



# Q2 2022 Earnings Call

August 03, 2022



# Forward-Looking Statements



This presentation includes “forward-looking statements” within the meaning of the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995. Butterfly Network, Inc.’s (the “Company”) actual results may differ from its expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Words such as “expect,” “estimate,” “project,” “budget,” “forecast,” “anticipate,” “intend,” “plan,” “may,” “will,” “could,” “should,” “believes,” “predicts,” “potential,” “continue,” and similar expressions (or the negative versions of such words or expressions) are intended to identify such forward-looking statements. These forward-looking statements include, without limitation, statements regarding, the Company’s expectations with respect to financial results, future performance, the development and commercialization of products and services, and the size and potential growth of current or future markets for its products and services. These forward-looking statements involve significant risks and uncertainties that could cause the actual results to differ materially from those discussed in the forward-looking statements. Most of these factors are outside the Company’s control and are difficult to predict. Factors that may cause such differences include, but are not limited to: the impact of COVID-19 on the Company’s business, including issues relating to Omicron and other variants; the ability to recognize the anticipated benefits of the business combination; the Company’s ability to grow and manage growth profitably; the success, cost and timing of the Company’s product and service development activities; the potential attributes and benefits of the Company’s products and services; the degree to which the Company’s products and services are accepted by healthcare practitioners and patients for their approved uses; the Company’s ability to obtain and maintain regulatory approval for its products, and any related restrictions and limitations of any approved product; the Company’s ability to identify, in-license or acquire additional technology; the Company’s ability to maintain its existing license, manufacture, supply and distribution agreements; manufacturing and supply of the Company’s products; the Company’s ability to compete with other companies currently marketing or engaged in the development of products and services that the Company is currently marketing or developing; changes in applicable laws or regulations; the size and growth potential of the markets for the Company’s products and services, and its ability to serve those markets, either alone or in partnership with others; the pricing of the Company’s products and services and reimbursement for medical procedures conducted using its products and services; the Company’s estimates regarding expenses, revenue, capital requirements and needs for additional financing; the Company’s financial performance; the Company’s ability to raise financing in the future; and other risks and uncertainties indicated from time to time in the Company’s most recent Annual Report on Form 10-K, as amended, or in subsequent filings that it makes with the Securities and Exchange Commission. The Company cautions that the foregoing list of factors is not exclusive. The Company cautions you not to place undue reliance upon any forward-looking statements, which speak only as of the date of this presentation. The Company does not undertake or accept any obligation or undertake to release publicly any updates or revisions to any forward-looking statements to reflect any change in the Company’s expectations or any change in events, conditions or circumstances on which any such statement is based.

# Introduction

**Dr. Todd Fruchterman, President & CEO**

# The Problem We Are Solving: Enabling More Informed Clinical Decisions

Many clinical decisions are made with incomplete information. We're here to change that.



## The vision.

That all people, everywhere, get the right care, driven by the right clinical decisions at the right time.



## The mission.

Create access to valuable clinical insights using innovative ultrasound technology, made simple with artificial intelligence, to benefit all patients worldwide.

