

**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): November 2, 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 2.02. Results of Operations and Financial Condition.

On November 6, 2024, Health Catalyst, Inc. (the "Company") issued a press release relating to its financial results for the quarter ended September 30, 2024. A copy of the press release and the Q3 2024 earnings release summary are attached hereto as Exhibit 99.1 and Exhibit 99.2, respectively, and are each incorporated herein by reference.

The foregoing information (including Exhibits 99.1 and 99.2 attached hereto) is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

Item 3.02. Unregistered Sales of Equity Securities.

On November 5, 2024, the Company entered into an acquisition agreement to acquire all of the equity interests in Intraprise Health, LLC, a Delaware corporation ("Intraprise"), for an aggregate purchase price of approximately \$43 million (the "Acquisition"). As a portion of the consideration for the Acquisition, Health Catalyst has agreed to issue approximately 2,200,490 shares of Health Catalyst's common stock, \$0.001 par value ("Common Stock"), valued at the closing reference price of \$8.18, which is equal to the average trading price of the Common Stock on the Nasdaq Global Select Market for the 35 consecutive trading day period ended November 1, 2024, to the equityholders of Intraprise upon consummation of the transactions contemplated by the acquisition agreement, subject to certain closing conditions. The parties expect the Acquisition, which is subject to customary closing conditions, will close by the end of 2024.

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 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On November 2, 2024, the board of directors (the "Board") of the Company, upon the recommendation of the Nominating and Corporate Governance Committee, appointed Dr. Jill Hoggard Green to the Board, effective December 1, 2024. Dr. Hoggard Green was appointed to fill a newly created vacant Board seat due to the expansion of the Board from seven (7) to eight (8) directors, also effective December 1, 2024. Dr. Hoggard Green will serve as a Class III director and a member of the Compensation Committee of the Board (the "Compensation Committee") until the 2025 annual meeting of stockholders, and until her successor is duly elected and qualified, or until her earlier resignation, death, or removal.

Dr. Hoggard Green will receive cash and equity compensation pursuant to the Company's non-employee director compensation policy (the "Non-Employee Director Compensation Policy"). Dr. Hoggard Green will receive a pro-rated \$45,000 annual cash retainer in connection with her service on the Board and a pro-rated \$7,500 cash retainer in connection with her service on the Compensation Committee, in each case paid in quarterly installments. Dr. Hoggard Green will receive an initial award of restricted stock units of the Company having a value of \$225,000, vesting in three equal installments on each anniversary of Dr. Hoggard Green's service on the Board. The Company will also reimburse Dr. Hoggard Green for all reasonable and documented travel and lodging expenses associated with Dr. Hoggard Green's attendance at Board and Compensation Committee meetings pursuant to the terms of the Non-Employee Director Compensation Policy. Dr. Hoggard Green will also enter into the Company's standard form indemnification agreement.

From 2019 to July 2024, Dr. Hoggard Green was the Chief Executive Officer of The Queens Health System ("QHS"), a client of the Company since August 2014. QHS currently has a five-year contract with the Company for its Solution that commenced in October 1, 2023. QHS made payments to the Company of approximately \$5.4 million in the year ended December 31, 2023 and \$9.9 million in the nine months ended September 30, 2024. Since the beginning of the Company's last fiscal year through the present, there have been no other transactions with the Company, and there are currently no proposed transactions with the Company, in which the amount involved exceeds \$120,000 and in which Dr. Hoggard Green had or will have a direct or indirect material interest within the meaning of Item 404(a) of Regulation S-K. No arrangement or understanding exists between Dr. Hoggard Green and any other person pursuant to which Dr. Hoggard Green was selected as a director of the Company.

Item 8.01. Other Events

On November 6, 2024, the Company issued a press release regarding the Acquisition. A copy of the press release announcing the Acquisition related to the Acquisition is attached hereto as Exhibit 99.3, and is incorporated herein by reference.

On November 6, 2024, the Company also issued a press release regarding the appointment of Dr. Hoggard Green as a member of the Board. A copy of the press release announcing the appointment of Dr. Hoggard Green is attached hereto as Exhibit 99.4 and incorporated herein by reference.

Cautionary Note Regarding Forward-Looking Statements



Health Catalyst Reports Third Quarter 2024 Results

SALT LAKE CITY, UT, November 6, 2024 — Health Catalyst, Inc. (“Health Catalyst,” Nasdaq: HCAT), a leading provider of data and analytics technology and services to healthcare organizations, today reported financial results for the quarter ended September 30, 2024.

