



Veradigm

J.P. Morgan Healthcare Conference

January 11, 2023



Veradigm | Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our 2023 outlook. These forward-looking statements are based on the current beliefs and expectations of Veradigm management, only speak as of the date that they are made and are subject to significant risks and uncertainties. Such statements can be identified by the use of words such as “future,” “anticipates,” “believes,” “estimates,” “expects,” “intends,” “plans,” “predicts,” “will,” “would,” “could,” “can,” “may,” “look forward,” “pipeline,” “aim” and similar terms. Actual results could differ significantly from those set forth in the forward-looking statements and reported results should not be considered an indication of future performance or events.

Certain factors that could cause our actual results to differ materially from those described in the forward-looking statements include, but are not limited to: our ability to achieve the growth strategy, if at all; security breaches resulting in unauthorized access to our or our clients’ computer systems or data, including denial-of-services, ransomware or other Internet-based attacks; investigations and proceedings from governmental entities or third parties other than the DOJ related to the same or similar conduct underlying the DOJ’s prior investigations into Practice Fusion’s business practices; our ability to recover from third parties (including insurers) any amounts paid in connection with Practice Fusion’s settlement agreements with the DOJ and related inquiries; risks associated with the disposition of our Hospitals and Large Physician Practices Business; the expected financial results of businesses acquired by us; the successful integration of businesses acquired by us; the anticipated and unanticipated expenses and liabilities related to businesses acquired by us, including the civil investigation by the U.S. Attorney’s Office involving our former Enterprise Information Solutions business; other risks associated with investments and acquisitions; our failure to compete successfully; consolidation in our industry; current and future laws, regulations and industry initiatives; increased government involvement in our industry; the failure of markets in which we operate to develop as quickly as expected; our or our customers’ failure to see the benefits of government programs; changes in interoperability or other regulatory standards; our ability to maintain and expand our business with existing clients or effectively transition clients to newer products; market acceptance of our products and services; our ability to manage future growth; our ability to introduce new products and services; our ability to establish and maintain strategic relationships; the performance of our products; our ability to protect our intellectual property rights; the outcome of legal proceedings involving us; our ability to hire, retain and motivate key personnel, including the impact of generalized labor shortages; performance by our content and service providers; liability for use of content; price reductions; our ability to license and integrate third-party technologies; risks related to global operations; variability of our quarterly operating results; risks related to our outstanding indebtedness; changes in tax rates or laws; business disruptions; our ability to maintain proper and effective internal controls; asset and long-term investment impairment charges; and inflationary pressures and macroeconomic volatility, including impacts related to the COVID-19 pandemic. Additional information about these and other risks, uncertainties, and factors affecting our business is contained in our filings with the Securities and Exchange Commission, including under the caption “Risk Factors” in our most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Qs. We do not undertake to update forward-looking statements to reflect changed assumptions, the impact of circumstances or events that may arise after the date of the forward-looking statements, or other changes in our business, financial condition or operating results over time.

Who We Are



Our Mission

At Veradigm we are transforming health, *insightfully*

Veradigm is a healthcare technology and analytics company spanning across the **three pillars of healthcare**

PAYER

PROVIDER

BIOPHARMA

Differentiators are our connectivity, scale, and expertise

Veradigm Provider Solutions

EHR

- Cloud EHR serves over **21,000 small practices**
- Professional EHR serves over **2,100 complex practices**

Practice Mgmt. & Rev Cycle Mgmt.

- **850** healthcare services organizations
- **\$100B** processed charges
- Growth market among Cloud EHR practices

