



# RESHAPING HEALTHCARE

UPHEALTH Q1 2022 EARNINGS

NYSE UPH

MAY 12, 2022



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# Disclaimer

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# Presenters



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**Ramesh  
Balakrishnan**  
Chief Executive Officer



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**Martin  
Beck**  
Chief Financial Officer

# Samuel J. Meckey to join UpHealth as CEO in July



Samuel J. Meckey

- Currently **Executive Vice President and Head of Healthcare** at **EXLSERVICE**, an industry leading digital intelligence company with \$1.2 billion in annual revenues and 37,000 employees.
- Prior to EXLSERVICE, spent 14 years at **UnitedHealth Group's Optum** in a variety of roles, including President, Optum Global Solutions; Senior Vice President of Population Health Management; and Chief Operating Officer of Care Management and Advocacy.
- Served as an **officer in the United States Navy** for 10 years. Graduate of the **U.S. Naval Academy** (BS degree) and **Harvard University's College of Business** (MBA).

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# BUSINESS OVERVIEW

# Investment summary

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**Unique and differentiated** set of advanced technology products and services focused on managing and improving population health

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**Solid operating performance** across three business units, all of which are in massive markets

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**Strong revenue growth**; \$36m in Q1 2022, compared to \$33.9m in Q4 2021 (a sequential 6% increase), and an 18% increase from pro forma Q1 2021 to Q1 2022 - combined with margin expansion to 43% in Q1 2022

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Continued **shift of revenue mix** toward higher margin Integrated Care Management and Virtual Care Infrastructure businesses; 48% in FY 2021 compared to 51% in Q1 2022

- Integrated Care Management generated \$2.6m (7% of total revenue) with a gross margin of 63%
  - Virtual Care Infrastructure generated \$15.6m (43% of total revenue) with a gross margin of 47%
  - Services generated \$17.7m (49% of total revenue) with a gross margin of 35%
- 

**Solid cash and working capital** positions



# Q1 Highlights



## Integrated Care Management

**8m** lives now being managed via

**SyntraNet**<sup>TM</sup>

Went live to support the largest health plans and providers in the California CalAIM initiative for high-risk Medicaid populations



## Virtual Care Infrastructure

**4** large and long-term **martti** contracts with Ascension

Texas, Indiana, Michigan and Wellstar

- 27% increase in consultation minutes (9.4m in Q1 vs 7.4m in Q4) drove higher revenues and 11% increase in gross margins