“For the third quarter of 2024, I am pleased with our strong financial results, including total revenue of \$76.4 million and Adjusted EBITDA of \$7.3 million, with these results exceeding the mid-point of our quarterly guidance on each metric. This financial performance continues to demonstrate our ability to scale as we remain focused on driving profitable growth. We are encouraged with our bookings results through Q3 2024 and we are excited to continue this momentum in Q4,” said Dan Burton, CEO of Health Catalyst. “Additionally, we are happy to be in a position to raise our Adjusted EBITDA guidance by \$1 million for 2024. This is a testament to our commitment to financial discipline, operating leverage, and profitable growth.”

Financial Highlights for the Three Months Ended September 30, 2024

Key Financial Metrics

	Three Months Ended September 30,		Year over Year Change
	2024	2023	
(in thousands, except percentages, unaudited)			
GAAP Financial Measures:			
Total revenue	\$ 76,353	\$ 73,773	3%
Gross profit	\$ 27,758	\$ 25,339	10%
Gross margin	36 %	34 %	
Net loss	\$ (14,726)	\$ (22,032)	33%
Non-GAAP Financial Measures:⁽¹⁾			
Adjusted Gross Profit	\$ 36,289	\$ 34,572	5%
Adjusted Gross Margin	48 %	47 %	
Adjusted EBITDA	\$ 7,295	\$ 1,992	266%

(1) These measures are not calculated in accordance with generally accepted accounting principles in the United States (GAAP). See the accompanying “Non-GAAP Financial Measures” section below for more information about these financial measures, including the limitations of such measures, and for a reconciliation of each measure to the most directly comparable measure calculated in accordance with GAAP.

Financial Outlook

Health Catalyst provides forward-looking guidance on total revenue, a GAAP measure, and Adjusted EBITDA, a non-GAAP measure.

For the fourth quarter of 2024, we expect:

- Total revenue between \$78.0 million and \$84.0 million, and
- Adjusted EBITDA between \$6.8 million and \$8.8 million

For the full year of 2024, we expect:

- Total revenue between \$305.0 million and \$311.0 million, and
- Adjusted EBITDA between \$25.0 million and \$27.0 million

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

Quarterly Conference Call Details

We will host a conference call to review the results today, Wednesday, November 6, 2024, at 4:30 p.m. E.T. The conference call can be accessed by dialing (800) 343-5172 for U.S. participants, or (203) 518-9856 for international participants, and referencing conference ID "HCATQ324." A live audio webcast will be available online at <https://ir.healthcatalyst.com/>. A replay of the call will be available via webcast for on-demand listening shortly after the completion of the call, at the same web link, and will remain available for approximately 90 days.

About Health Catalyst

Health Catalyst is a leading provider of data and analytics technology and services to healthcare organizations and is committed to being the catalyst for massive, measurable, data-informed healthcare improvement. Its clients 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.

Available Information

Our investors and others should note that we announce material information to the public about our company, products and services, and other matters related to our company through a variety of means, including our website (<https://www.healthcatalyst.com/>), our investor relations website (<https://ir.healthcatalyst.com/>), press releases, SEC filings, public conference calls, and social media, including our and our CEO's social media accounts, in order to achieve broad, non-exclusionary distribution of information to the public and to comply with our disclosure obligations under Regulation FD.

Forward-Looking Statements

This release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, as amended. These forward-looking statements include statements regarding our future growth and our financial outlook for the fourth quarter and full year 2024. Forward-looking statements are subject to risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Actual results may differ materially from the results predicted, and reported results should not be considered as an indication of future performance.

Important risks and uncertainties that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: (i) changes in laws and regulations applicable to our business model; (ii) changes in market or industry conditions, regulatory environment, and receptivity to our technology and services; (iii) results of litigation or a security incident; (iv) the loss of one or more key clients or partners; (v) the impact of the challenging macroeconomic environment (including high inflationary and/or high interest rate environments) on our business and results of operations; and (vi) changes to our abilities to recruit and retain qualified team members. For a detailed discussion of the risk factors that could affect our actual results, please refer to the risk factors identified in our SEC reports, including, but not limited to the Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2024 expected to be filed with the SEC on or about November 6, 2024 and the Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 22, 2024. All information provided in this release and in the attachments is as of the date hereof, and we undertake no duty to update or revise this information unless required by law.

