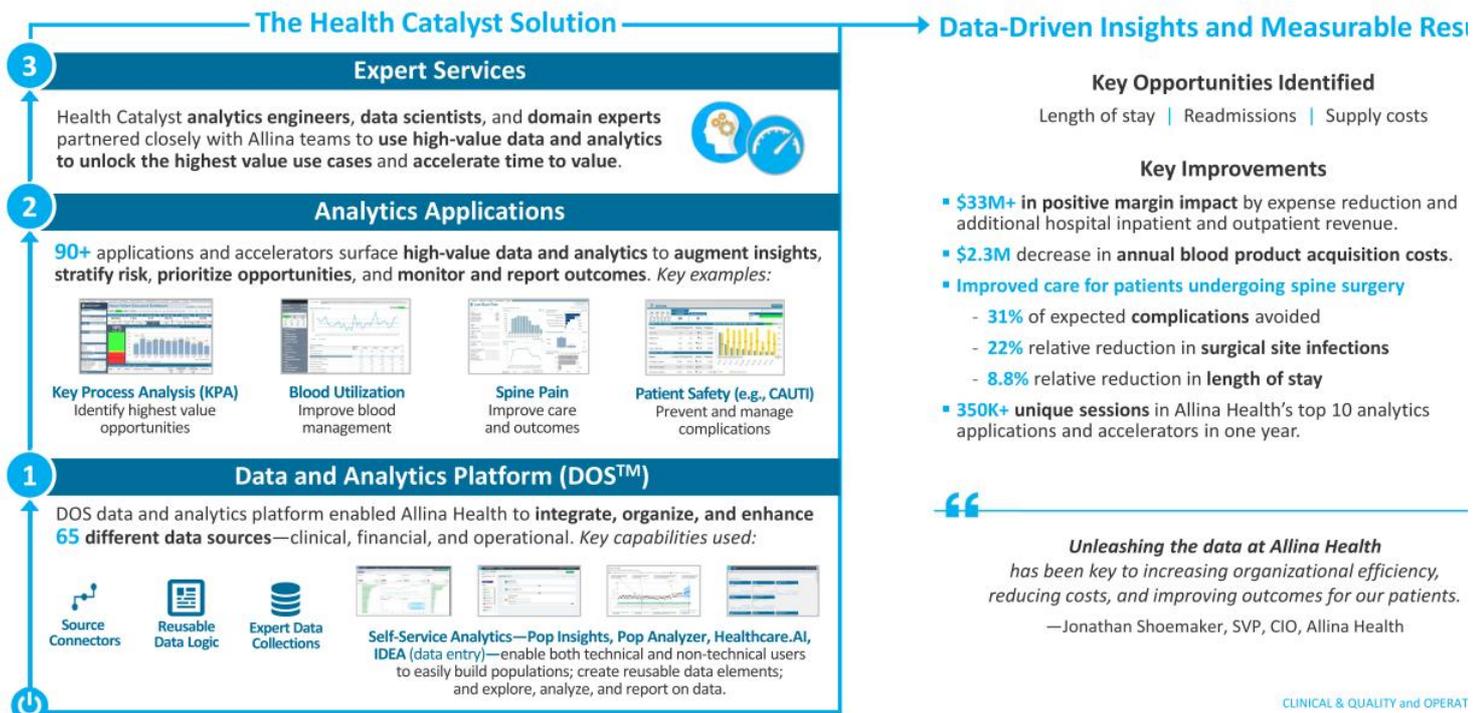
- 1 Integrate All Revenue, Cost, and Quality Data
- 2 Identify Variation and Generate Actionable Analytics Insights
- 3 Apply Expertise to Drive Sustainable Improvements
- 4 Quantify and Communicate Value

Comprehensive Solution for Data-informed Improvement



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

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.



Key Opportunities Identified

Length of stay | Readmissions | Supply costs

Key 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.