**4x** Growth in **helloLylf** Q1 digital dispensary consultations (43K in Q1 2021 vs 173K in Q1 2022)



## Services

**3** New **UPHealth Behavioral** network provider contracts

- Florida Blue
- New Directions
- Bright Health

Including detox services for the VA

# Strengthening the integrated model of care

**SyntraNet**<sup>TM</sup>

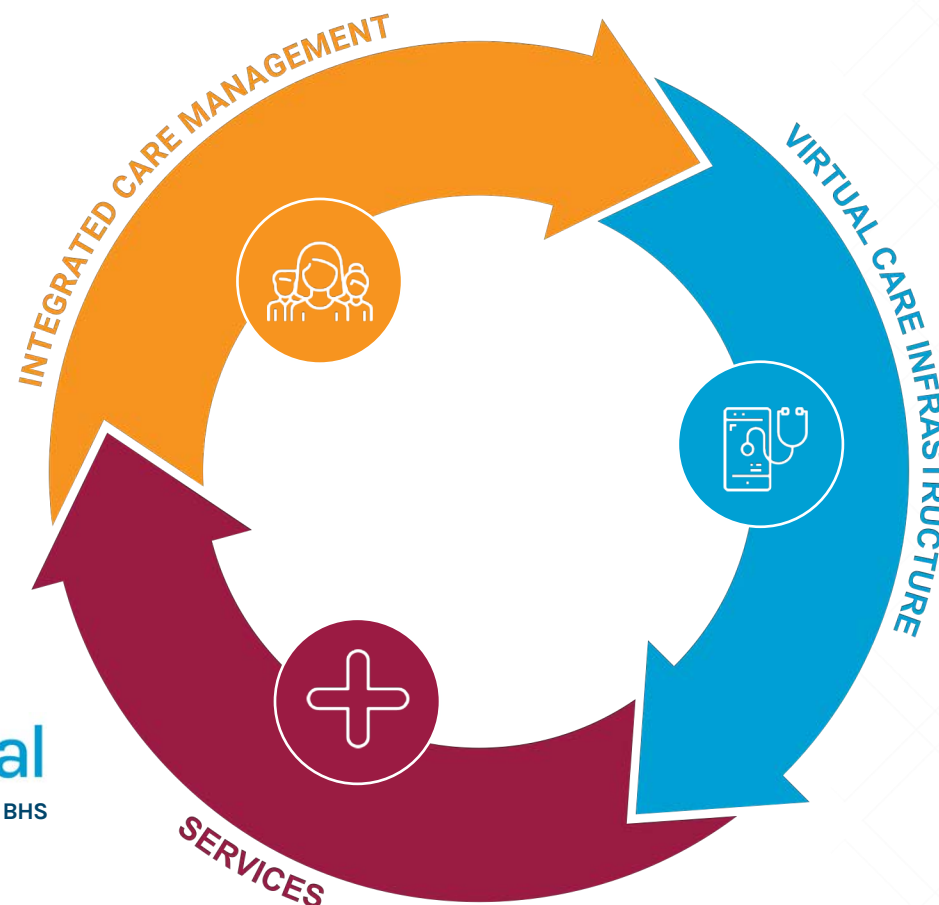
Cloud-based platform with innovative workflows and analytics.

**MEDQUEST**  
PHARMACY

**+PHealthBehavioral**

Transformations | Summit | Olympus | Recovery BHS

Medications and pharmacy services. Comprehensive behavioral health.



**martti**  
**helloLyf**

Language interpretation, advanced virtual care (digital clinics) with remote monitoring, diagnostics, labs and medications. Virtual care teams.

# Overview: Integrated Care Management



**Integrated Care  
Management**

**SyntraNet™**

- Cloud-based platform with innovative workflows and analytics

## REVENUE

*(dollars in millions)*

<b>\$6.3</b>	<b>\$2.6</b>
Q1 PF 2021	Q1 2022

## Customers



County of  
Alameda



- Managed care organizations
- Healthcare providers
- Counties and governmental agencies

## Business opportunities

- High growth healthcare segment
- Targeting growth on top of 8m lives on platform today
- Significant opportunity to cross-sell and integrate virtual care infrastructure (e.g., Martti™)
- Partner with providers to manage care programs and risk

## Revenue model

- One-time license (care community)
- Recurring subscription fees (pmpm, utilization)
- Professional services

We continue to make strong progress in our efforts to collect Accounts Receivable from a European customer that were written off as a bad debt expense in the fourth quarter and continue to expect a positive resolution of that matter.

# Overview: Virtual Care Infrastructure



Virtual Care  
Infrastructure



- Language interpretation, advanced virtual care (digital clinics) with remote monitoring, diagnostics, labs and medications
- Virtual care teams

## REVENUE

(dollars in millions)

**\$10.8**

Q1 PF 2021

**\$15.6**

Q1 2022

## Customers

Yale  
NewHaven  
Health

- Health systems
- Governments
- Employers



State of Madhya  
Pradesh (India)

**RWJBarnabas**  
HEALTH

## Business opportunities

- Martti™ is a leading, established brand
- Presence and partnership with U.S. health systems across 2,300 client locations
- HelloLyf is an industry leader in next generation digital-first healthcare infrastructure: digital clinics, health centers, and hospitals

## Revenue model

- Infrastructure fees
- Services fees for recurring visits

# Overview: Services



**MEDQUEST**  
PHARMACY

**+PHealth Behavioral**

- Medications and pharmacy services
- Comprehensive behavioral health

## REVENUE

*(dollars in millions)*

<b>\$13.5</b>	<b>\$17.7</b>
Q1 PF 2021	Q1 2022

## Customers



U.S. Department of  
Veterans Affairs

- Healthcare providers
- Managed care organizations

## Business opportunities

- Serves patients across all 50 U.S. states
- Significant opportunity to expand behavioral health services via telehealth
- Moving to value-based payment arrangements
- Integrating services with technology platform and infrastructure