Condensed Consolidated Balance Sheets
(in thousands, except share and per share data, unaudited)

	As of September 30, 2024 <i>(unaudited)</i>	As of December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 328,327	\$ 106,276
Short-term investments	58,929	211,452
Accounts receivable, net	51,648	60,290
Prepaid expenses and other assets	18,510	15,379
Total current assets	457,414	393,397
Property and equipment, net	27,908	25,712
Intangible assets, net	76,463	73,384
Operating lease right-of-use assets	11,222	13,927
Goodwill	234,387	190,652
Other assets	5,656	4,742
Total assets	<u>\$ 813,050</u>	<u>\$ 701,814</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 14,278	\$ 6,641
Accrued liabilities	23,548	23,282
Deferred revenue	52,202	55,753
Operating lease liabilities	3,329	3,358
Current portion of long-term debt	230,423	—
Total current liabilities	323,780	89,034
Long-term debt, net of current portion	114,611	228,034
Deferred revenue, net of current portion	258	77
Operating lease liabilities, net of current portion	15,969	17,676
Other liabilities	3,395	74
Total liabilities	458,013	334,895
Stockholders' equity:		
Preferred stock, \$0.001 par value per share; 25,000,000 shares authorized and no shares issued and outstanding as of September 30, 2024 and December 31, 2023	—	—
Common stock, \$0.001 par value per share, and additional paid-in capital; 500,000,000 shares authorized as of September 30, 2024 and December 31, 2023; 60,847,658 and 58,295,491 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively	1,521,146	1,484,056
Accumulated deficit	(1,165,999)	(1,117,170)
Accumulated other comprehensive income (loss)	(110)	33
Total stockholders' equity	355,037	366,919
Total liabilities and stockholders' equity	<u>\$ 813,050</u>	<u>\$ 701,814</u>

Condensed Consolidated Statements of Operations
(in thousands, except per share data, unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in thousands)		(in thousands)	
Revenue:				
Technology	\$ 48,653	\$ 45,973	\$ 143,254	\$ 140,483
Professional services	27,700	27,800	83,724	80,371
Total revenue	76,353	73,773	226,978	220,854
Cost of revenue, excluding depreciation and amortization:				
Technology ⁽¹⁾⁽²⁾⁽³⁾	17,609	15,169	48,991	45,755
Professional services ⁽¹⁾⁽²⁾⁽³⁾	24,704	26,618	71,899	73,774
Total cost of revenue, excluding depreciation and amortization	42,313	41,787	120,890	119,529
Operating expenses:				
Sales and marketing ⁽¹⁾⁽²⁾⁽³⁾	11,342	15,084	43,145	50,050
Research and development ⁽¹⁾⁽²⁾⁽³⁾	14,193	17,667	42,948	52,339
General and administrative ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	12,209	13,625	41,136	61,129
Depreciation and amortization	9,983	10,190	31,165	31,919
Total operating expenses	47,727	56,566	158,394	195,437
Loss from operations	(13,687)	(24,580)	(52,306)	(94,112)
Interest and other income (expense), net	(1,514)	2,607	3,185	6,490
Loss before income taxes	(15,201)	(21,973)	(49,121)	(87,622)
Income tax provision (benefit)	(475)	59	(292)	213
Net loss	\$ (14,726)	\$ (22,032)	\$ (48,829)	\$ (87,835)
Net loss per share, basic and diluted	\$ (0.24)	\$ (0.39)	\$ (0.82)	\$ (1.57)
Weighted-average shares outstanding used in calculating net loss per share, basic and diluted	60,441	56,711	59,449	56,062

(1) Includes stock-based compensation expense as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in thousands)		(in thousands)	
Stock-Based Compensation Expense:				
Cost of revenue, excluding depreciation and amortization:				
Technology	\$ 450	\$ 497	\$ 1,206	\$ 1,408
Professional services	1,601	1,927	4,282	5,682
Sales and marketing	2,555	5,149	8,997	16,049
Research and development	1,871	2,927	5,391	8,677
General and administrative	3,035	3,732	9,440	10,929
Total	\$ 9,512	\$ 14,232	\$ 29,316	\$ 42,745