“

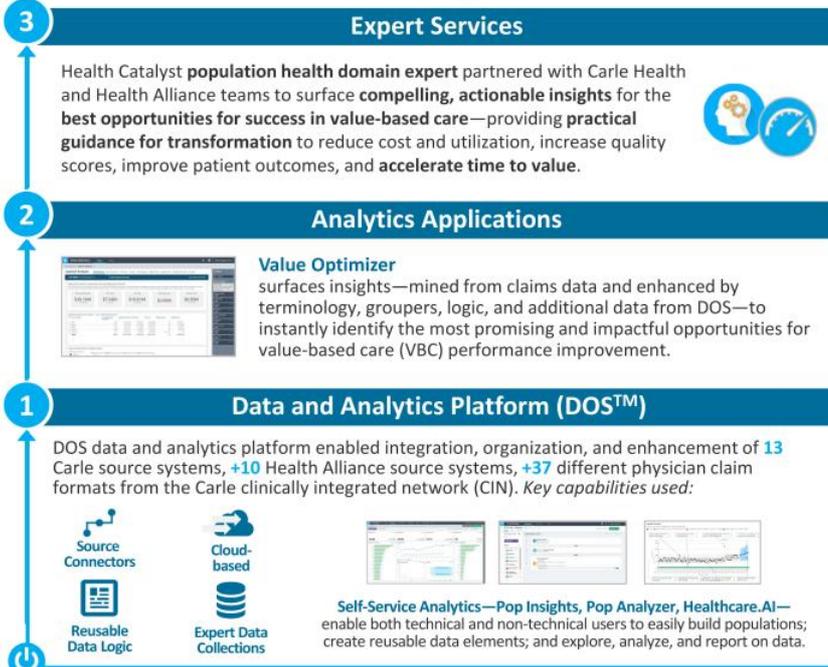
***Unleashing the data at Allina Health**
has been key to increasing organizational efficiency,
reducing costs, and improving outcomes for our patients.*

—Jonathan Shoemaker, SVP, CIO, Allina Health

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

The Challenge: For Carle Health and Health Alliance*, 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 population.

The Health Catalyst Solution



Data-Driven Insights and Measurable Results

Key Opportunities Identified

Cost, utilization, and performance metrics across **10** key population health areas, including:
 Emergency department utilization | Inpatient utilization
 Ambulatory utilization | Post-acute care

Key Improvements

- **\$10M+** in cost and utilization opportunity identified
- **\$100K manual labor costs avoided** by eliminating multiple iterations and meetings to obtain the necessary data and analysis
- **>90%** improvement in **analytic efficiency**; analyses that previously required months to complete are now complete in minutes



Value Optimizer allows us to uncover opportunities quickly and easily without building a data set to see the likely impact. We can quickly drill down into the data and recommend potential interventions.

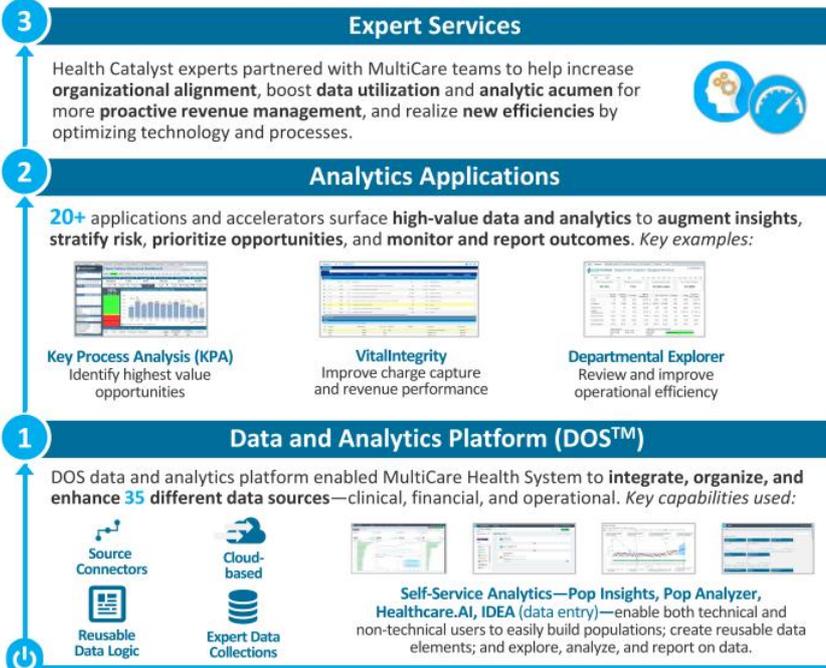
Rich Balbach, Director
 Clinical and Business Intelligence
 Health Alliance

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 impacting MultiCare Health System's ability to improve—leaving financial and operational metrics below expectations.

