

**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): June 23, 2021

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 3.02. Unregistered Sales of Equity Securities.

On June 23, 2021, Health Catalyst, Inc. (“Health Catalyst”) entered into an acquisition agreement to acquire all of the equity interests in Twistle, Inc., a Delaware corporation (“Twistle”), for an aggregate purchase price of approximately \$104.5 million, plus a potential earn-out described below of up to \$65 million (the “Acquisition”). As a portion of the consideration for the Acquisition, Health Catalyst has agreed to issue 830,704 shares of Health Catalyst’s common stock, \$0.001 par value (“Common Stock”), valued at the closing reference price of \$56.60, which is equal to the average trading price of the Common Stock on the Nasdaq Global Select Market for the 10 consecutive trading day period ended June 21, 2021, to the equityholders of Twistle upon consummation of the transactions contemplated by the acquisition agreement, subject to certain closing conditions. Health Catalyst also agreed pursuant to an earn-out provision to issue additional shares of Common Stock if certain earn-out performance targets are met during an earn-out period ending on June 30, 2022. For purposes of the earn-out, the Common Stock will be valued based on the average trading price of the Common Stock on the Nasdaq Global Select Market for the 10 consecutive trading day period ending June 30, 2022. The actual number of shares that will be issued under the earn-out, if any, will depend on the extent of fulfillment of the earn-out performance targets at the time of calculation of the earn-out. The parties expect the Acquisition, which is subject to customary closing conditions, will close early in the third quarter of 2021.

The issuance of shares of Common Stock in connection with the Acquisition will be made in accordance with the terms and subject to the conditions set forth in the acquisition agreement and in reliance on the private offering exemption of Section 4(a)(2) of the Securities Act of 1933, as amended, and/or the private offering safe harbor provision of Rule 506 of Regulation D promulgated thereunder. The issuance and sale is not being conducted in connection with a public offering, and no public solicitation or advertisement will be made or relied upon in connection with the issuance of the shares.

Item 8.01. Other Events

On June 24, 2021, the Company issued a press release regarding the Acquisition. A copy of the press release announcing the Acquisition and the investor presentation related to the Acquisition are attached hereto as Exhibit 99.1 and Exhibit 99.2, respectively, and are each incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release issued by Health Catalyst, Inc. on June 24, 2021
99.2	Investor Presentation

Cautionary Note Regarding Forward-Looking Statements

This Form 8-K contains forward-looking statements relating to expectations, plans, and prospects including expectations relating to our ability to close, and the timing of the closing of, this transaction and the benefits that will be derived from this transaction. These forward-looking statements are based upon the current expectations and beliefs of Health Catalyst’s management as of the date of this Form 8-K, and are subject to certain risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements including, without limitation, the risk of adverse and unpredictable macro-economic conditions and risks related to closing this transaction and integration of the companies. All forward-looking statements in this Form 8-K are based on information available to Health Catalyst as of the date hereof, and Health Catalyst disclaims any obligation to update these forward-looking statements.

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.

HEALTH CATALYST, INC.

Date: June 24, 2021

By: _____ /s/ Bryan Hunt
Bryan Hunt
Chief Financial Officer



Health Catalyst Announces Agreement to Acquire Twistle

Twistle, a Patient Engagement SaaS Technology Solution, to Enhance Health Catalyst's Population Health Offering and Enable More Comprehensive Support for Organizations Transitioning to Population Health Care Models

Salt Lake City, Utah – June 24, 2021 – Health Catalyst, Inc. (“Health Catalyst,” Nasdaq: HCAT), a leading provider of data and analytics technology and services to healthcare organizations, today announced that it has entered into a definitive agreement to acquire Twistle, Inc. (“Twistle”), an Albuquerque, New Mexico-based healthcare patient engagement SaaS technology company that automates patient-centered, HIPAA-compliant communication between care teams and patients to transform the patient experience, drive better care outcomes, and reduce healthcare costs.