(2) Includes acquisition-related costs (benefit), net, as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in thousands)		(in thousands)	
Acquisition-related costs (benefit), net:				
Cost of revenue, excluding depreciation and amortization:				
Technology	\$ 77	\$ 66	\$ 246	\$ 208
Professional services	121	96	330	298
Sales and marketing	151	102	738	304
Research and development	183	198	612	587
General and administrative	955	1,664	3,805	1,705
Total	\$ 1,487	\$ 2,126	\$ 5,731	\$ 3,102

(3) Includes restructuring costs as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in thousands)		(in thousands)	
Restructuring costs:				
Cost of revenue, excluding depreciation and amortization:				
Technology	\$ —	\$ —	\$ 79	\$ 12
Professional services	—	—	181	434
Sales and marketing	—	—	449	1,205
Research and development	—	—	443	286
General and administrative	—	—	936	118
Total	\$ —	\$ —	\$ 2,088	\$ 2,055

(4) Includes litigation costs as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in thousands)		(in thousands)	
Litigation costs:				
Cost of revenue, excluding depreciation and amortization:				
General and administrative	\$ —	\$ 24	\$ —	\$ 21,279
Total	\$ —	\$ 24	\$ —	\$ 21,279

(5) Includes non-recurring lease-related charges as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in thousands)		(in thousands)	
Non-recurring lease-related charges:				
General and administrative	\$ —	\$ —	\$ 2,200	\$ 2,681
Total	\$ —	\$ —	\$ 2,200	\$ 2,681

Condensed Consolidated Statements of Cash Flows
(in thousands, unaudited)

	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities		
Net loss	\$ (48,829)	\$ (87,835)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Stock-based compensation expense	29,316	42,745
Depreciation and amortization	31,165	31,919
Impairment of long-lived assets	2,200	2,681
Non-cash operating lease expense	1,981	2,272
Amortization of debt discount, issuance costs, and deferred financing costs	2,078	1,132
Investment discount and premium accretion	(3,899)	(6,816)
Provision for expected credit losses	3,433	1,626
Deferred tax provision (benefit)	(517)	6
Change in fair value of contingent consideration liabilities	(1,642)	—
Other	87	101
Change in operating assets and liabilities:		
Accounts receivable, net	6,304	259
Prepaid expenses and other assets	(617)	385
Accounts payable, accrued liabilities, and other liabilities	4,810	1,847
Deferred revenue	(5,259)	(1,688)
Operating lease liabilities	(2,525)	(2,673)
Net cash provided by (used in) operating activities	18,086	(14,039)
Cash flows from investing activities		
Proceeds from the sale and maturity of short-term investments	206,488	256,101
Purchase of short-term investments	(50,197)	(254,448)
Acquisition of businesses, net of cash acquired	(54,889)	—
Capitalization of internal-use software	(9,858)	(9,331)
Purchase of intangible assets	(504)	(986)
Purchases of property and equipment	(1,203)	(981)
Proceeds from the sale of property and equipment	10	21
Net cash provided by (used in) investing activities	89,847	(9,624)
Cash flows from financing activities		
Proceeds from issuance of long-term debt, net of issuance costs	115,472	—
Payment of deferred financing costs	(3,000)	—
Proceeds from employee stock purchase plan	2,061	3,206
Proceeds from exercise of stock options	169	937
Repurchase of common stock	—	(1,808)
Repayment of seller-financed debt	(646)	—
Net cash provided by financing activities	114,056	2,335
Effect of exchange rate changes on cash and cash equivalents	62	(13)
Net increase (decrease) in cash and cash equivalents	222,051	(21,341)
Cash and cash equivalents at beginning of period	106,276	116,312
Cash and cash equivalents at end of period	\$ 328,327	\$ 94,971

Non-GAAP Financial Measures

To supplement our financial information presented in accordance with GAAP, we believe certain non-GAAP measures, including Adjusted Gross Profit, Adjusted Gross Margin, Adjusted EBITDA, Adjusted Net Income, and Adjusted Net Income per share, basic and diluted, are useful in evaluating our operating performance. For example, we exclude stock-based compensation expense because it is non-cash in nature and excluding this expense provides meaningful supplemental information regarding our operational performance and allows investors the ability to make more meaningful comparisons between our operating results and those of other companies. We use this non-GAAP financial information to evaluate our ongoing operations, as a component in determining employee bonus compensation, and for internal planning and forecasting purposes.

