

Phreesia

# Investor Presentation

March 2024



# Disclaimer

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This presentation includes express or implied statements that are not historical facts and are considered forward-looking 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. Forward-looking statements generally relate to future events or our future financial or operating performance and may contain projections of our future results of operations or of our financial information or state other forward-looking information. These statements include, but are not limited to, statements regarding: Phreesia's future financial and operational performance, including our revenue and Adjusted EBITDA; our outlook for fiscal year 2025 and our fiscal year 2026 revenue target; our business strategy and operating plans; industry trends and predictions; our estimated total addressable market (including any component thereof) and our anticipated growth and operating leverage. In some cases, you can identify forward-looking statements by the following words: "may," "will," "could," "would," "should," "expect," "intend," "plan," "anticipate," "believe," "estimate," "predict," "project," "potential," "continue," "ongoing," or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements relate to future events or our future operational or financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Furthermore, actual results may differ materially from those described in the forward-looking statements and will be affected by a variety of risks and factors that are beyond our control, including, without limitation, risks associated with: our ability to effectively manage our growth and meet our growth objectives; our focus on the long-term and our investments in growth; the competitive environment in which we operate; our ability to develop and release new products and services, and develop and release successful enhancements, features and modifications to our existing products and services; changes in market conditions and receptivity to our products and services; our ability to maintain the security and availability of our platform; changes in laws and regulations applicable to our business model; our ability to make accurate predictions about our industry and addressable market; our ability to attract, retain and cross-sell to healthcare services clients; our ability to continue to operate effectively with a primarily remote workforce and attract and retain key talent; our ability to realize the intended benefits of our acquisitions and partnerships; difficulties in integrating our acquisitions and investments; and other general market, political, economic and business conditions (including as a result of the recent high inflationary environment, economic slowdowns, warfare and/or political and economic instability in Ukraine). The forward-looking statements contained in this presentation are also subject to other risks and uncertainties, including those listed or described in our filings with the Securities and Exchange Commission ("SEC"), including in our most recently filed Annual Report on Form 10-K and our other SEC filings. The forward-looking statements in this presentation speak only as of the date on which the statements are made. We undertake no obligation to update, and expressly disclaim the obligation to update, any forward-looking statements made in this presentation to reflect events or circumstances after the date of this presentation or to reflect new information or the occurrence of unanticipated events, except as required by law.

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**To make care easier every day**





Phreesia

# Activated patients. Improved outcomes.



**Who we are:** Leading provider of comprehensive solutions that transform the healthcare experience by **activating patients in their care.**

**What we do:** Empower healthcare organizations to **maximize efficiency, drive growth and deliver great care** with tools that transcend patient intake.

**How we do it:** Manage every step of the healthcare journey—finding a doctor, scheduling, registration, payments, engagement, call-triaging and more—with our **software and payments solutions.**

<sup>1</sup> We define AHSCs as the average number of clients that generate subscription and related services or payment processing revenue each month during the applicable period. In cases where we act as a subcontractor providing white-label services to our partner's clients, we treat the contractual relationship as a single healthcare services client.

<sup>2</sup> Three months ended January 31, 2024

<sup>3</sup> As of January 31, 2024

<sup>4</sup> Measured in terms of patient payment volume. Refer to slide 16 for definition of patient payment volume.



**>3,900** Average healthcare services clients (“AHSCs”)<sup>1,2</sup>



**>\$3.9B** patient payments processed latest twelve months<sup>3,4</sup>



**\$356M** total revenue for latest twelve months<sup>3</sup>



**27%** total revenue growth latest 12 months<sup>3</sup>



Facilitated **150M+** patient visits in Fiscal Year 2024

## Attractive industry tailwinds



### Staffing challenges

- **1.3M healthcare staff** represent \$37B in annual spending<sup>1</sup>
- **\$4.5T** U.S. healthcare spend<sup>2</sup>
- **~\$850B** U.S. healthcare waste<sup>3</sup>
- **~\$265B** admin-related waste<sup>3</sup>



### Increasing patient responsibility

- **\$610B out-of-pocket** spend by 2030<sup>2</sup>
- **HDHPs represent 54%** of health plan market<sup>4</sup>
- Patient payments are hard to collect and reduce cash flow to providers



### Accelerated digitization

- Consumer demand for information with speed, efficiency and accuracy
- Healthcare organizations jettisoning manual and time-consuming administrative tasks



### Changing care models

- Providers incentivized to **measure and achieve outcomes**
- Requires high levels of **documentation, and substantive patient engagement**



### Patient-centered care

- **Need to directly reach patients** when making care decisions
- Current engagement strategies not as effective as **direct outreach**




<sup>1</sup> Bureau of Labor Statistics and Kaiser Family Foundation during 2020

<sup>2</sup> Centers for Medicare & Medicaid Services, National Health Expenditure Accounts during 2022