The Health Catalyst Solution

Data-Driven Insights and Measurable Results



Key Opportunities Identified

Charge capture | Contribution margins | Length of stay

Key Improvements

- **\$6.1M net revenue retained**, the result of resolving more than 100 charge capture issues.
- **\$48M in revenue**, surpassing three-year market share goals in year two.
 - **Overall market share** improved in every submarket.
- **\$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

FINANCIAL & OPERATIONS

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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.

The Health Catalyst Solution

Data-Driven Insights and Measurable Results

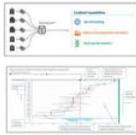
3 Expert Services

Health Catalyst's **analytics engineers, data scientists, and domain experts** partnered with INTEGRIS teams to **optimally leverage integrated data, analytics, and machine-learning-driven algorithms** to identify and realize meaningful opportunities for improvement.



2 Analytics Applications

Touchstone® enabled INTEGRIS to analyze risk-adjusted benchmarks and integrated machine-learning algorithms to enhance understanding of performance compared to peer organizations—and proactively prioritize improvement opportunities.



Healthcare.AI capabilities, integrated within Touchstone and other BI tools, deliver **easy-to-use statistical and AI capabilities** to help analysts produce **more accurate, faster insights**.

1 Data and Analytics Platform (DOS™)

DOS data and analytics platform **enabled integration, organization, and enhancement of 10 different data source systems**. *Key capabilities used:*



Source Connectors



Cloud-based



Reusable Data Logic



Expert Data Collections



Self-Service Analytics—Pop Insights, Pop Analyzer, Healthcare.AI enable both technical and non-technical users to easily build populations; create reusable data elements; and explore, analyze, and report on data

Key Opportunities Identified

Value-based care measures performance | Patient safety targeted mortality and readmissions (e.g., sepsis)

Key Improvements

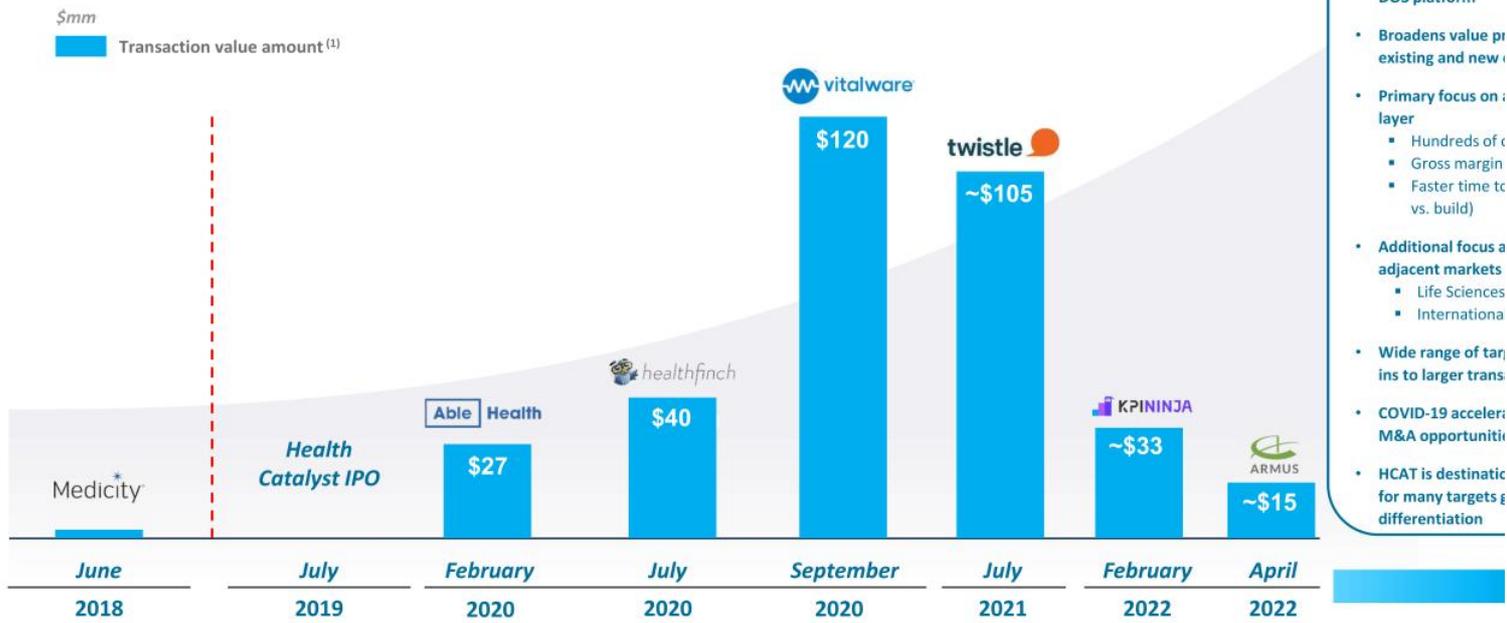
- **Aligned executive incentives** based on shared understanding **highest value and most actionable improvement opportunity**
- **\$500K saved annually** by sunseting a third-party benchmarki
- **50x faster data refresh** than previous benchmarking tool—an benchmarks are now **more adaptive** as well as **more detailed**