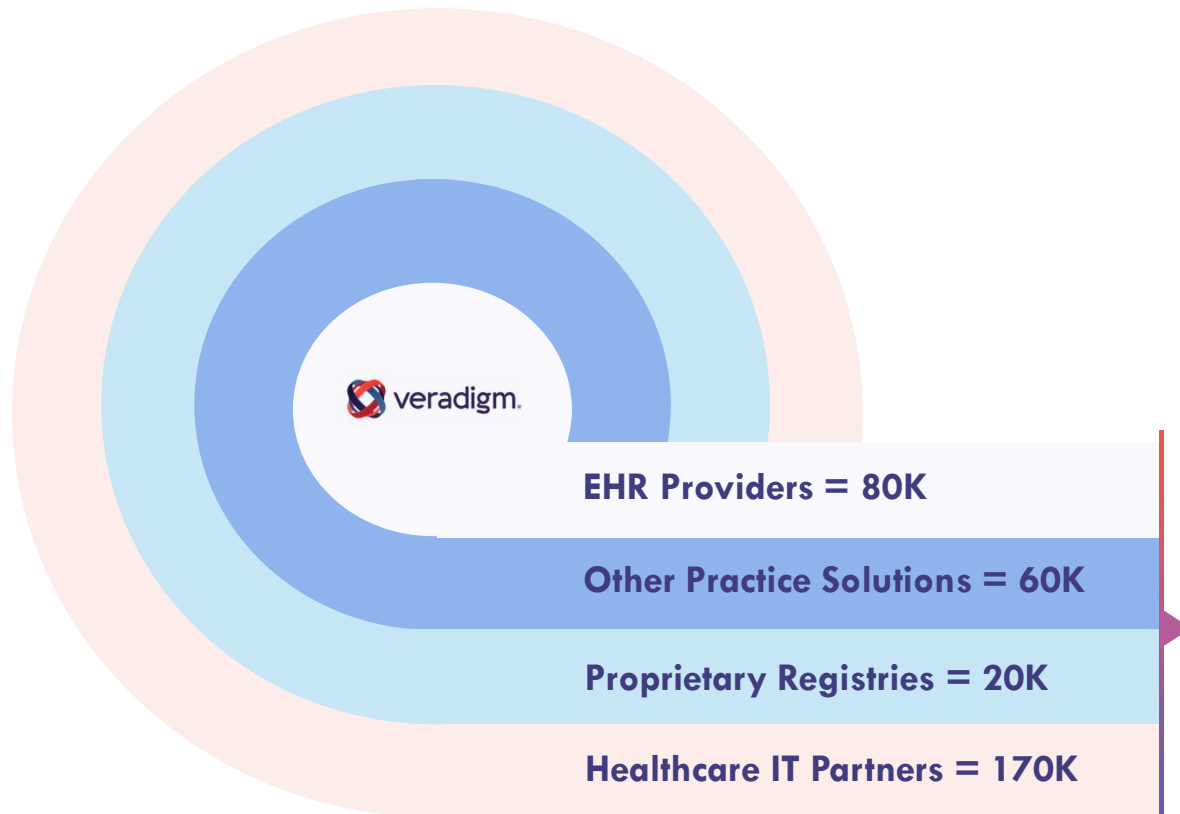
Patient Engagement

- Personal Health Record & Patient Portal
- Telehealth, scheduling, payments and more
- Over **100M** patient engagement users

Enterprise Platform

- **1,000+ platform customers** using commercial APIs for financial and clinical transactions

Our Provider Solutions Form Core of a Larger Veradigm Network



Collectively, serve **330K+**
HEALTHCARE PROVIDERS
& **~180M PATIENTS** via the
Veradigm Network

The Veradigm Formula

Provider Scale + Analytics + Workflow Connectivity

=

**Unique Ability to Drive Efficiencies;
Build Awareness;
Enhance Decision Making at the Point of Care**

For Payers and Life Sciences Companies



Veradigm Payer

Our insightful solutions lead to better patient outcomes, increased revenue, and lower costs

Anthem.