<sup>3</sup> JAMA, Waste in the US Health Care System, October 7, 2019

<sup>4</sup> National Center For Health Statistics July 2022

# Our value proposition and how we make money

	 Healthcare Services Orgs	 Patients	 Life Sciences and Payer Organizations
Value proposition	<ul style="list-style-type: none"><li>• Simplified operations and enhanced staff efficiency</li><li>• Improved cash flow and profitability</li><li>• Enhanced clinical quality</li><li>• Improved patient experience</li></ul>	<ul style="list-style-type: none"><li>• Improved patient experience</li><li>• High patient usage</li><li>• Flexible payment options</li><li>• Engagement in care</li></ul>	<ul style="list-style-type: none"><li>• Direct digital communications</li><li>• Improved brand conversion and adherence</li><li>• Health plan member enrollment</li><li>• Feedback from patient voice</li></ul>
How we make money	<ul style="list-style-type: none"><li>• Highly visible subscription fees most commonly charged on a per provider per month (PPPM) basis</li><li>• Based on number and type of applications elected</li></ul>	<ul style="list-style-type: none"><li>• Reoccurring payment processing fees</li><li>• Based on level of patient payment volume processed through our solutions</li></ul>	<ul style="list-style-type: none"><li>• Fees from life sciences and payer clients for delivering direct communications to patients and members</li><li>• Based on engagements with patients and members</li></ul>

## Providers

Phreesia serves more than 3,900 AHSCs<sup>1,2</sup>



Health systems



Specialty practices



Hospitals



Federally Qualified Health Centers



Ambulatory surgery centers



Primary care groups

## Life Sciences and Payer Organizations

Pharma Manufacturers and Health Plans



More than 90 pharmaceutical brands<sup>3</sup>



All of the top 10 global pharma companies<sup>3</sup>



Establishing payer relationships

<sup>1</sup> We define AHSCs as the average number of clients that generate subscription and related services or payment processing revenue each month during the applicable period. In cases where we act as a subcontractor providing white-label services to our partner's clients, we treat the contractual relationship as a single healthcare services client.

<sup>2</sup> Three months ended January 31, 2024

<sup>3</sup> As of January 31, 2024

# Innovative software to improve efficiency, cash flow and the patient experience



## Access to care

Provider directory for patients seeking care

Integrated patient scheduling

Automated appointment rescheduling

Appointment reminders

Patient text messaging

After-hours care

Smart answering solution



## Registration

Mobile and in-office intake modalities

Registration for virtual visits

Specialty-specific workflows

Consent management

Self-service patient-reported outcomes and screenings



## Revenue cycle

Point-of-service payments

Insurance verification

Payment plans

Online payments

Card on file and payment assurance



## Network

Education and engagement before, during and after the visit

Patient insights

Referral management

Doctor finder



Real-time **integration** with leading PMs and EHRs



Robust **analytics** tools



**Reliable** and **scalable** solutions



Commitment to **privacy** and **security**



## Multiple growth opportunities



### Land new clients

- Direct sales model
- Focus on all provider settings including hospitals



### Grow footprint within existing clients

- Additional providers within existing clients
- Expand new locations
- Increase usage



### Cross-sell new applications to existing clients

- Proven ability to continuously innovate
- Appointments and Mobile
- Upsell new applications



### Increasing investments to drive growth

- New product and expanding footprint
- Adj. EBITDA positive from FY19 through FY21<sup>1</sup>
- Accelerated spending in FY22
- FY23 included full-year run rate of FY22 investments<sup>2</sup>
- Generating operating leverage during FY24<sup>3</sup>