We anticipate that Twistle’s leading clinical workflow and patient engagement platform, paired with the Health Catalyst population health offering, will enable a comprehensive go-to-market solution to address the population health needs of healthcare organizations, as well as Life Science organizations, around the globe. Health Catalyst’s cloud-based data platform, DOS™, will enhance Twistle’s automation by enabling richer data-driven patient interaction. The Twistle technology also enables Health Catalyst’s clinical, quality, and Life Sciences solutions, through established clinical pathways and patient communication channels.

“Twistle is a leading healthcare technology company committed to developing software that healthcare organizations and Life Science companies need to keep patients engaged in their healthcare,” said Dan Burton, CEO of Health Catalyst. “Their efforts to improve patient outcomes and reduce the cost of care are deeply aligned with our mission to be the catalyst for massive, measurable, data-informed improvements. We’re excited to welcome the Twistle team to Health Catalyst and look forward to working together to enable healthcare organizations to achieve the promise of population health.”

“Health Catalyst’s acquisition of Twistle highlights our belief that the most promising technology in healthcare is combining AI and data with ‘digital endpoints’ for patient services to deliver value. Twistle creates endpoints that, in our experience, make it simple for us to interact asynchronously with patients in smarter ways, meeting them where they are digitally, and give our care teams the time to be even better at what they do best—delivering great care,” said Aaron Martin, managing general partner of Providence Ventures and chief digital officer of Providence. “Combined with Health Catalyst’s data and analytics technology, we expect accelerated innovation in personalizing our outreach to patients,” he added.

“The synergy between our cultures, values, and solutions will have a tremendous impact on the health and wellness of patients. Health Catalyst’s patient insights can trigger personalized outreach, and the patient’s unique profile will allow Twistle’s communication pathways to adapt to their preferences and attributes in unprecedented ways. We are excited about the prospects of our joint solutions proactively engaging at-risk populations, advancing health equity, and improving patient activation in their care,” said Kulmeet Singh, founder and CEO of Twistle. “We anticipate that care teams will realize even more efficiency gains as our automated outreach will be more intelligent and individualized, freeing their time to focus on patients that require intervention to stay on track with their medical plan of care.”

Health Catalyst expects to fund the transaction using a mix of stock and cash. The parties expect the transaction, which is subject to customary closing conditions, to close in early Q3 2021. Further details regarding the acquisition will be reported on a Form 8-K filing that will be filed with the Securities and Exchange Commission today.

About Health Catalyst

Health Catalyst is a leading provider of data and analytics technology and services to healthcare organizations committed to being the catalyst for massive, measurable, data-informed healthcare improvement. Its customers leverage the cloud-based data platform—powered by data from more than 100 million patient records and encompassing trillions of facts—as well as its analytics software and professional services expertise to make data-informed decisions and realize measurable clinical, financial, and operational improvements. Health Catalyst envisions a future in which all healthcare decisions are data informed.

About Twistle

Twistle, a healthcare technology company founded in 2011, automates patient-centered, HIPAA-compliant communication between care teams and patients to transform the patient experience, drive better outcomes, and reduce costs. An automatic navigation (GPS) system for health, Twistle offers “turn-by-turn” guidance to patients as they navigate care journeys before, during, and after a care episode. Patients are engaged in their own care and follow best practices, communicate as needed with their care teams, and realize measurably better outcomes. Twistle integrates sophisticated automation with multi-channel communication, engaging patients through secure text messaging, interactive voice response, patient portals, or the health system’s digital applications.

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements relating to expectations, plans, and prospects including expectations relating to our ability to close, and the timing of the closing of, this transaction and the benefits that will be derived from this transaction. These forward-looking statements are based upon the current expectations and beliefs of Health Catalyst’s management as of the date of this release, and are subject to certain risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements including, without limitation, the risk of adverse and unpredictable macro-economic conditions and risks related to closing this transaction and integration of the companies. All forward-looking statements in this press release are based on information available to the Company as of the date hereof, and Health Catalyst disclaims any obligation to update these forward-looking statements.