Florida
Blue

EmblemHealth

Children's
Community Health Plan

PriorityHealth

United
Healthcare

Humana

100+ health
plan clients

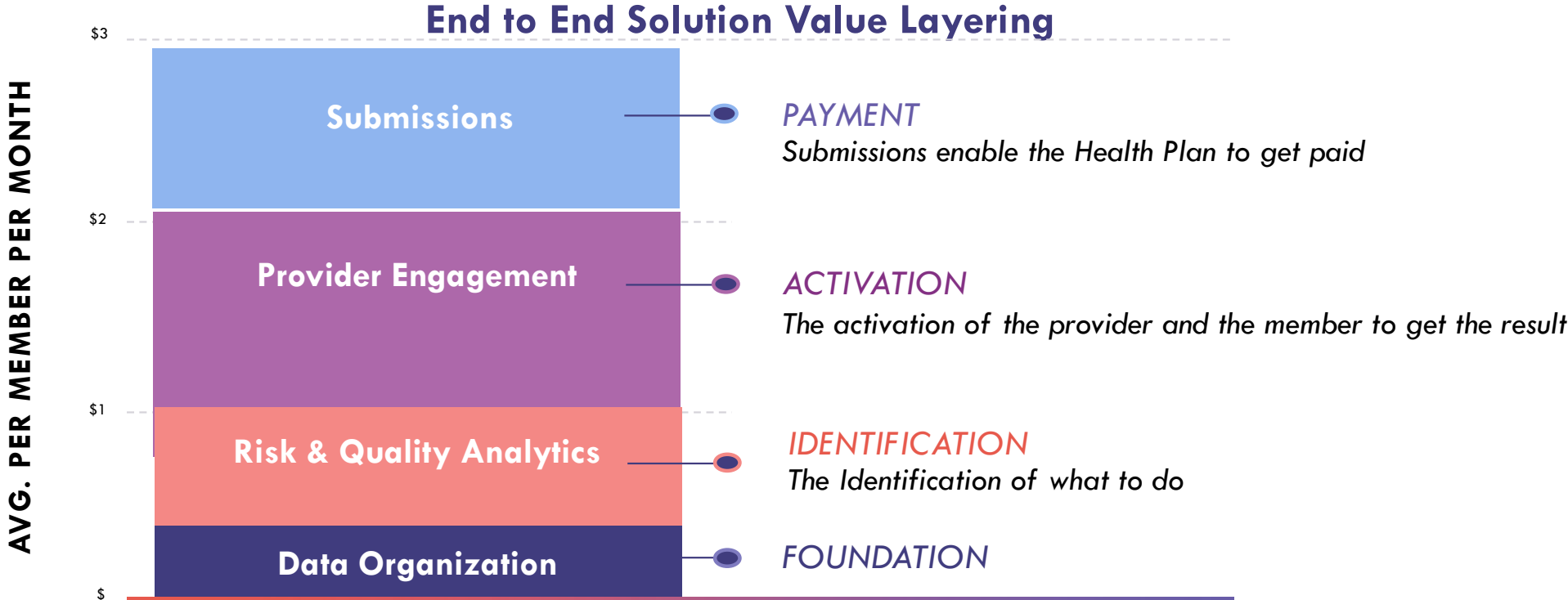
9 of top 20
health plans

30M+
members across
the US

Our Payer focused solutions connect to more than **275K Providers** across the US

Solutions address Medicare Advantage, Managed Medicaid and ACA markets

End to End Payer Solutions





Veradigm Life Science

Leverage Real-world
Practice Data to Generate
Insights

What does our Life Science business do and who do we serve?

Provide
**data and registry
information (ACC)**
as standalone or
combined data
sets

We perform
registry and study
implementation
services via our
**RWE Consulting
group**

Digital Health
Media serves
agencies and
direct sponsors by
providing ads via
our Provider
platforms

Leader in Digital Media – Point of Care Messaging

20B+

Ad impressions served since 2011

100+

Biopharma companies working with Veradigm for point-of-care media

11+

Years delivering multi-platform point-of-care media

1K+

Campaigns successfully executed over 11 years

How Do We Expect To Grow

Market Trends Accelerate Our Growth Strategy



**MOVE TO
OUTPATIENT AND
AMBULATORY CARE**



**INCREASE IN HEALTHCARE
SPENDING**



**CHANGING
INTEROPERABILITY
STANDARDS**



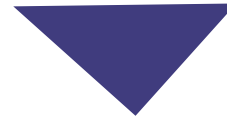
**INCREASED NEED FOR
HEALTH ECONOMICS &
OUTCOMES RESEARCH**



**EXPANDING USE OF
REAL-WORLD DATA**



**DYNAMIC REGULATORY
ENVIRONMENT**



GROWTH STRATEGY

Leverage Convergence of Healthcare Market and the Transition to Value-Based Care

Veradigm's Competitive Advantages



Patented Risk Adjustment Methodology with dynamic intervention planning empowers Payers to identify actionable interventions



Easy-to-use, intuitive **Clinical, Financial, Revenue Cycle and Patient Engagement solutions** designed for Independent Providers



Scalable access to Research and Real-World Clinical Data via **direct connection with the Point-of-Care**



Bi-directional clinical and financial data exchange between Payers and Providers drives value for all stakeholders