### Partnerships and M&A

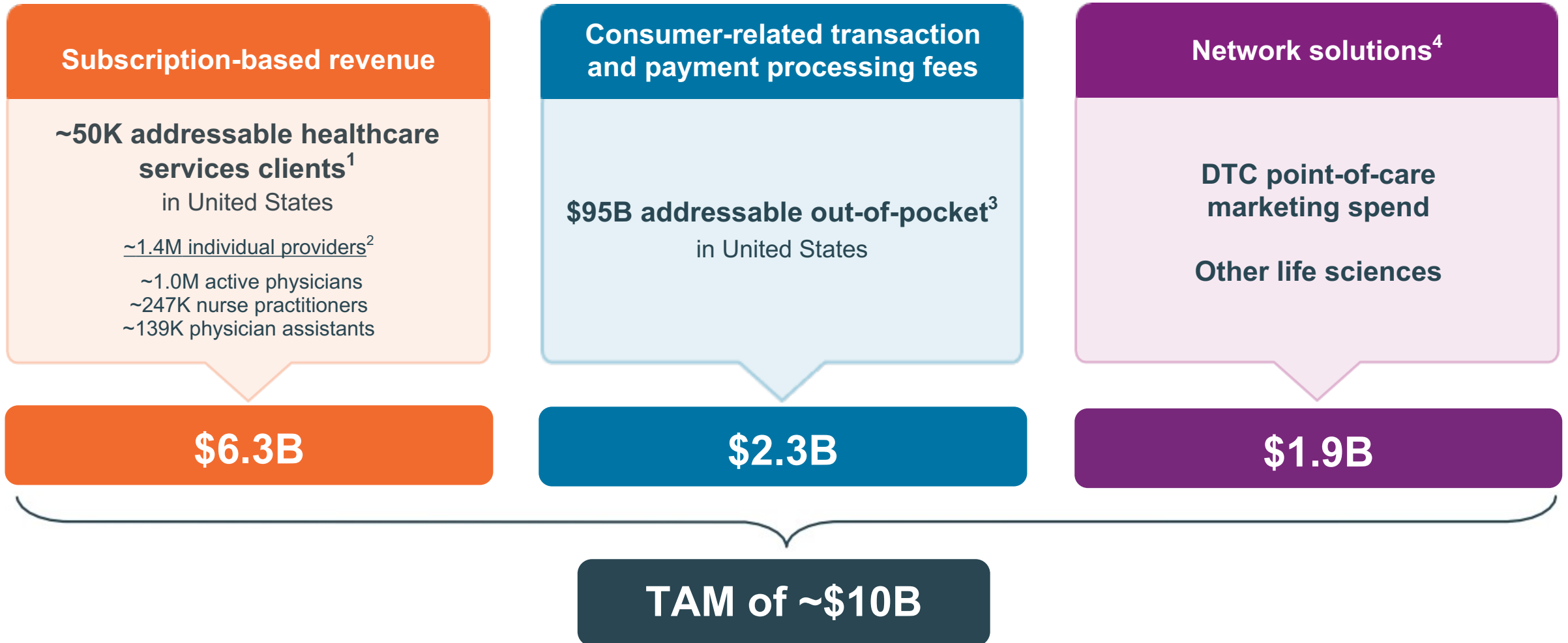
- Opportunistic approach
- Vital Score in FY19
- Two apps from Geisinger and Merck in Q3 FY21
- QueueDr in Q4 FY21
- Insignia Health in Q4 FY22
- MediFind in Q2 FY24
- Access eForms in Q3 FY24
- ConnectOnCall in Q3 FY24

<sup>1</sup> Full fiscal year Adj. EBITDA was positive for FY19, FY20 and FY21. For a reconciliation to the nearest GAAP measure, please see slide 22.

<sup>2</sup> During FY22 we accelerated hiring and overall investments across all areas of the Company to prepare for our anticipated growth in client and use of our solutions. FY23 included a full-year run rate of hiring and investments made during FY22.

<sup>3</sup> As noted by FY24 Adj. EBITDA compared to FY23 Adj. EBITDA per Slide 22. Driven by growth in revenues, as noted by FY24 Revenue compared to FY23 Revenue per Slide 21, as well as moderation of expenses.

Our current addressable market



<sup>1</sup> IQIVIA, Definitive Healthcare and company estimates as of April 2021

<sup>2</sup> Kaiser Family Foundation, BLS Data, American Association of Nurse Practitioners, National Commission of Certification of Physician Assistants - assumes ~1,022,000 total physicians; ~237,000 NPs of which ~110,000 are out-of-hospital taking appointments and 36,000 in-hospital taking appointments; 106,000 PAs, of which ~42,000 are out-of-hospital taking appointments and 41,000 in-hospital taking appointments (2021 - 2022)

<sup>3</sup> CMS, includes out-of-pocket spending for physician, clinical and other professional services (2022)

<sup>4</sup> Based on estimated budget spend for 1) DTC digital advertising in healthcare outside of the point-of-care setting (JAMA Network, Association Between Drug Characteristics and Manufacturer Spending on Direct-to-Consumer Advertising (February 2023)) and 2) POC marketing (Point of Care Marketing Association and ZS Associates, State of the Point of Care Marketing Industry 2022)

# Financial Overview

## Scalable and predictable sources of revenue

		Revenue model	Drivers	FY24 % rev
P r o v i d e r	Subscription and related services <sup>1</sup>	<ul style="list-style-type: none"> <li>Includes base package and add-on applications</li> <li>Majority of fees charged per provider per month (PPPM)</li> </ul>	<ul style="list-style-type: none"> <li>New healthcare services clients</li> <li>Expansion within existing clients</li> <li>New products and applications</li> </ul>	46%
	Payment processing fees	<ul style="list-style-type: none"> <li>Fees earned as % of processed patient payments</li> <li>~82%<sup>2</sup> volume: Credit/debit transactions processed on Phreesia payment facilitator model</li> <li>Remaining volume: Cash, check and credit gateway transactions to other payment processors</li> </ul>	<ul style="list-style-type: none"> <li>Increase in payment volume from patients of existing and new providers/clients</li> <li>Increase in patient financial responsibility</li> </ul>	27%
	Network solutions	<ul style="list-style-type: none"> <li>Based on direct communications to patients and members</li> <li>Contract duration typically 12 months</li> <li>Guaranteed # of engagements with addressable audience</li> <li>Majority of fees typically charged per engagement</li> </ul>	<ul style="list-style-type: none"> <li>Healthcare services clients and footprint</li> <li>New brands and payers</li> <li>Investment in new data and analytics products represent upside potential</li> </ul>	27%