Using DOS and Touchstone has been transformational j our organization. The data and analytics are exactly what CEO, CMO, and CNE need to set our organization's cours We've effectively separated the signals from noise in the and are able to clearly see where the organization needs t

Benjamin Mansalis, MD
Chief Information Officer, INTEGRIS Health

Continued Execution of M&A Strategy



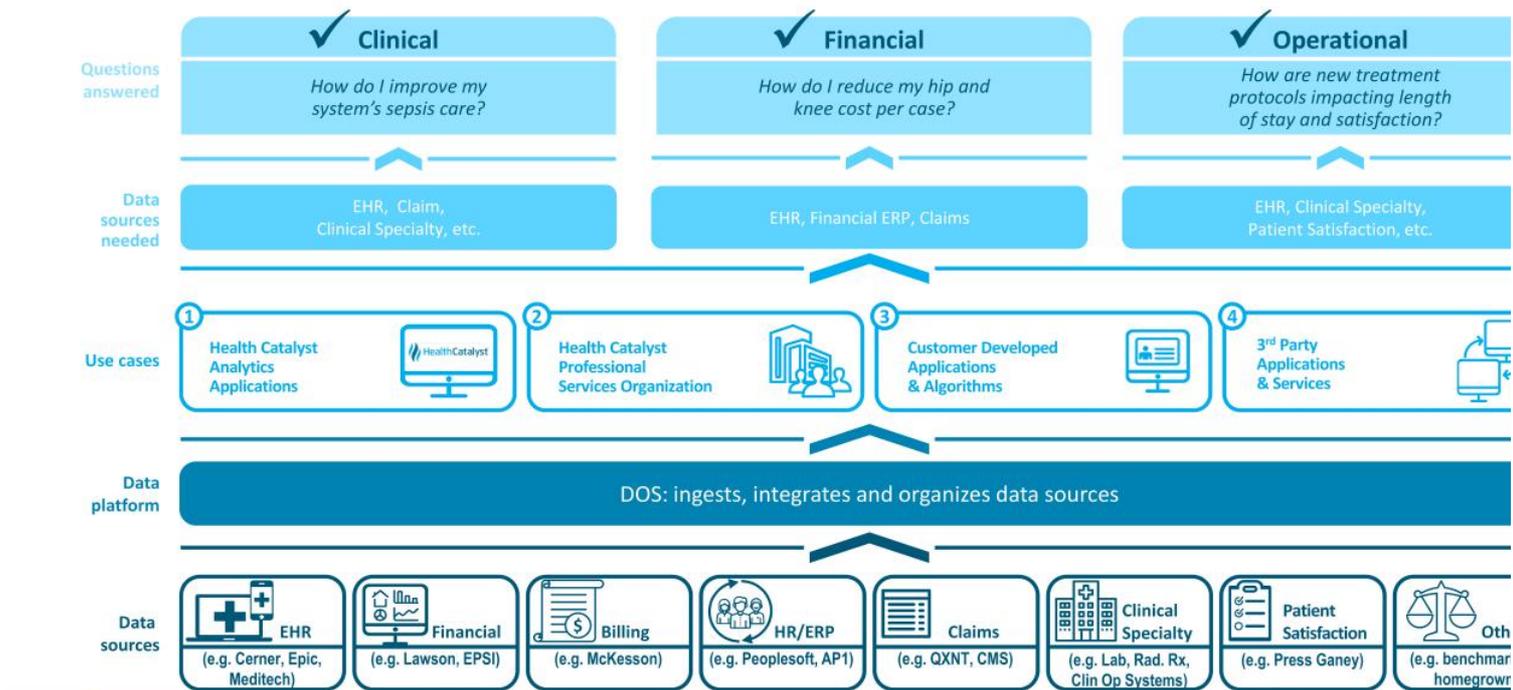
- ### M&A Strategy
- Ability to integrate software applications on DOS platform
 - Broadens value proposition for existing and new customers
 - Primary focus on operational efficiency layer
 - Hundreds of employees
 - Gross margin improvement
 - Faster time to market (vs. build)
 - Additional focus on adjacent markets
 - Life Sciences
 - International
 - Wide range of target companies to larger transactions
 - COVID-19 accelerated M&A opportunities
 - HCAT is a destination for many targets and provides 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