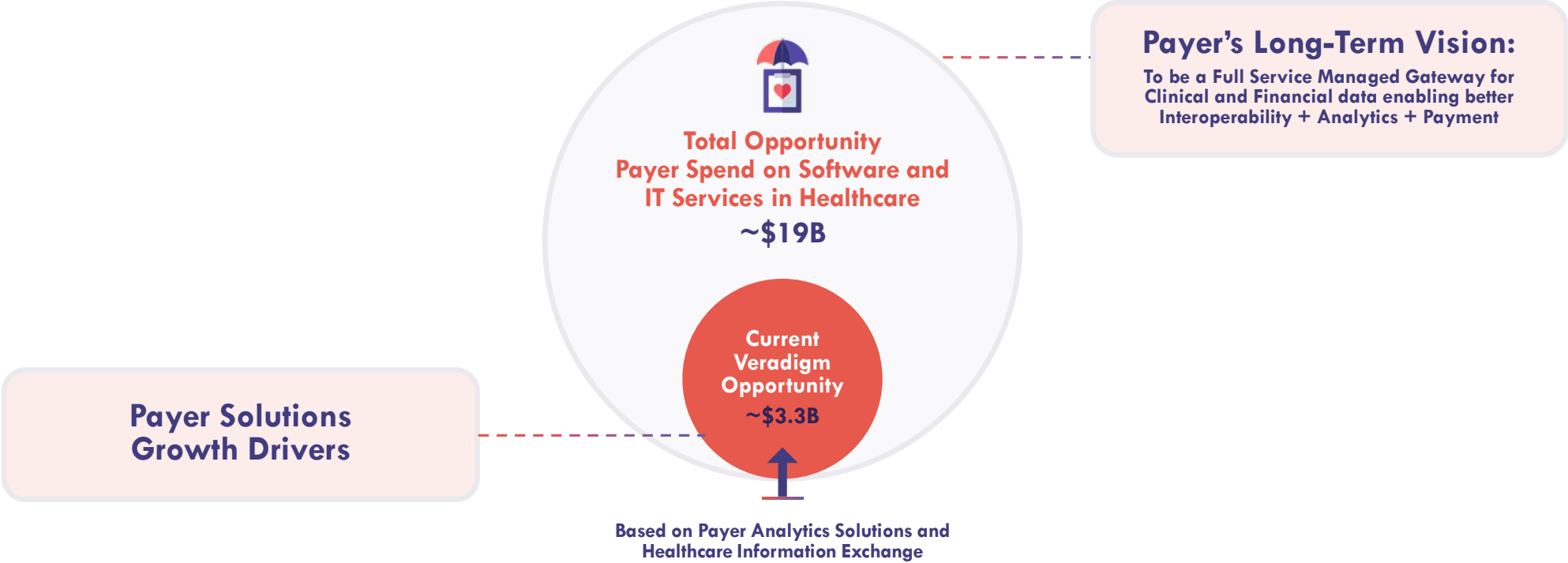
Secure, Reliable, and Compliant **Cloud Solutions** that scale



Highly-targeted, scalable delivery of **Biopharma Awareness Messaging** to HCPs via their EHRs

Payer Data & Analytics | Large Addressable Market

Veradigm Current \$3.3B Addressable Payer Data and Analytics Market Segment Expected to Grow 20%+ Annually



Rich Real-World Data at the Point-of-Care

Veradigm Ambulatory EHR Database

One of the largest **deidentified EHR datasets**

Derived from **Veradigm Network** ambulatory EHRs

Extensive **nationally distributed patient population** from a wide range of practice sizes

Supports patient longitudinal analysis, stand-alone or linked to other **real-world data sources**