We believe that non-GAAP financial information, when taken collectively, may be helpful to investors because it provides consistency and comparability with past financial performance. However, non-GAAP financial information is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. In addition, other companies, including companies in our industry, may calculate similarly-titled non-GAAP 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. A reconciliation is provided below for each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures, and not to rely on any single financial measure to evaluate our business.

Adjusted Gross Profit and Adjusted Gross Margin

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

We present both of these measures for our technology and professional services business. We believe these non-GAAP measures are useful in evaluating our operating performance compared to that of other companies in our industry, as these metrics generally eliminate the effects of certain items that may vary from company to company for reasons unrelated to overall profitability.

The following is a calculation of our gross profit and gross margin and a reconciliation of gross profit and gross margin to our Adjusted Gross Profit and Adjusted Gross Margin in total and for technology and professional services for the three months ended September 30, 2024 and 2023.

	Three Months Ended September 30, 2024		
	(in thousands, except percentages)		
	Technology	Professional Services	Total
Revenue	\$ 48,653	\$ 27,700	\$ 76,353
Cost of revenue, excluding depreciation and amortization	(17,609)	(24,704)	(42,313)
Amortization of intangible assets, cost of revenue	(3,741)	—	(3,741)
Depreciation of property and equipment, cost of revenue	(2,541)	—	(2,541)
Gross profit	24,762	2,996	27,758
Gross margin	51 %	11 %	36 %
Add:			
Amortization of intangible assets, cost of revenue	3,741	—	3,741
Depreciation of property and equipment, cost of revenue	2,541	—	2,541
Stock-based compensation	450	1,601	2,051
Acquisition-related costs, net ⁽¹⁾	77	121	198
Adjusted Gross Profit	\$ 31,571	\$ 4,718	\$ 36,289
Adjusted Gross Margin	65 %	17 %	48 %

(1) Acquisition-related costs, net include deferred retention expenses attributable to the Lumeon, Carevive, ARMUS, and KPI Ninja acquisitions.

	Three Months Ended September 30, 2023		
	(in thousands, except percentages)		
	Technology	Professional Services	Total
Revenue	\$ 45,973	\$ 27,800	\$ 73,773
Cost of revenue, excluding depreciation and amortization	(15,169)	(26,618)	(41,787)
Amortization of intangible assets, cost of revenue	(4,390)	—	(4,390)
Depreciation of property and equipment, cost of revenue	(2,257)	—	(2,257)
Gross profit	24,157	1,182	25,339
Gross margin	53 %	4 %	34 %
Add:			
Amortization of intangible assets, cost of revenue	4,390	—	4,390
Depreciation of property and equipment, cost of revenue	2,257	—	2,257
Stock-based compensation	497	1,927	2,424
Acquisition-related costs, net ⁽¹⁾	66	96	162
Adjusted Gross Profit	\$ 31,367	\$ 3,205	\$ 34,572
Adjusted Gross Margin	68 %	12 %	47 %

(1) Acquisition-related costs, net include deferred retention expenses attributable to the ARMUS and KPI Ninja acquisitions.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure that we define as net loss adjusted for (i) interest and other (income) expense, net, (ii) income tax provision (benefit), (iii) depreciation and amortization, (iv) stock-based compensation, (v) acquisition-related costs, net, and (vi) litigation costs. We view acquisition-related expenses when applicable, such as transaction costs and changes in the fair value of contingent consideration liabilities that are directly related to business combinations, as costs that are unpredictable, dependent upon factors outside of our control, and are not necessarily reflective of operational performance during a period. We believe that excluding litigation costs allows for more meaningful comparisons between operating results from period to period as these are separate from the core activities that arise in the ordinary course of our business and are not part of our ongoing operations. We believe Adjusted EBITDA provides investors with useful information on period-to-period performance as evaluated by management and a comparison with our past financial performance, and is useful in evaluating our operating performance compared to that of other companies in our industry, as this metric generally eliminates the effects of certain items that may vary from company to company for reasons unrelated to overall operating performance. The following is a reconciliation of our net loss, the most directly comparable GAAP financial measure, to Adjusted EBITDA, for the three months ended September 30, 2024 and 2023:

	Three Months Ended September 30,	
	2024	2023
	(in thousands)	
Net loss	\$ (14,726)	\$ (22,032)
Add:		
Interest and other (income) expense, net	1,514	(2,607)
Income tax provision (benefit)	(475)	59
Depreciation and amortization	9,983	10,190
Stock-based compensation	9,512	14,232
Acquisition-related costs, net ⁽¹⁾	1,487	2,126
Litigation costs ⁽²⁾	—	24
Adjusted EBITDA	\$ 7,295	\$ 1,992

(1) Acquisition-related costs, net include third-party fees associated with due diligence, deferred retention expenses, post-acquisition restructuring costs incurred as part of business combinations, and changes in fair value of contingent consideration liabilities for potential earn-out payments.