**Strong visibility into revenue at the beginning of the fiscal period based on contracted business**

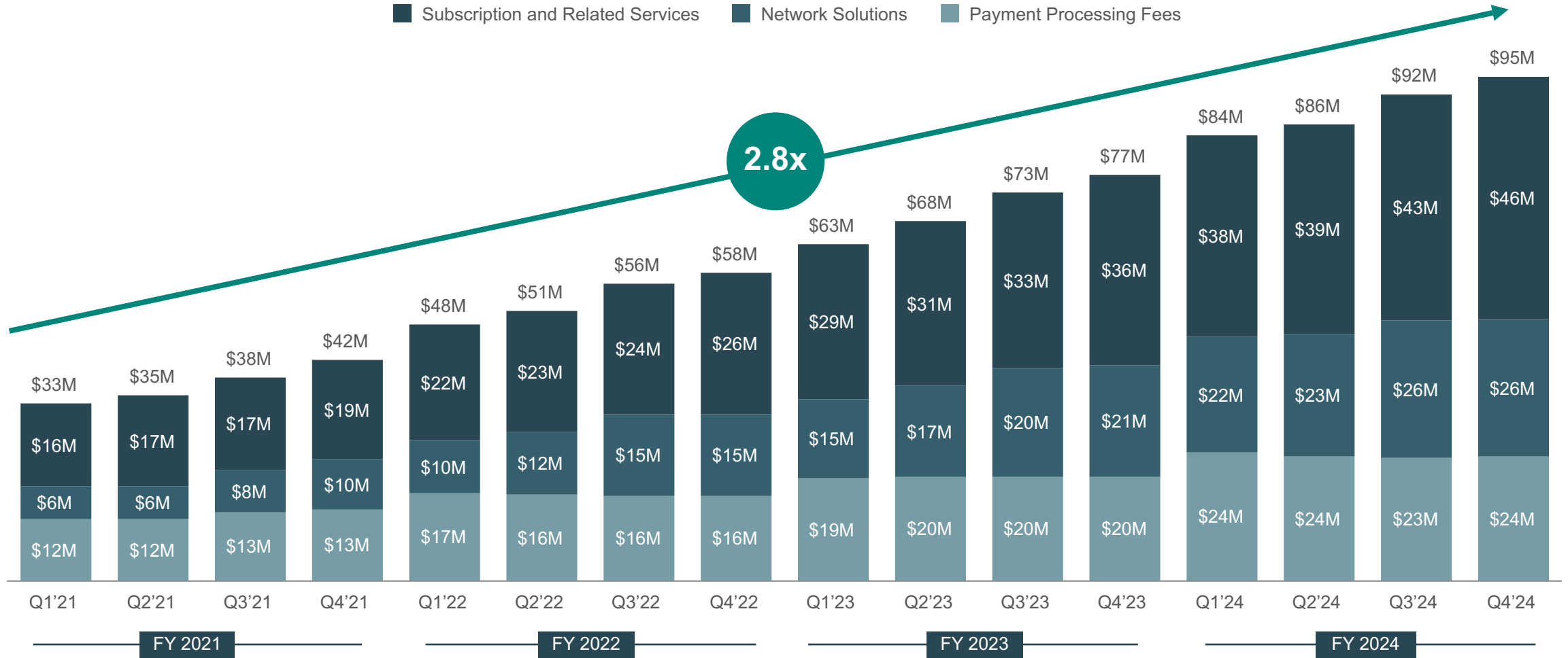
<sup>1</sup> In addition to subscription revenue, Phreesia generates certain fees from healthcare services clients for professional services associated with implementation, travel and expense reimbursements, shipping and handling, sale of hardware (PhreesiaPads and Arrivals Kiosks) and on-site support and training.

<sup>2</sup> Measured in terms of payment facilitator volume percentage. Refer to slide 16 for definition of payment facilitator volume percentage.