~10 YEARS
OF DATA AVAILABLE



>180M PATIENTS
ACROSS ALL PLATFORMS

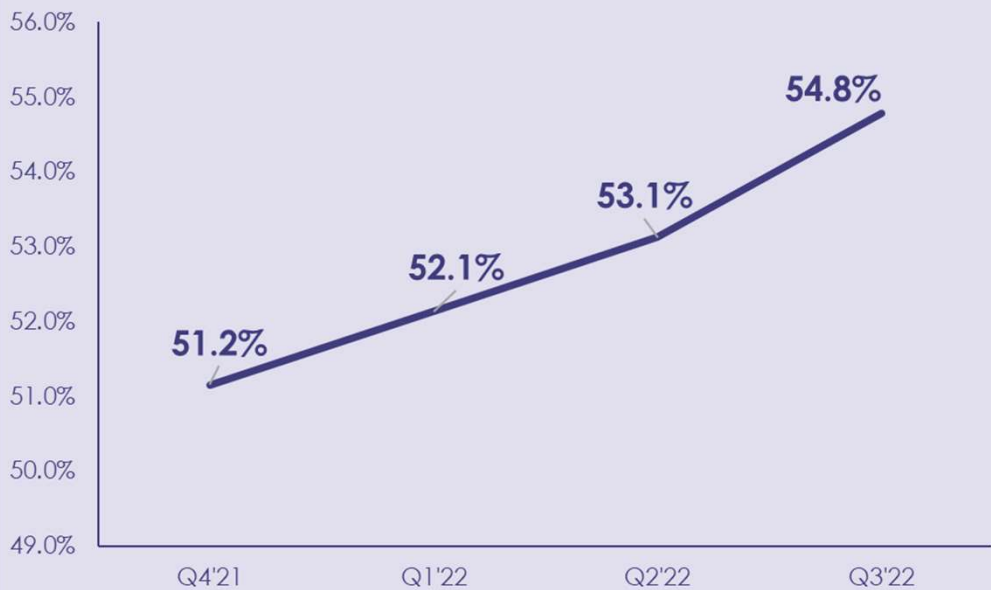
Financials

Veradigm Revenue Performance

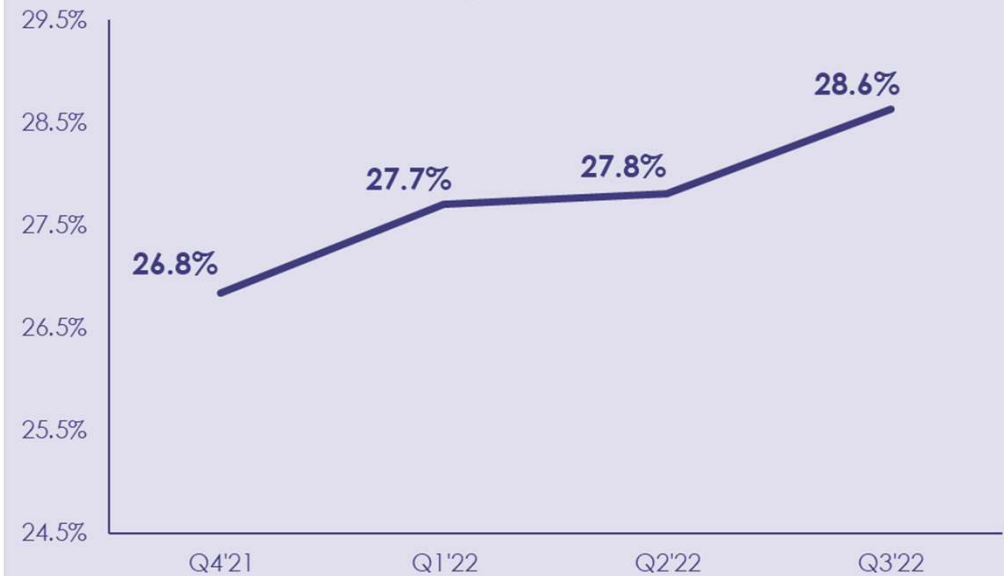
	FY 2021	YTD Q3'22
Revenue Growth	4.1%	6.2%