# Advancing Execution and Impact

Core principles applied across strategic pillars to drive adoption



## Health Systems



## International Expansion



## Home



## Adjacent Markets



**Easy. Everywhere. Economical.**

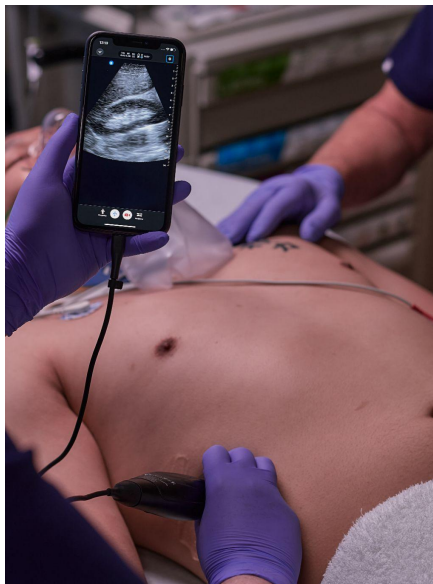


# Butterfly's Reach is Groundbreaking

## Strategic pillars for focused innovation and growth across markets



### Health Systems



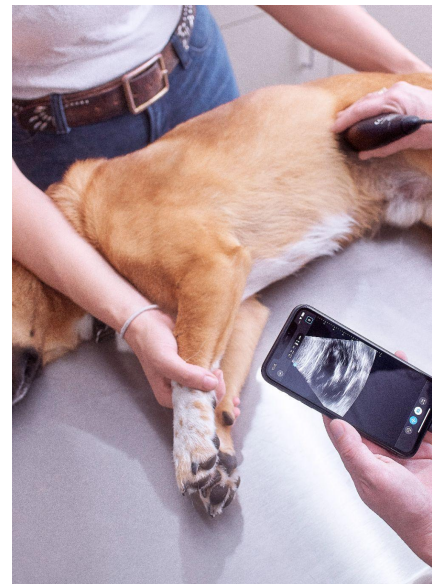
### International Expansion



### Home



### Adjacent Markets

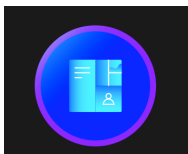


Butterfly iQ+ is a prescription device intended for qualified healthcare professionals only. Potential future home use is subject to regulatory authorization

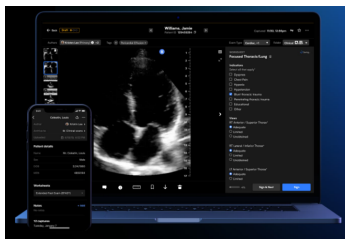


# Scaled Deployment of Butterfly's Software at Baylor, Scott & White

Strategic, enterprise-wide initiative to transform how traditional ultrasound suite is managed



**Compass Software™**



- Baylor Scott & White, operates flagship academic medical centers in Texas and is the most award-winning not-for-profit health system in the state
- They have begun a scaled deployment of Butterfly's Compass software – a strategic, enterprise-wide initiative that has started within the critical care and emergency departments, and will expand to the areas of obstetrics, anesthesia, and nursing.
- Compass will enhance the way their traditional ultrasound suite is managed and used
- Initial focus will be on workflow best practices incl. clinician credentialing, device tracking, and imaging quality assurance.



## Continued Momentum in International Markets



- Added Zebra Medical as a distribution partner, a leading medical device manufacturer and distributor largely serving the fields of oncology, pain management, and dialysis
- Working with Zebra will enable us to bring Butterfly to both human and animal healthcare professionals in **South Africa**



- Continued progress on our partnership with Bill & Melinda Gates Foundation to bring Butterfly to Sub-Saharan Africa to improve maternal and fetal health
- In Q2 we deployed our probes to **Kenya** and training will begin in mid-September
- More probes on schedule to be shipped in Q3 or Q4 to **South Africa**



- In the **UK**, we've added Brighton & Sussex Medical School and Brunel Medical School to our medical education customer list



- Traction with distribution partners who we've worked to onboard over the past 6-9 months such as Novolog in **Israel** and with Abdul Latif Jameel in the **Middle East, North Africa, Turkey & India**





**Same Information, Same Quality, Regardless of Care Setting**

Standardization becomes possible when the information is consistent



**Clinical studies to show the value of Butterfly for home—based care**

Butterfly iQ+ is a prescription device intended for qualified healthcare professionals only. Potential future home use is subject to regulatory authorization