## Revenue model

- Fee for service (today)
- pmpm for managed care services (evolving)



# Our customers span the healthcare spectrum

## ACADEMIC



## SPECIALTY



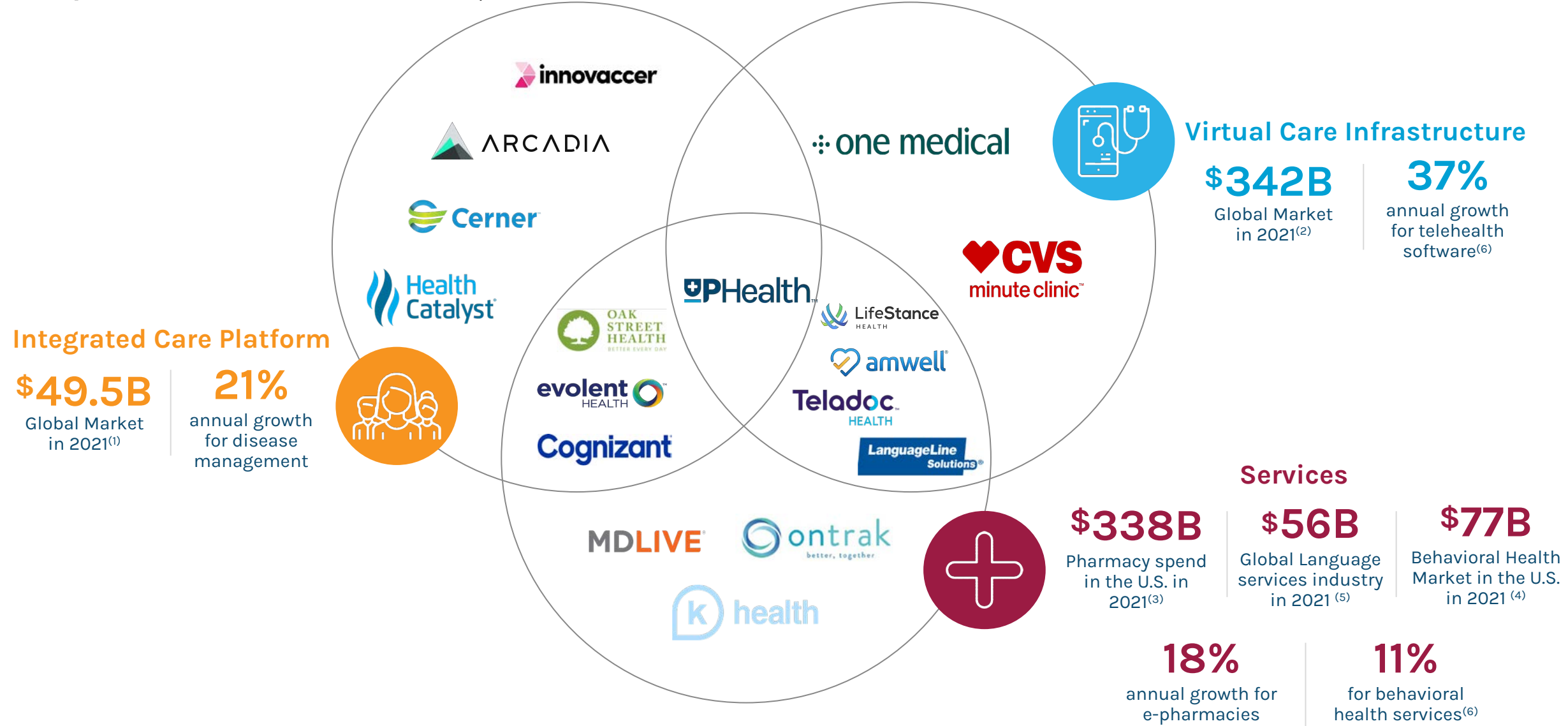
## COMMUNITY



## PAYER / GOV'T / OTHER



# UpHealth is unique



# CASE STUDIES

# New language interpretation wins across the U.S.

“I’ve seen MARTTI™ grow in my time here. And seeing what you’re doing and the programs that you’re spearheading—it’s going beyond a provision of services. You actually understand what diversity and inclusion looks like.”