Margin Performance

Veradigm Gross Margin %¹
Trailing twelve months

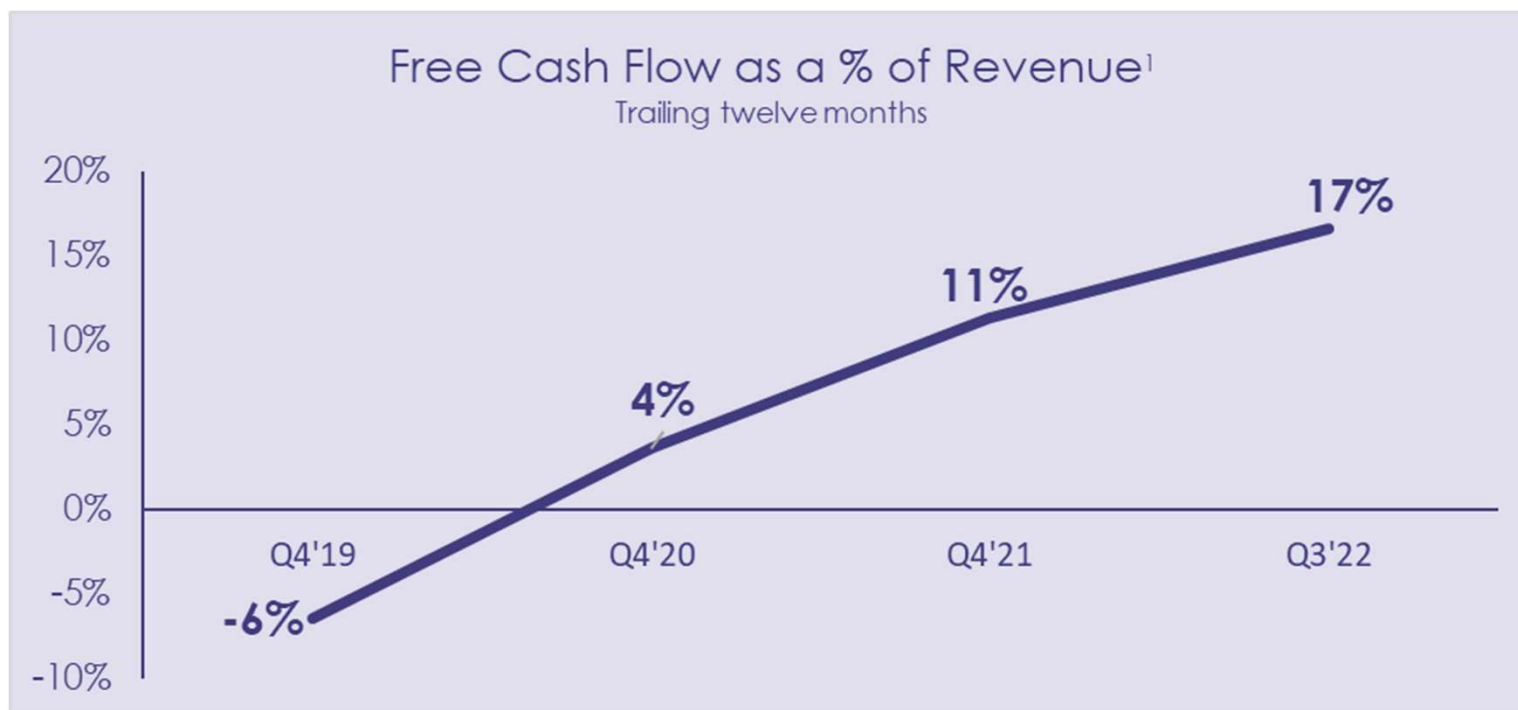


Veradigm Adjusted EBITDA Margin %¹
Trailing twelve months



¹ See reconciliation of non-GAAP metrics in the appendix of this presentation.

Free Cash Flow as a % of Revenue Accelerates



¹ See reconciliation of non-GAAP metrics in the appendix of this presentation.

Significantly Reducing Share Count While Keeping Strong Cash



Net Cash
In millions

Total cash (cash & cash equivalents)	<u>Q3'22</u> \$494
Total debt	(208)
Net Cash	<u>\$286</u>

¹ See reconciliation of non-GAAP metrics in the appendix of this presentation.

Veradigm 2023 Guidance and Share Repurchase Program

2023 Financial Guidance:

- Revenue expected between \$640 million and \$660 million
- Non-GAAP earnings per share expected between \$0.90 and \$1.00

Board Approved New Share Repurchase Program:

- Company may purchase up to \$250 million of common stock

Q&A

Appendix: Non-GAAP Reconciliations

Non-GAAP Reconciliations (Adjusted EBITDA)

Table 8
Veradigm Inc.

Non-GAAP Financial Information Reconciliation - Total Veradigm Details

(In millions)

(unaudited)

	2021					2022			
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Total
Total Veradigm									
Revenue, GAAP	\$133.7	\$141.2	\$144.7	\$161.2	\$580.8	\$142.7	\$150.9	\$151.9	\$445.5
Gross profit, GAAP	\$62.9	\$68.4	\$69.6	\$87.9	\$288.8	\$73.5	\$79.5	\$83.4	\$236.4
Acquisition-related amortization	1.8	1.8	1.7	1.8	7.1	1.6	1.7	1.8	5.1
Stock-based compensation expense	0.3	0.3	0.3	0.3	1.2	0.3	0.3	0.3	0.9
Non-GAAP Gross profit	\$65.0	\$70.5	\$71.6	\$90.0	\$297.1	\$75.4	\$81.5	\$85.5	\$242.4
Income (loss) from operations, GAAP	\$7.7	\$16.8	\$18.4	\$41.6	\$84.5	\$6.6	(\$5.4)	\$25.1	\$26.3
Acquisition-related amortization	4.2	4.2	4.1	3.9	16.4	3.8	4.0	3.9	11.7
Stock-based compensation expense	4.0	3.4	3.1	3.2	13.7	6.9	9.2	4.7	20.8
Transaction and other	0.0	0.0	0.0	0.0	0.0	6.6	21.3	0.0	27.9
Non-GAAP Income (loss) from operations	\$15.9	\$24.4	\$25.6	\$48.7	\$114.6	\$23.9	\$29.1	\$33.7	\$86.7
Asset Impairment Charges	0.0	0.2	0.4	0.0	0.6	0.0	0.0	0.0	0.0
Depreciation and amortization	10.3	10.7	10.2	9.5	40.7	9.8	9.5	9.5	28.8
Adjusted EBITDA	\$26.2	\$35.3	\$36.2	\$58.2	\$155.9	\$33.7	\$38.6	\$43.2	\$115.5