# Nearly tripled quarterly revenue since Q1 fiscal 2021

## Quarterly Revenue<sup>1</sup> (FY2021-FY2024<sup>2</sup>)

■ Subscription and Related Services   ■ Network Solutions   ■ Payment Processing Fees



2.8x

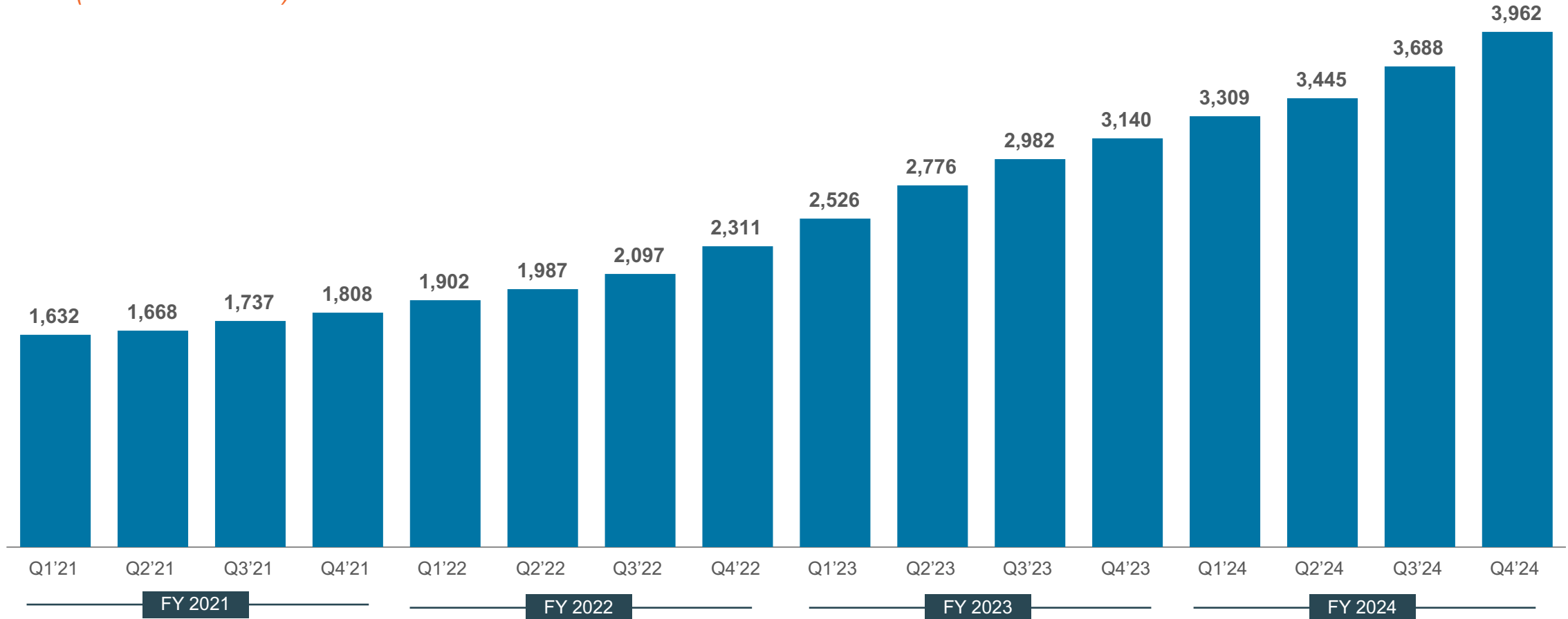
<sup>1</sup> Revenue may not add up due to rounding

<sup>2</sup> Fiscal year ended January 31



# AHSC

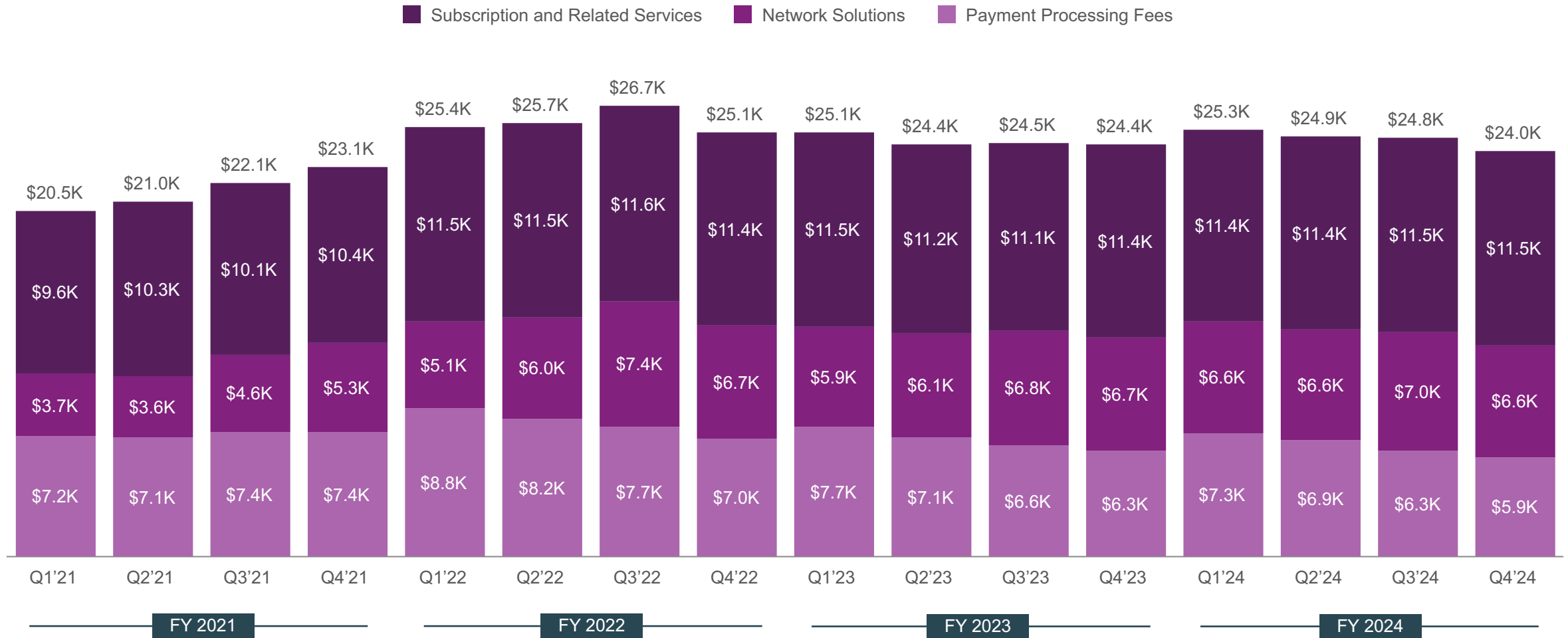
AHSCs<sup>1</sup> (FY2021-FY2024<sup>2</sup>)