- N. Chineye Anako, Regional Director, Diversity Equity and Inclusion, Trinity Health Of New England

## 4

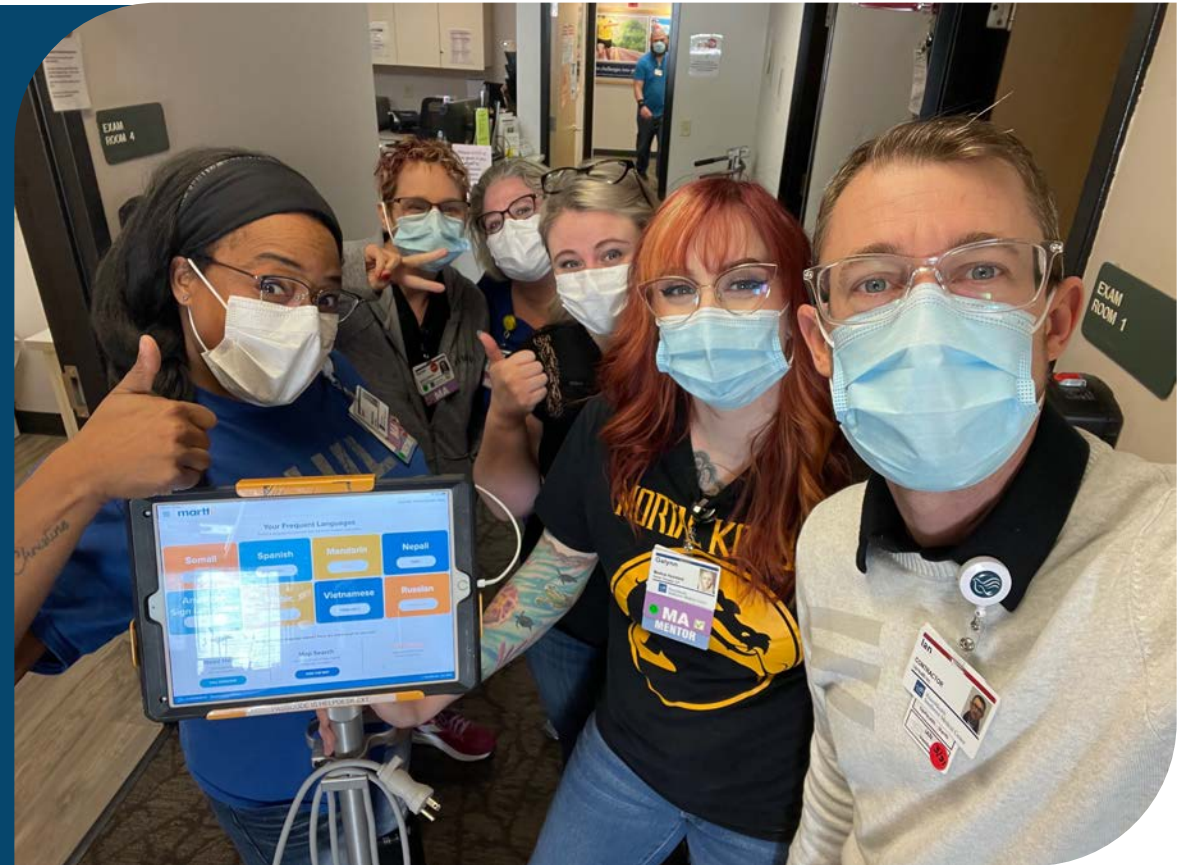
NEW CONTRACT WINS:  
ASCENSION TEXAS, INDIANA,  
MICHIGAN AND WELLSTAR

## \$15m

ESTIMATED NEW  
CONTRACT VALUE

## Spanish, Vietnamese & Burmese

TOP LANGUAGES TO BE INTERPRETED IN THESE FACILITIES



# Significant consultation growth in India

“I came to get my check up and found out that there is a digital facility of telemedicine, through which I now have access to a gynecologist, pediatrician and a general physician. I got myself checked by a female doctor. I tell my neighbors about the **great telemedicine available to us here.**”– **Digital dispensary patient**