Non-GAAP Reconciliations (Free Cash Flow & Free Cash Flow as a % of Revenue)

Veradigm Inc.

Non-GAAP Financial Information - Free Cash Flow

(In millions)

(Unaudited)

	Trailing Twelve Months			
	Q4'19	Q4'20	Q4'21	Q3'22
Net cash provided by (used in) operating activities - continuing operations	\$15.4	\$12.3	\$248.3	\$185.3
Addback of DOJ settlement	0.0	147.2	0.0	0.0
Adjusted Net cash provided by (used in) operating activities - continuing operations	\$15.4	\$159.5	\$248.3	\$185.3
Cash flows from investing activities:				
Capital expenditures	(16.5)	(17.0)	(5.3)	(2.6)
Capitalized software	(103.3)	(88.0)	(73.3)	(44.0)
Free cash flow	(\$104.4)	\$54.5	\$169.7	\$138.7

Veradigm Inc.

Non-GAAP Financial Information - Free Cash Flow as a % of Revenue

(In millions)

(Unaudited)

	Trailing Twelve Months			
	Q4'19	Q4'20	Q4'21	Q3'22
Net cash provided by (used in) operating activities - continuing operations	(\$104.4)	\$54.5	\$169.7	\$138.7
Revenue as reported, trailing twelve months	1,633	1,503	1,503	837
Free cash flow as % trailing twelve months of revenue as reported	-6%	4%	11%	17%

Non-GAAP Reconciliations (Non-GAAP diluted shares outstanding)

Veradigm Inc.
Non-GAAP Financial Information Reconciliation - Weighted shares outstanding - diluted

	<u>Three Months Ended December 31,</u> <u>2019</u>	<u>Three Months Ended December 31,</u> <u>2020</u>	<u>Three Months Ended December 31,</u> <u>2021</u>	<u>Three Months Ended September 30,</u> <u>2022</u>
Weighted shares outstanding - diluted	164.9	155.9	127.8	128.9
Less the net effect of convertible notes and note hedges	0.0	0.0	-2.5	-15.6
Non-GAAP Weighted shares outstanding - diluted	164.9	155.9	125.3	113.3

Veradigm | Non-GAAP Financial Measures

Veradigm reports its financial results in accordance with U.S. generally accepted accounting principles, or GAAP. To supplement this information, Veradigm presents gross profit, gross margin, income from operations, Adjusted EBITDA, Adjusted EBITDA margin, diluted earnings per share, diluted weighted shares outstanding, and free cash flow and free cash flow as a percentage of revenue, which are considered non-GAAP financial measures under Section 101 of Regulation G under the Securities Exchange Act of 1934, as amended. The definitions of non-GAAP financial measures are presented below:

- Non-GAAP gross profit consists of GAAP gross profit, as reported, and excludes acquisition-related amortization and; stock-based compensation expense. Non-GAAP gross margin consists of non-GAAP gross profit as a percentage of revenue in the applicable period.
- Non-GAAP income from operations consists of GAAP income (loss) from operations, as reported, and excludes acquisition-related amortization; stock-based compensation expense; and transaction and other costs.
- Adjusted EBITDA is a non-GAAP measure and consists of GAAP income/(loss) from operations, as reported, and adjusts for: depreciation and amortization; asset impairment charges; stock-based compensation expense; and transaction and other costs.
- Adjusted EBITDA margin is a non-GAAP measure that is calculated by dividing Adjusted EBITDA by revenue.
- Non-GAAP diluted weighted shares outstanding: consists of diluted weighted shares outstanding, as reported, less the dilutive impact of 0.875% convertible notes due to the intent to settle the principal in cash and shares to be delivered at settlement by the convertible note hedge.
- Non-GAAP diluted earnings per share consist of non-GAAP net income, as defined above, divided by non-GAAP diluted weighted shares outstanding, as defined above, during the applicable period.
- Free cash flow consists of GAAP cash flows from continuing operations in the applicable period, net of capital expenditures and capitalized software costs. Reconciliations to GAAP cash flows from continuing operations are found in Table 6 within this press release.
- Free Cash Flow as a percentage of Revenue: Trailing twelve months of free cash flow divided by trailing twelve months of revenue.