Health Catalyst Media Contact:

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<p>Twistle Overview</p>	<ul style="list-style-type: none"> ➤ Patient engagement software that automates personalized communication between care teams and patients, leveraging rich clinical content <ul style="list-style-type: none"> ○ Primarily serves healthcare providers & risk bearing entities as well as a few life sciences companies ➤ Multi-channel communication enabled by deep integrations with EMRs, IoT smart devices, and third-party services and software via API engines ➤ Founded in 2011; based in Albuquerque, NM
<p>Acquisition Strategic Rationale</p>	<ul style="list-style-type: none"> ✓ A leading patient engagement software solution that we believe will meaningfully bolster Health Catalyst's Population Health application suite <ul style="list-style-type: none"> ❑ Combined solution expected to meaningfully enhance Health Catalyst's go-to-market offering, as healthcare organizations increasingly look for a comprehensive Population Health solution ❑ Strategically important as healthcare organizations normalize operations following COVID-19, with many reprioritizing their transition to value-based care models and optimizing care delivery in virtual settings ✓ Over time, we anticipate the Twistle solution will leverage the DOS data platform and its comprehensive data set to enable richer data-driven patient interaction ✓ Twistle technology also has applicability in the Clinical & Quality space (established clinical pathways and patient communication channels) and Life Sciences space (patient education and clinical trials) ✓ Compelling financial profile ✓ Strong mission and cultural alignment

Transaction Overview & Financial Profile

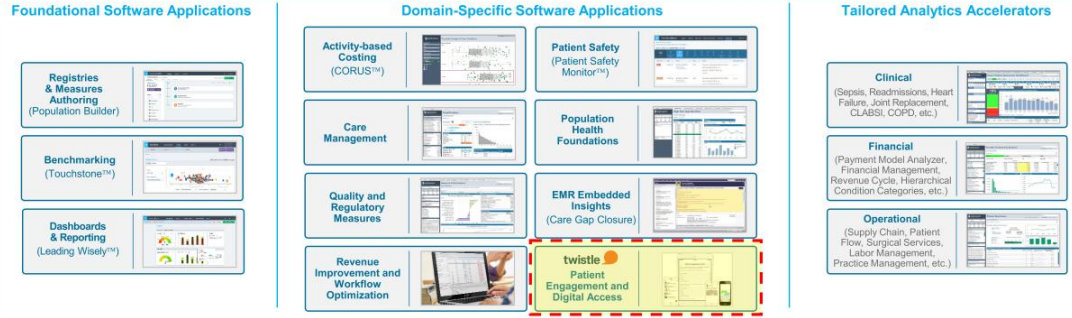
Transaction Overview	<ul style="list-style-type: none"> ➤ \$104.5M upfront purchase price: ~\$57.5M in cash and ~\$47M in HCAT common stock <ul style="list-style-type: none"> ○ Potential earnout based on ARR targets ➤ Estimated to close in early Q3 2021
Twistle Financial Profile	<ul style="list-style-type: none"> ❑ +85% recurring SaaS technology revenue ❑ ~\$8M 2021E standalone revenue (excl. deferred revenue write down) ❑ ~35% anticipated revenue growth rate (near-to-medium term) ❑ 115%+ Dollar Based Net Retention ❑ 40+ customers (primarily health systems), presenting cross-sell opportunity ❑ ~70% total gross margin (~80% Technology gross margin) ❑ Anticipating \$(2.5)M-\$(3.0)M of Adj. EBITDA in 2022 ❑ Historical and projected operating leverage ❑ Timing of close and purchase accounting impact of deferred revenue write-down will impact 2021 and 2022 GAAP revenue and EBITDA contribution. Additional details will be incorporated into guidance once the transaction is closed ❑ Incremental to Health Catalyst TAM within the Population Health offering

Health Catalyst Solution

3 Services 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 The Data Operating System (DOS™): A healthcare-specific, open, flexible, scalable platform for analytics, application development, and interoperability



Disclaimer

This presentation contains 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, our ability to integrate the acquired business, planned products and services, realized synergies, 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," "believe," "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 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 COVID-19 on our business and results of operations, our ability to attract and retain customers, our ability to integrate the acquired business, 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 includes 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, financial performance 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.