(2) Litigation costs include costs related to litigation that are outside the ordinary course of our business. For additional details, refer to Note 15 in our condensed consolidated financial statements.

Adjusted Net Income and Adjusted Net Income Per Share

Adjusted Net Income is a non-GAAP financial measure that we define as net loss adjusted for (i) stock-based compensation, (ii) amortization of acquired intangibles, (iii) acquisition-related costs, net, including the change in fair value of contingent consideration liabilities, (iv) litigation costs, (v) non-recurring lease-related charges, and (vi) non-cash interest expense related to debt facilities. We believe Adjusted Net Income provides investors with useful information on period-to-period performance as evaluated by management and comparison with our past financial performance and is useful in evaluating our operating performance compared to that of other companies in our industry, as this metric generally eliminates the effects of certain items that may vary from company to company for reasons unrelated to overall operating performance.

	Three Months Ended September 30,	
	2024	2023
(in thousands, except share and per share amounts)		
Numerator:		
Net loss	\$ (14,726)	\$ (22,032)
Add:		
Stock-based compensation	9,512	14,232
Amortization of acquired intangibles	6,839	7,063
Acquisition-related costs, net ⁽¹⁾	1,487	2,126
Litigation costs ⁽²⁾	—	24
Non-recurring lease-related charges ⁽³⁾	—	—
Non-cash interest expense related to debt facilities	1,319	378
Adjusted Net Income	<u>\$ 4,431</u>	<u>\$ 1,791</u>
Denominator:		
Weighted-average shares outstanding used in calculating net loss per share, basic and diluted, and Adjusted Net Income per share, basic	60,440,694	56,710,602
Non-GAAP dilutive effect of stock-based awards	265,889	857,570
Non-GAAP weighted-average shares outstanding used in calculating Adjusted Net Income per share, diluted	<u>60,706,583</u>	<u>57,568,172</u>
Net loss per share, basic and diluted	<u>\$ (0.24)</u>	<u>\$ (0.39)</u>
Adjusted Net Income per share, basic	<u>\$ 0.07</u>	<u>\$ 0.03</u>
Adjusted Net Income per share, diluted	<u>\$ 0.07</u>	<u>\$ 0.03</u>

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

(2) Litigation costs include costs related to litigation that are outside the ordinary course of our business. For additional details, refer to Note 15 in our condensed consolidated financial statements.

(3) Non-recurring lease-related charges include the lease-related impairment charge related to our corporate office space designated for subleasing. For additional details, refer to Note 9 in our condensed consolidated financial statements.

Health Catalyst Investor Relations Contact:

Jack Knight
Vice President, Investor Relations
+1 (855)-309-6800
ir@healthcatalyst.com

Health Catalyst Media Contact:

Amanda Flanders
SVP, Marketing and Communications
media@healthcatalyst.com

Health Catalyst Q3 2024 Financial Highlights & Key Themes

Q3 2024 Revenue, Net Loss, and Adjusted EBITDA	<ul style="list-style-type: none"> Q3 2024 Total Revenue: \$76.4M; above guidance midpoint (range of \$74.5M to \$77.5M) Q3 2024 Net Loss: \$14.7M; no guidance was previously provided Q3 2024 Adjusted EBITDA⁽¹⁾: \$7.3M; above guidance midpoint (range of \$6.0M to \$8.0M)
2024 Guidance and Forward-Looking Commentary	<ul style="list-style-type: none"> FY 2024 Total Revenue range updated to between \$305M and \$311M (no change to the midpoint compared to the prior expectations) FY 2024 Adjusted EBITDA⁽²⁾ range updated to between \$25M and \$27M, representing an increase of \$1 million for both ends of the range FY 2024 bookings expectations reiterated: low 20s net new Platform Subscription Clients⁽³⁾ and 100% to 106% Dollar-Based Retention Rate
Key Themes and Recent Wins	<ul style="list-style-type: none"> Health system operating margin improvement and stabilization compared to 2022 and most of 2023 continues to be a medium-term bookings tailwind Client wins: CynHealth, a new Ninja Universe Ignite client; OrthoNebraska, a new Ignite client; WISHIN, a Ninja Universe Ignite client expansion Continued expectation of return to double-digit topline growth in 2025; as is always the case, Q4 is an important bookings quarter Anticipate ~50% Adjusted EBITDA growth in 2025, even after increasing 2024 Adjusted EBITDA guidance Signed definitive agreement to acquire Intraprise Health, a tech-enabled cybersecurity provider, for \$43 million (with a combination of cash and equity); anticipate closing by the end of 2024, with immaterial near-term financial impact