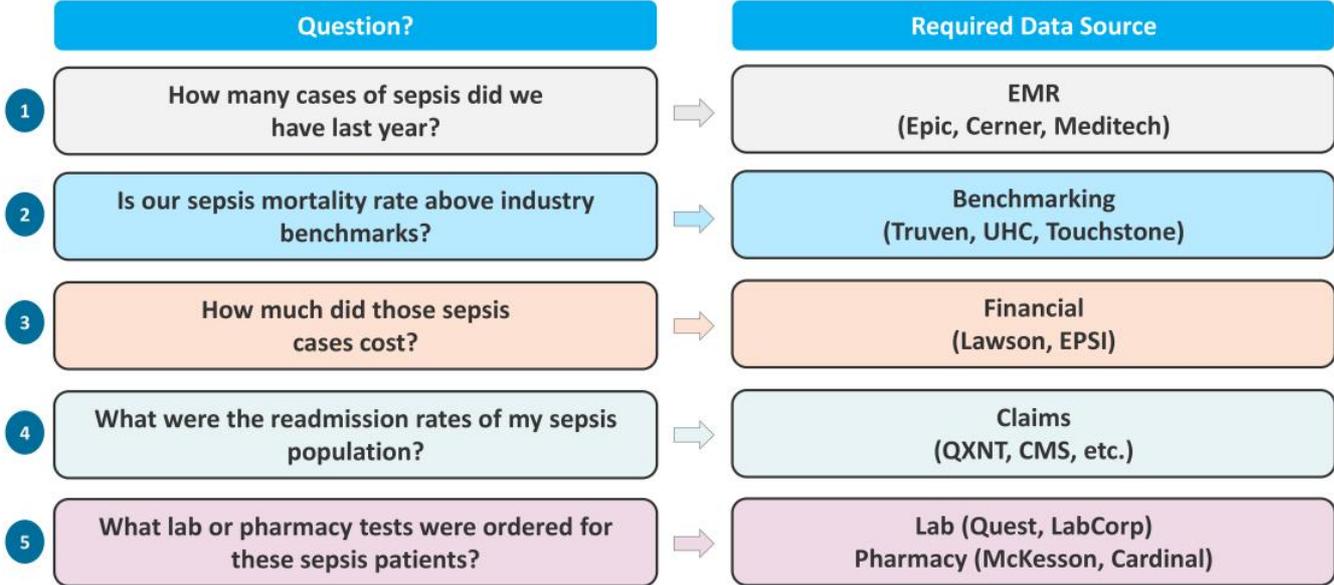
How We Engage With Our Customers

	Option 1	Option 2
	All-Access	Limited-Access / Modular
Overview	Includes subscription access to DOS and all Analytics 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	
<p>Historically ~70% of our DOS Subscription clients have chosen the all-access model</p> <p>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