Veradigm | Non-GAAP Financial Measures

Acquisition-Related Amortization. Acquisition-related amortization expense is a non-cash expense arising primarily from the acquisition of intangible assets in connection with acquisitions or investments. Veradigm excludes acquisition-related amortization expense from non-GAAP gross profit, non-GAAP operating income, and non-GAAP net income because it believes (i) the amount of such expenses in any specific period may not directly correlate to the underlying performance of Veradigm business operations and (ii) such expenses can vary significantly between periods because of new acquisitions and full amortization of previously acquired intangible assets. Investors should note that the use of these intangible assets contributed to revenue in the periods presented and will contribute to future revenue generation, and the related amortization expense will recur in future periods.

Stock-Based Compensation Expense. Stock-based compensation expense is a non-cash expense arising from the grant of stock-based awards. Veradigm excludes stock-based compensation expense from non-GAAP gross profit, non-GAAP operating income, non-GAAP net income and Adjusted EBITDA because it believes (i) the amount of such expenses in any specific period may not directly correlate to the underlying performance of Veradigm business operations and (ii) such expenses can vary significantly between periods as a result of the timing and valuation of grants of new stock-based awards, including grants in connection with acquisitions. Investors should note that stock-based compensation is a key incentive offered to employees whose efforts contributed to the operating results in the periods presented and are expected to contribute to operating results in future periods, and such expense will recur in future periods.

Transaction and Other Costs. Transaction and other costs relate to certain legal proceedings and investigations, consulting, severance, incentive compensation and other charges incurred in connection with activities that are considered not reflective of our core business. Other costs also include non-cash impairment charges based on management's assessment of the likelihood of near-term recovery of the investments' value. Veradigm excludes transaction and other costs, in whole or in part, from non-GAAP gross profit, non-GAAP operating income, non-GAAP net income and Adjusted EBITDA because it believes (i) the amount of such expenses in any specific period may not directly correlate to the underlying performance of Veradigm business operations and (ii) such expenses can vary significantly between periods.

Asset Impairment Charges. Asset impairment charges reflect non-cash charges related to the write-offs of deferred costs related to our private cloud hosting operations.

Veradigm | Non-GAAP Financial Measures

Management also believes that non-GAAP gross profit, gross margin, income from operations, Adjusted EBITDA, Adjusted EBITDA margin, diluted earnings per share, diluted weighted shares outstanding, and free cash flow and free cash flow as a percentage of revenue provide useful supplemental information to management and investors regarding the underlying performance of Veradigm business operations. Acquisition accounting adjustments, transaction, and other costs recorded in accordance with GAAP can make it difficult to make meaningful comparisons of the underlying operations of the business without considering the non-GAAP adjustments provided and discussed herein.

Management also uses this information internally for forecasting and budgeting, as it believes that these measures are indicative of core operating results. In addition, management may use non-GAAP gross profit, operating income, net income, diluted earnings per share, Adjusted EBITDA and/or Adjusted EBITDA margin to measure achievement under Veradigm stock and cash incentive compensation plans. Note, however, that non-GAAP gross profit, operating income, net income, diluted earnings per share, Adjusted EBITDA and Adjusted EBITDA margin are performance measures only, and they do not provide any measure of cash flow or liquidity. Veradigm considers free cash flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by the business after capital expenditures and capitalized software costs. Free cash flow provides management and investors a valuable measure to determine the quantity of capital generated that can be deployed to create additional shareholder value by a variety of means. Non-GAAP financial measures are not in accordance with, or an alternative for, measures of financial performance prepared in accordance with GAAP and may be different from non-GAAP measures used by other companies. Non-GAAP measures have limitations in that they do not reflect all of the amounts associated with Veradigm results of operations as determined in accordance with GAAP. Investors and potential investors are encouraged to review the definitions and reconciliations of non-GAAP financial measures with GAAP financial measures above.