## Adjacent Markets



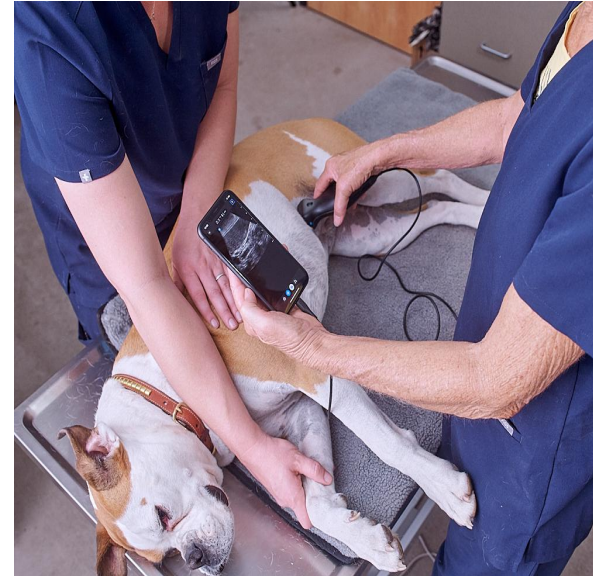
- Butterfly iQ+ Vet to be deployed in Petco's growing network of nearly 200 full-service veterinary hospitals at Petco pet care centers
- Butterfly iQ+ Vet will arm Petco veterinarians with ultrasound imaging to help speed diagnoses and improve health outcomes
- In Q2, we implemented on-boarding and launched our first enterprise veterinary solution in Petco



School of Veterinary  
Medicine



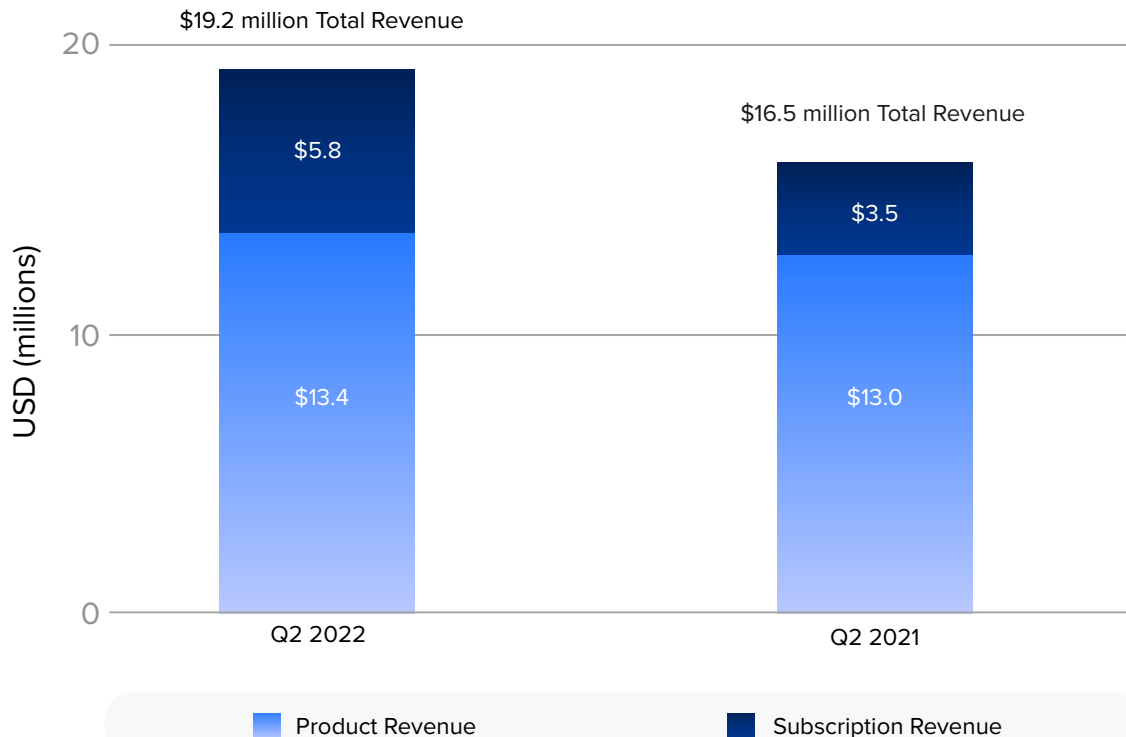
- Texas Tech University (TTU) School of Veterinary Medicine entered a 4-year partnership with Butterfly
- Butterfly iQ+ Vet will be embedded in TTU Vet curriculum and clinical training models, allowing students to reinforce elements of anatomy and the physical exam
- Students will also leverage the probe in surrounding rural and regional communities giving them access to timely veterinary care
- Upenn Vet also joined student program customer list