## 505

DIGITAL  
DISPENSARIES

## 29%

GROWTH IN CONSULTATIONS  
FROM Q4 2021 TO Q1 2022  
(486K in Q1 2022 vs 377K in Q4 2021)

## 4x YoY

GROWTH IN CONSULTATIONS FROM  
MARCH 2021 TO MARCH 2022  
(173K in MAR 2022 vs 43K in MAR 2021)





# Next phase of Alameda County SyntraNet contract

“As the executive director of the agency, I’ve had to do direct service due to staff shortages. When assigned a new case, I could see the complete history of the patient in one place. It **saved me time and let me jump right into problem solving.**” – **Jamie Almanza, Executive Director of Bay Area Community Services.**

**1.7m**

RESIDENTS

**58**

DIVERSE DATA SOURCES  
FEED MEDICAL, HOUSING,  
BEHAVIORAL, JAIL &  
PUBLIC HEALTH DATA

**\$8.75m**

CONTRACT SIZE

**200+**

PROGRAMS USING  
SYNTRANET TO  
SUPPORT COMPLEX  
CARE COORDINATION



**SyntraNet**<sup>TM</sup>

# Increasing access for veterans and first responders

The focus on trauma is salient during the pandemic when practitioners are seeing **more severe levels of mental illness, addiction and drug overdose**. New payer contracts allow for high-quality in-network **curriculum-based** substance abuse and mental health services to all complex care patients including **first responders** and **veterans**.

## New payer contracts

NEW PAYER CONTRACTS INCLUDING FLORIDA BLUE, NEW DIRECTIONS AND BRIGHTHEALTH

## Offering

ABLE TO OFFER FULL CONTINUUM OF CARE FROM DETOX TO OUTPATIENT

## VA CCNA

CONTRACT AWARDED FOR DETOX FACILITY



# TRANSFORMATION PROGRESS

UpHealth has made substantial progress on its transformation. Full implementation is on time and on target.



# Transformation executing our strategic priorities

- **Focus** on highest growth businesses:



- Enhance comprehensive care management solutions to managed care organizations, healthcare providers, and counties
- Grow and expand Martti™ to become leading tele-consult provider
- Scale and optimize HelloLyf digital hospitals and dispensaries across India
- **Launch managed care offerings** that leverage value-added services to become a leading player in U.S. value-based care
- **Drive operational synergies** to accelerate innovation and efficiency



# Transformation accomplishments to date

- Concluded robust **initiative planning process**
- **Re-structured organization** aligned with strategic priority areas
- Launched new **go-to-market approach** to rapidly scale SyntraNet solutions
- Awarded **9 Martti RFPs** over leading competitors in the last 3 quarters. 2022 Q1 gross margin increase 11% increase versus 2021.
- Launched new **procurement function** to re-negotiate all external spend contracts
- **Integration of technology** platforms and teams
- **Consolidated support functions** (e.g., Finance, HR)
- Stood up **new processes** to improve revenue forecasting and cash control





# Transformation program initiatives

Deliver growth, profitability, cash flow, operating performance and discipline to create organizational structure and the culture of a market leader.