<sup>1</sup> We define AHSCs as the average number of clients that generate subscription and related services or payment processing revenue each month during the applicable period. In cases where we act as a subcontractor providing white-label services to our partner's clients, we treat the contractual relationship as a single healthcare services client.

<sup>2</sup> Fiscal year ended January 31

# Total revenue per AHSC<sup>2</sup> (FY2021-FY2024)



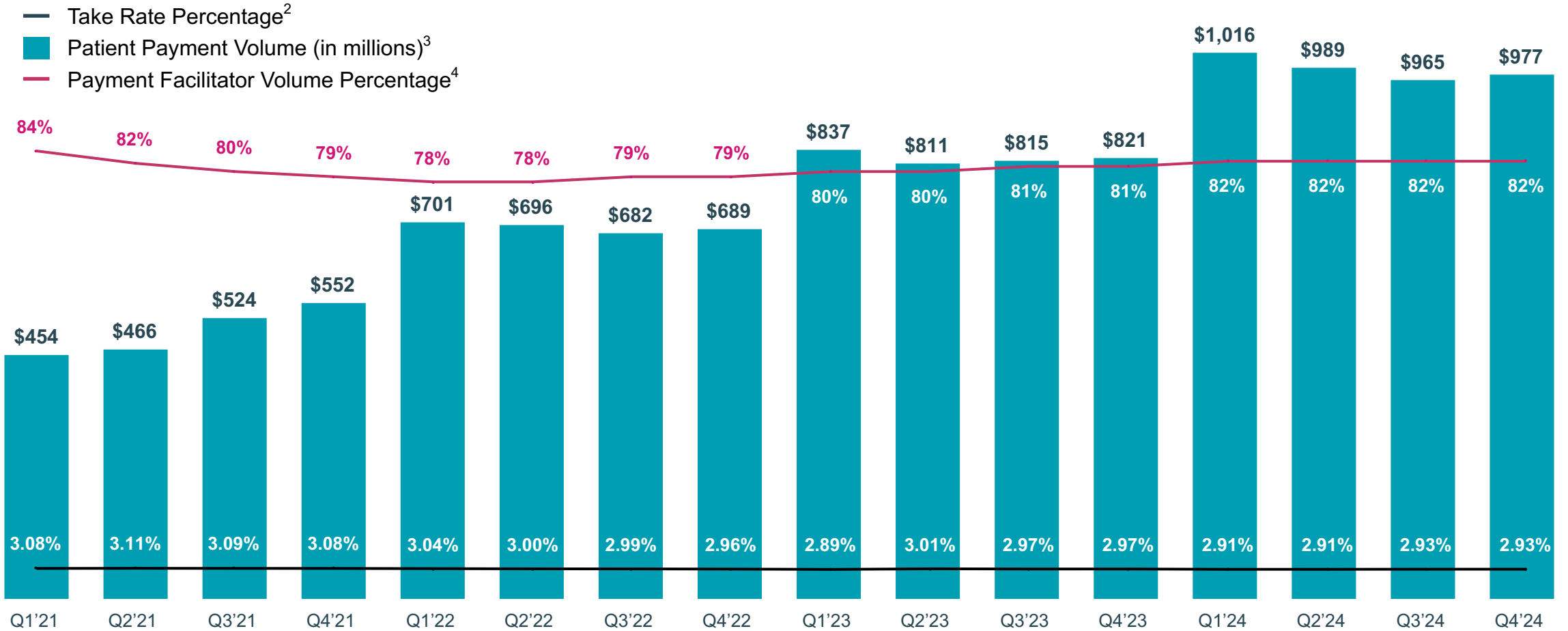
<sup>1</sup> Revenue may not add up due to rounding

<sup>2</sup> Refer to slide 4 for definition of AHSC. We define Total revenue per AHSC as Total revenue in a given period divided by AHSCs during that same period.