# Q2 2022 Financials

# Total Revenue Growth of 16% Year-over-Year

\$19.2 million total revenue in Q2 2022



## Year-over-Year Growth in Q2

3% Product Revenue

65% Subscription Revenue

16% Overall Revenue

## Q2 2022: Consistent Adjusted Margins and Strong Cash Position



Selected Financials (Dollars in Millions) – Q2 2022 Compared to Q2 2021

USD (millions)	Q2 2022	Q2 2021
Gross Profit	\$10.6	\$8.2
- Gross Margin	55.0%	49.8%
Adjusted Gross Profit (Loss)*	\$11.2	\$8.3
- Adjusted Gross Margin	58.5%	50.2%
Adjusted EBITDA*	(\$37.8)	(\$28.5)
Cash and Cash Equivalents and Marketable Securities	\$310.8	\$509.3

\*See the end of this presentation for a reconciliation of Adjusted EBITDA, Adjusted Gross Profit and Adjusted Gross Margin, which are non-GAAP measures, to the most comparable GAAP measures.



# Full Year 2022 Guidance



A reconciliation of Adjusted EBITDA to its corresponding GAAP measure, net loss, is not available on a forward-looking basis because the Company is unable to predict with reasonable certainty the non-cash component of employee compensation expense, changes in its working capital needs, variances in its supply chain, the impact of earnings or charges resulting from matters the Company considers not to be reflective, on a recurring basis, of its ongoing operations, and other such items without unreasonable effort. These items are uncertain, depend on various factors, and could be material to the Company's results computed in accordance with GAAP. Management strongly encourages investors to review the Company's financial statements and publicly-filed reports in their entirety and not rely on any single financial measure.

Metric	Guidance Range
Revenue	\$83mm – \$88mm
Revenue Growth	32% – 41%
Net Loss	(\$165mm) – (\$175mm)
Adjusted EBITDA	(\$145mm) – (\$155mm)

# Thank you



# Reconciliation of Non-GAAP Measures to Comparable GAAP Measures



## Appendix A (in thousands, unaudited)

In evaluating the Company's financial performance and outlook, management uses, adjusted EBITDA, adjusted gross profit and adjusted gross margin, which are non-GAAP measures. Management uses these non-GAAP measures to evaluate the Company's operating performance in a manner that allows for meaningful period-to-period comparison and analysis of trends in its business. Management believes that such measures are important in comparing current results with prior period results and are useful to investors and financial analysts in assessing the Company's operating performance. The non-GAAP financial information presented here should be considered in conjunction with, and not as a substitute for, the financial information presented in accordance with GAAP. Investors are encouraged to review the reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures set forth below.

### Adjusted EBITDA

	Three months ended June 30,	
	2022	2021
<b>Net loss</b>	<b>\$ (35,801)</b>	<b>\$ (2,942)</b>
Interest income	(260)	(607)
Interest expense	—	7
Change in fair value of warrant liabilities	(12,805)	(33,458)
Other expense, net	388	262
Provision for income taxes	23	51
Stock based compensation	9,285	7,738
Depreciation and amortization	1,350	456
CEO transition costs	—	—
Warranty liability policy change	—	—
Transaction bonus	—	—
<b>Adjusted EBITDA</b>	<b>\$ (37,820)</b>	<b>\$ (28,493)</b>

### Adjusted Gross Profit and Gross Margin

	Three months ended June 30,	
	2022	2021
Revenue	\$ 19,215	\$ 16,513
Cost of revenue	8,643	8,293
<b>Gross profit</b>	<b>\$ 10,572</b>	<b>\$ 8,220</b>
<b>Gross margin</b>	<b>55.0%</b>	<b>49.8%</b>
Add:		
Depreciation and amortization	677	72
Warranty liability policy change	—	—
<b>Adjusted gross profit</b>	<b>\$ 11,249</b>	<b>\$ 8,292</b>
<b>Adjusted gross margin</b>	<b>58.5%</b>	<b>50.2%</b>