Note: This summary contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, as amended. These forward-looking statements include statements regarding our future growth and our financial outlook for the fourth quarter and full year 2024. See press release dated November 6, 2024, furnished as Exhibit 99.1 on a Current Report on Form 8-K filed with the Securities and Exchange Commission on November 6, 2024, for additional information about our forward-looking statements.

(1) See "Non-GAAP Financial Measures—Adjusted EBITDA" in the press release dated November 6, 2024, furnished as Exhibit 99.1 on a Current Report on Form 8-K filed with the Securities and Exchange Commission on November 6, 2024.

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

(3) Platform Subscription Clients (previously referred to as DCS Subscription Clients) include clients who directly or indirectly access our DCS platform or Health Catalyst Ignite via a technology subscription contract. Indirect access may include platform module components such as Healthcare AI, Pop Analyser, IDEA, and other platform components.

Health Catalyst Signs Definitive Agreement to Acquire Top-Rated Cybersecurity Provider, Intraprise Health

Salt Lake City, Utah – November 6, 2024 – Health Catalyst, Inc. (“Health Catalyst,” Nasdaq: HCAT), a leading provider of data and analytics technology and services to healthcare organizations, today announced it has signed a definitive agreement to acquire Intraprise Health, LLC (“Intraprise”), a tech-enabled cybersecurity provider offering an end-to-end cybersecurity risk management platform and services to protect its clients from cyberattacks and manage follow-on liability in the event of an incident. Health Catalyst anticipates the acquisition will close in the fourth quarter of 2024.

Intraprise is a leading healthcare cybersecurity company with the highest rating among cybersecurity products and service companies, as shown in KLAS Research’s 2024 Cybersecurity Survey. Together with Health Catalyst, the combined security compliance expertise will offer a broader set of capabilities to help solve Health Catalyst’s clients’ most pressing data and improvement challenges related to information security and risk management. The resulting solution, solely dedicated to healthcare, will enable healthcare leaders to swiftly adopt accurate evaluation, remediation, and response strategies for escalating cyber threats through cyber resilience programs.

Health Catalyst also anticipates that Intraprise will enhance Health Catalyst’s offerings by advancing information security strategy and risk data management to incorporate industry security standards and protocols. Health Catalyst expects that this will enable benchmarking that supports comparisons and drives transformational change in healthcare toward effective, best practice-based security standards.

Health Catalyst CEO Dan Burton said, “Cybersecurity is a critically important area for our clients. The addition of Intraprise to Health Catalyst’s existing portfolio of data-driven improvement offerings will help us fortify the support we provide healthcare leaders, specifically addressing the costs associated with risk management at the enterprise level and enhancing analytic capabilities to power more meaningful security insights.”

Intraprise CEO George Pappas said, “Health Catalyst’s next-generation healthcare data and analytics ecosystem, Health Catalyst Ignite™, is well positioned to help power additional foundational capabilities within our offerings. The ecosystem’s key efficiency in data gathering across the enterprise complements our solution to monitor the effectiveness of operational security controls and programs. Together, we can offer further security measures and help our clients realize data-informed improvement in their cybersecurity posture.”

“We’re excited for the meaningful healthcare transformation that can be realized by pairing Intraprise’s AI-powered cybersecurity prowess with the foundation of the Ignite ecosystem. As we support our clients’ fundamental data management and data governance tasks through Ignite, folding in Intraprise’s generative AI to help address complex and evolving third-party risks will have a significant impact on their data-driven efforts, optimizing decision-making and, ultimately, improving healthcare outcomes,” said Health Catalyst Chief Product Officer and Chief Technology Officer Dave Ross.