<sup>3</sup> Fiscal year ended January 31

# Consistent payment volume and transaction-level economics

## Patient Payment Volume (FY2021-FY2024<sup>1</sup>)



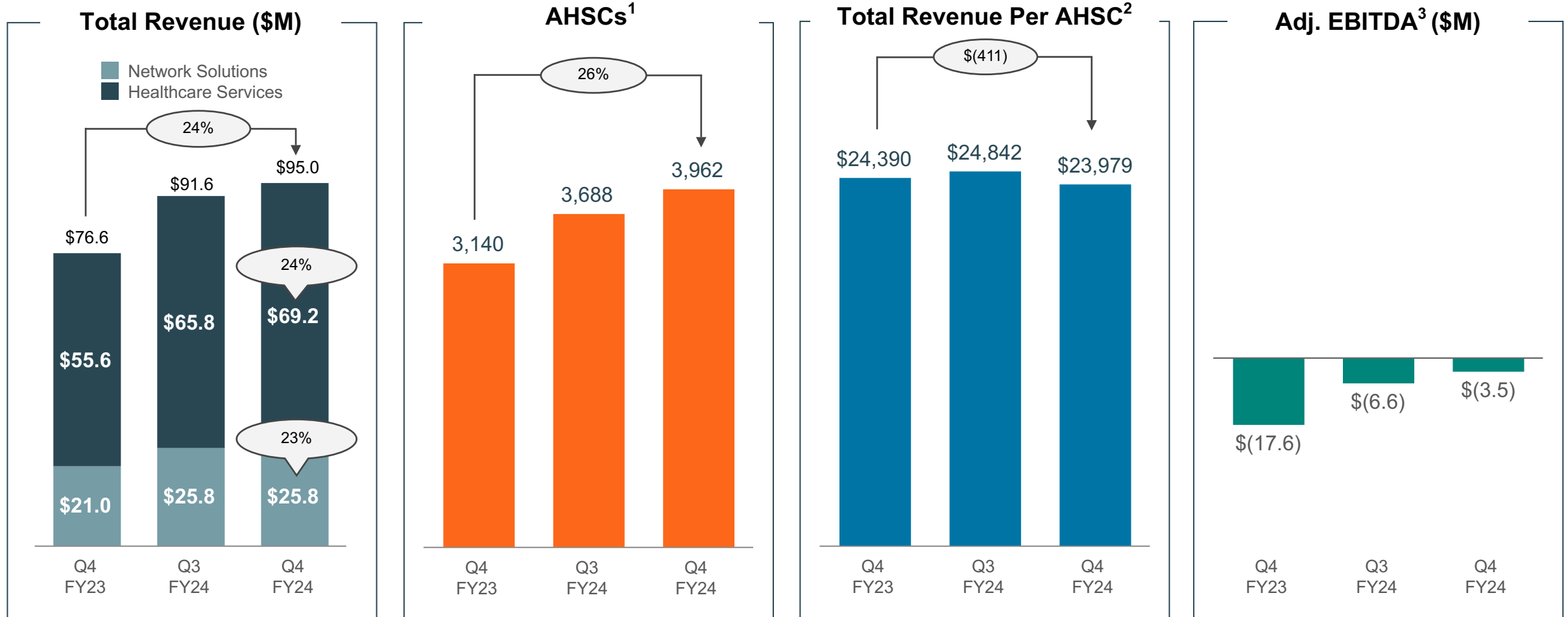
<sup>1</sup> Fiscal year ended January 31.

<sup>2</sup> Take rate percentage is defined as: payment processing fees / (patient payment volume x payment facilitator volume percentage).

<sup>3</sup> Patient payment volume: We believe that patient payment volume is an indicator of both the underlying health of our healthcare services clients' businesses and the continuing shift of healthcare costs to patients. We measure patient payment volume as the total dollar volume of transactions between our healthcare services clients and their patients who utilize our payment solution, including via credit and debit cards that we process as a payment facilitator, as well as through cash and check payments, and credit and debit transactions for which Phreesia acts as a gateway to other payment processors.

<sup>4</sup> Payment facilitator volume percentage is defined as the volume of credit and debit card patient payment volume that we process as a payment facilitator as a percentage of total patient payment volume. Payment facilitator volume is a major driver of our payment processing revenue.