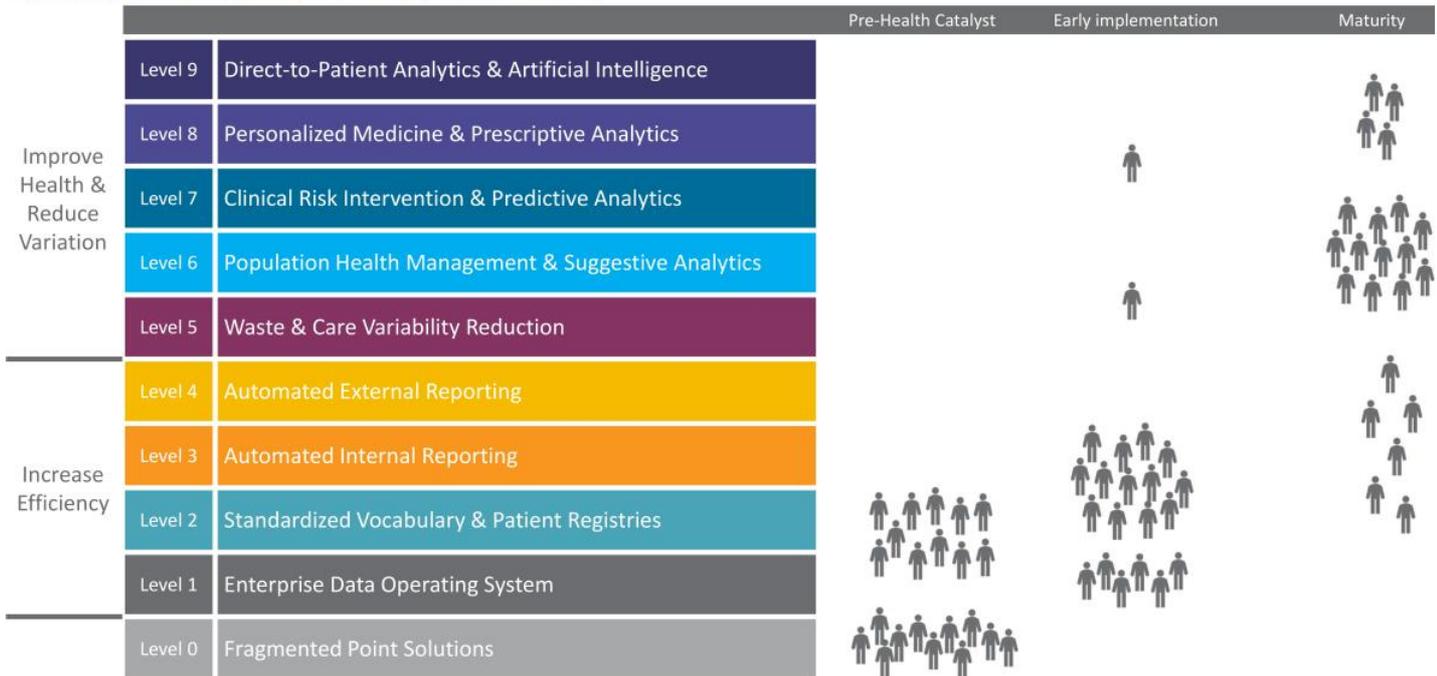


A typical problem facing a healthcare organization most often requires data from multiple source systems: *Sepsis example*



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

The Healthcare Analytics Adoption Model



(1) Healthcare Analytics Adoption Model created by Health Catalyst's former CTO Dale Sanders; HIMSS was granted a creative commons copyright, which they call HIMSS Analytics Adoption Model for Analytics Maturity (AAMM) <https://www.himssanalytics.org/aamam>