Revenue Growth	Operating Performance	Talent & Culture Development
<ul style="list-style-type: none"><li>▪ <b>Accelerate sales of SyntraNet</b> through packaging of existing capabilities and new product development</li><li>▪ <b>Grow Martti™ through minute growth</b> and new product introductions (e.g., BH tele-consult)</li><li>▪ Double hospital occupancy rates for <b>HelloLyf</b> while converting new digital hospital and dispensaries sales</li></ul>	<ul style="list-style-type: none"><li>▪ Create <b>company-wide shared services</b> to reduce redundancy and drive operational efficiency</li><li>▪ <b>Slow down G&amp;A growth</b> to drive further operational leverage</li><li>▪ <b>Optimize and automate</b> core processes</li><li>▪ Consolidate <b>real estate</b> footprint</li><li>▪ Stand up <b>procurement function</b> to reduce external spend</li></ul>	<ul style="list-style-type: none"><li>▪ Further develop <b>operational discipline via KPI tracking</b> and standard operating procedure</li><li>▪ <b>Organization redesign</b> to enable our strategy and ensure right talent in the right roles</li><li>▪ Foster <b>innovation and excellence</b> through employee engagement and rewards for performance</li><li>▪ Infuse <b>ownership and accountability</b> mindset in all employees</li></ul>