Health Catalyst funded the transaction with a mix of cash and stock. Additional details regarding the acquisition were included in Health Catalyst’s Form 8-K filed with the Securities and Exchange Commission (“SEC”) on November 6, 2024.

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 clients 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 Intraprise Health

Intraprise Health is the leading compliance and cybersecurity organization that provides a holistic visualization of compliance and security posture for healthcare. Intraprise's comprehensive services, backed by automation, rapidly integrate into native environments, yielding a comprehensive view of risk—spanning adherence to compliance frameworks, cybersecurity vulnerabilities, and third-party risk.

Forward-Looking Statements

This release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, as amended. These forward-looking statements include statements regarding Health Catalyst's ability to close and the timing of the closing of the acquisition of Intraprise, its integration with Health Catalyst, and the benefits derived therefrom. Forward-looking statements are subject to risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Actual results may differ materially from the results predicted, and reported results should not be considered as an indication of future performance.

Important risks and uncertainties that could cause actual results to differ materially from Health Catalyst's expectations, plans and prospects, including the benefits that will be derived from this transaction, include without limitation, the risk of adverse and unpredictable macro-economic conditions and risks related to closing the acquisition and integration of Intraprise. For a detailed discussion of the risk factors that could affect Health Catalyst's actual results, please refer to the risk factors identified in Health Catalyst's SEC reports, including, but not limited to, the Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2024, filed with the SEC on November 6, 2024 and the Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on February 22, 2024. All information provided in this release and in the attachments is as of the date hereof, and Health Catalyst undertakes no duty to update or revise this information unless required by law.

Media Contact:

Amanda Flanders
Senior Vice President of Marketing and Communications
media@healthcatalyst.com

Nationally Recognized Healthcare Executive Dr. Jill Hoggard Green Joins Health Catalyst Board of Directors

Salt Lake City, Utah – November 6, 2024 – Health Catalyst, Inc. (“Health Catalyst,” Nasdaq: HCAT), a leading provider of data and analytics technology and services to healthcare organizations, today announced that Jill Hoggard Green, RN, BSN, MS, PhD, FAAN, former Chief Executive Officer of The Queen’s Health Systems, has been appointed to serve as a member of Health Catalyst’s board of directors (“Board”) and a member of its Compensation Committee, effective December 1, 2024.

“Jill has been an extraordinary leader throughout her career. With an impressive tenure in healthcare leadership and a distinguished record of national accolades, she brings profound expertise that will be invaluable as we continue our mission to support healthcare organizations in delivering data-informed healthcare improvement,” said Dan Burton, CEO of Health Catalyst. “We are honored and excited for Jill to join our Board of Directors and anticipate her contributions will be significant and impactful over the months and years to come.”

Dr. Hoggard Green is a nationally acclaimed and highly respected healthcare leader with 39 years of experience. She was recognized as one of Modern Healthcare’s Top 25 Chief Operating Officers (2018) and Becker’s Top 130 Women Leaders in Healthcare (2016-2018). Before joining The Queen’s Health Systems as CEO in 2019, Dr. Hoggard Green served as president of Mission Hospital and served as COO of Mission Health in Asheville, North Carolina, from 2011 until it was acquired by HCA Healthcare in February 2019.

Prior to Mission Health, Dr. Hoggard Green served as COO of the Oregon Region of Peace Health. She also spent more than 15 years at Intermountain Healthcare in Salt Lake City, Utah, a nationally recognized, vertically integrated not-for-profit health system. A registered nurse whose career includes work with oncology, bone marrow transplant units, and hospice programs at leading hospitals, ambulatory, and home health services in Utah, Oregon, and North Carolina, she has dedicated her life to improving patient care.

“I am deeply honored and delighted to join Health Catalyst’s Board of Directors and excited to support the excellent healthcare improvements Health Catalyst achieves. This appointment resonates deeply with my longstanding commitment and passion for advancing patient care. I am grateful to be joining a team solely dedicated to empowering health systems, and I look forward to contributing my experience to help drive meaningful, measurable results for our clients and the communities they serve,” said Dr. Hoggard Green.

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 clients 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.

Media Contact:

Amanda Flanders
Senior Vice President of Marketing and Communications
media@healthcatalyst.com