GAAP to Non-GAAP Reconciliation: Gross Profit and 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
Revenue	\$110,467	\$78,378
Cost of Revenue, Excluding Depreciation and Amortization	(\$35,604)	(\$62,473)
Gross Profit, Excluding Depreciation and Amortization	\$74,863	\$15,905
Add:		
Stock-Based Compensation	803	3,453
Adjusted Gross Profit	\$75,666	\$19,358
Gross Margin, Excluding Depreciation and Amortization	68%	20%
Adjusted Gross Margin	68%	25%

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

(in thousands, except percentages)	9-Months Ended 30-Sep-2022	
	Technology	Professional Services
Revenue	\$131,624	\$75,450
Cost of Revenue, Excluding Depreciation and Amortization	(\$41,895)	(\$63,048)
Gross Profit, Excluding Depreciation and Amortization	\$89,729	\$12,402
Add:		
Stock-Based Compensation	1,563	6,082
Acquisition-related costs, net ⁽²⁾	267	509
Restructuring Charges ⁽³⁾	0	247
Adjusted Gross Profit	\$91,559	\$19,240
Gross Margin, Excluding Depreciation and Amortization	68%	16%
Adjusted Gross Margin	70%	26%

- (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,				
	2022	2021	2021	2020	2019	2018	2017
Net loss	(\$101,621)	(\$104,218)	(\$153,210)	(\$115,017)	(\$60,096)	(\$61,984)	(\$4,000)
Add:							
Interest and other expense, net	\$2,700	\$12,082	\$16,458	\$11,572	\$3,419	\$2,024	\$1,000
Loss on extinguishment of debt	\$0	\$0	\$0	\$8,514	\$1,670	\$0	\$0
Income tax provision (benefit)	(\$4,339)	(\$6,749)	(\$6,898)	(\$1,194)	\$142	(\$135)	\$0
Depreciation and amortization	\$36,633	\$26,604	\$37,528	\$18,725	\$9,212	\$7,412	\$5,000
Stock-based compensation	\$53,356	\$48,724	\$65,145	\$37,957	\$17,844	\$4,198	\$4,000
Tender offer payments deemed compensation ⁽¹⁾	\$0	\$0	\$0	\$0	\$0	\$8,318	\$0
Acquisition-related costs, net ⁽²⁾	\$3,188	\$16,787	\$27,929	\$16,758	\$446	\$2,114	\$0
Restructuring costs ⁽³⁾	\$4,499	\$0	\$0	\$0	\$0	\$0	\$0
Non-recurring lease-related charges ⁽⁴⁾	\$3,700	\$1,800	\$1,800	\$1,398	\$0	\$0	\$0
Adjusted EBITDA	(\$1,884)	(\$4,970)	(\$11,248)	(\$21,287)	(\$27,363)	(\$38,053)	(\$3,000)

(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 charge for the subleased portion of our corporate headquarters and duplicate rent expense incurred during the relocation of our corporate headquarters.

GAAP to Non-GAAP Reconciliation: Adjusted Operating Expenses

<i>(in thousands)</i>	9 Months Ended September 30,		Year Ended December 31,			
	2022	2021	2021	2020	2019	2018
Operating expenses	\$205,391	\$185,618	\$261,222	\$186,893	\$134,461	\$112,817
Less:						
Depreciation and amortization	(\$36,633)	(\$26,604)	(\$37,528)	(\$18,725)	(\$9,212)	(\$7,412)
Stock-based compensation	(\$45,711)	(\$41,377)	(\$55,035)	(\$33,701)	(\$16,676)	(\$3,640)
Tender offer payments deemed compensation	\$0	\$0	\$0	\$0	\$0	(\$8,006)
Acquisition-related costs, net	(\$2,412)	(\$16,693)	(\$27,741)	(\$16,758)	(\$338)	(\$1,777)
Restructuring costs	(\$4,252)	\$0	\$0	\$0	\$0	\$0
Non-recurring lease-related charges	(\$3,700)	(\$1,800)	(\$1,800)	(\$1,398)	\$0	\$0
Adjusted Operating Expenses	\$112,684	\$99,144	\$139,118	\$116,311	\$108,235	\$91,982
<i>Adjusted Operating Expenses as % of Revenue</i>	<i>54%</i>	<i>56%</i>	<i>58%</i>	<i>62%</i>	<i>70%</i>	<i>82%</i>