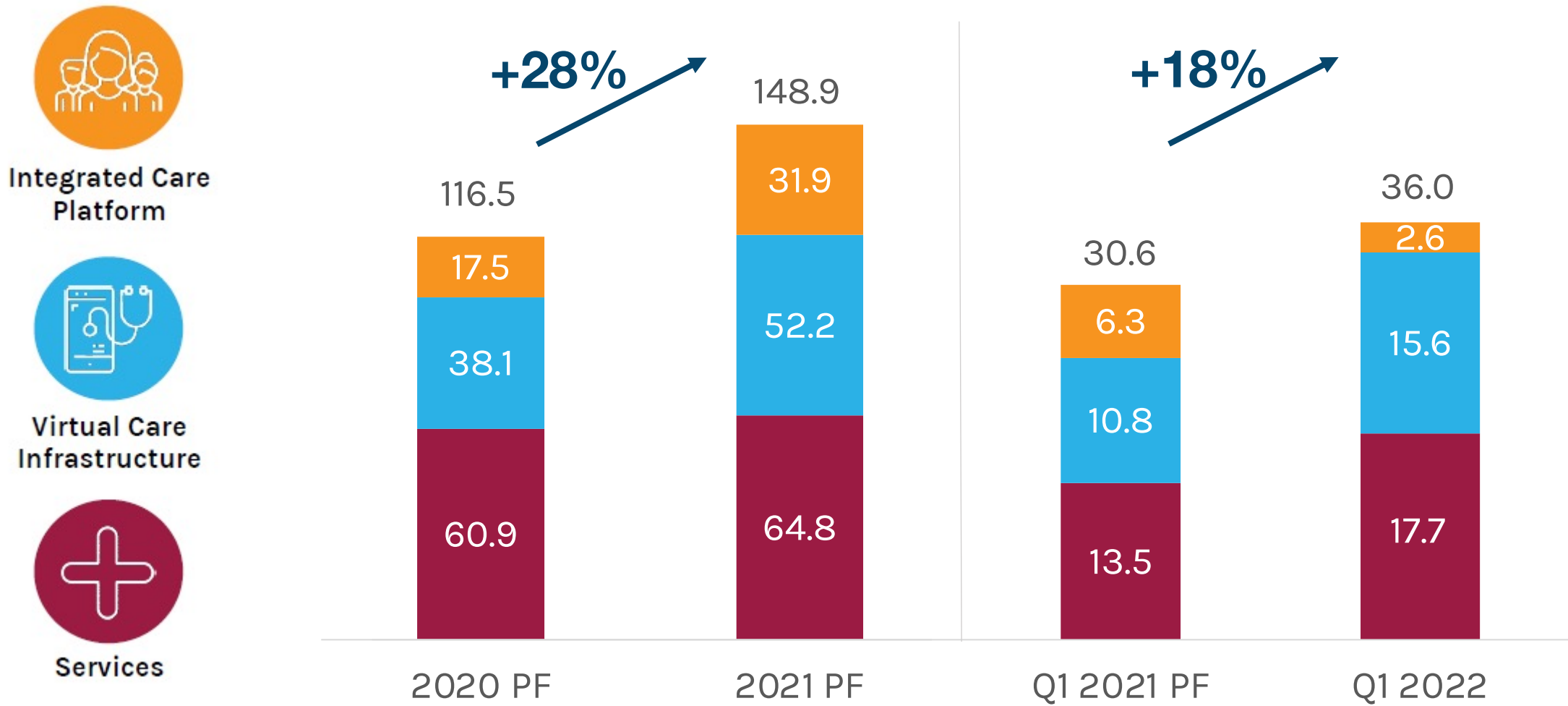
# Q1 2022 FINANCIAL PERFORMANCE

# Q1 2022 financial summary

	Q1 2022	Summary
<b>Revenue</b>	\$36.0	<p>Strong revenue growth: 18% from Q1 PF 2021 to Q1 2022</p> <ul style="list-style-type: none"> <li>44% growth in Virtual Care Infrastructure driven by excellent performance of U.S. telehealth business</li> </ul>
<b>Gross Profit</b>	\$15.3	<p>Gross margin improvement from Q4 2021 to Q1 2022 in all three segments</p> <ul style="list-style-type: none"> <li>Virtual Care Infrastructure gross margin grew to 47%, driven by operating leverage in U.S. telehealth</li> </ul>
<b>Gross Margin %</b>	43%	
<b>Loss from Operations</b>	\$(25.0)-\$(33.0)	
<b>Adjusted EBITDA</b>	\$(1.3)	<p>Operating leverage and integration efforts are expected to combine to continue to further increase EBITDA</p>

# Strong year-over-year revenue growth

Revenue in \$m



# Preliminary revenue and margins by business line

	Three Months Ended December 31, 2021	Three Months Ended March 31, 2022
<b>Revenue</b>	<b>GAAP</b>	<b>GAAP</b>
Integrated Care Platform	\$2.5	\$2.6
Virtual Care infrastructure	13.7	15.6
Services	17.7	17.7
Total	\$33.9	\$36.0
<b>Gross profit</b>		
Integrated Care Platform	\$(4.2)	\$1.6
Virtual Care infrastructure	5.4	7.4
Services	6.1	6.3
Total	\$7.3	\$15.3
<b>Gross margin %</b>		
Integrated Care Platform	(169)%	63%
Virtual Care Infrastructure	39%	47%
Services	34%	35%
Total	22%	43%



# Financial targets (Non-GAAP)

	Q4 2021	Q1 2022	FY2022 Outlook	Long-Term Goals
Revenue Growth	6% <sup>1</sup>	18% <sup>2</sup>	38-56%	35%
Gross Margins	22%	43%	42-43%	45-50%
Loss from Operations	\$(337.0)	\$(25.0)-\$(33.0)	N/A	N/A
Adjusted EBITDA Margin	N/A	N/A	7-8%	15-20%
<b>Guidance for 2022</b> Revenue: \$205-\$233m Adjusted EBITDA: \$14-19m				

# Investment summary

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**Solid cash and working capital** positions

# Q&A

# THANK YOU

# APPENDIX

# Reconciliation of GAAP to Non-GAAP Financial Measures

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021			
	GAAP	GAAP	Adjustments (1)	Pro Forma (2)	
<b>Loss from operations</b>	\$(25,000) - \$(33,000)	(2,838)	(991)	(3,829)	
Depreciation and amortization	5,000 - 6,000	922	1,837	2,759	
Stock-based compensation	1,400	—	—	—	
Acquisition, integration and transformation cost, lease abandonment expenses, goodwill impairment and non-recurring expenses (3)	17,300 - 24,300	2,686	1,407	4,093	
<b>Adjusted EBITDA</b>	<b>\$(1,300)</b>	<b>\$770</b>	<b>\$2,253</b>	<b>\$3,023</b>	

(1) Amounts reflect operating activity of UpHealth and subsidiaries during the period prior to each subsidiary's acquisition date, if acquired during the period.

(2) Amounts reflect operating activity of UpHealth and subsidiaries during the period, as if acquired at the beginning of the period.

(3) Amounts reflect acquisition, integration and transformation costs, lease abandonment expenses, and goodwill impairment from the consolidated statements of operations, as well as other operating expenses considered to be non-recurring during the period.