# Fiscal fourth quarter 2024 results

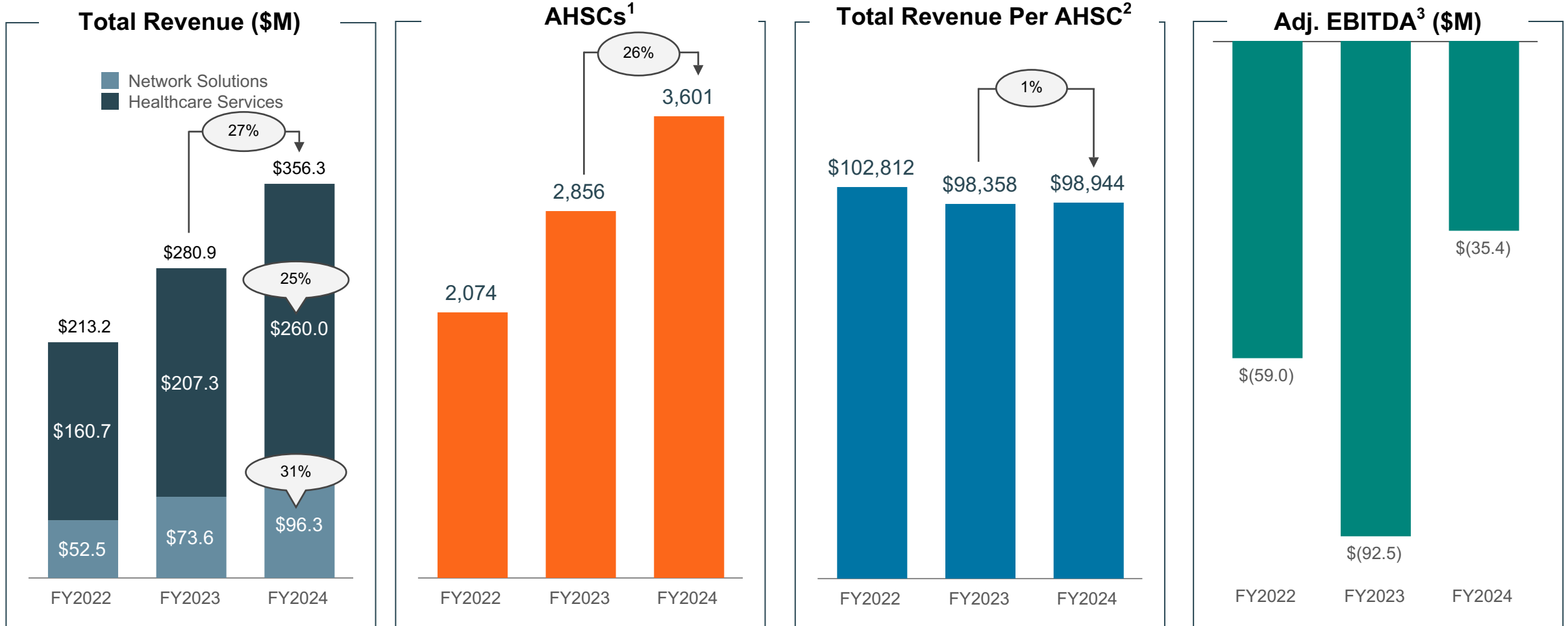


<sup>1</sup> We define AHSCs as the average number of healthcare services client organizations that generate subscription and related services or payment processing revenue each month during the applicable period. In cases where we act as a subcontractor providing white-label services to our partner's clients, we treat the contractual relationship as a single healthcare services client. We believe growth in AHSCs is a key indicator of the performance of our business and depends, in part, on our ability to successfully develop and market our solutions to healthcare services client organizations that are not yet clients. While growth in the number of healthcare services clients is an important indicator of expected revenue growth, it also informs our management of the areas of our business that will require further investment to support expected future AHSC growth. For example, as the number of AHSCs increases, we may need to add to our customer support team and invest to maintain effectiveness and performance of our solutions and software for our healthcare services clients and their patients.

<sup>2</sup> We define Total revenue per AHSC as Total revenue in a given period divided by AHSC during that same period. We are focused on continually delivering value to our healthcare services clients and believe that our ability to increase AHSCs is an indicator of the long-term value our solutions.

<sup>3</sup> For a reconciliation to the nearest GAAP measure, please see slide 23.

# Fiscal year 2024 results



<sup>1</sup> We define AHSCs as the average number of healthcare services client organizations that generate subscription and related services or payment processing revenue each month during the applicable period. In cases where we act as a subcontractor providing white-label services to our partner's clients, we treat the contractual relationship as a single healthcare services client. We believe growth in AHSCs is a key indicator of the performance of our business and depends, in part, on our ability to successfully develop and market our solutions to healthcare services client organizations that are not yet clients. While growth in AHSCs is an important indicator of expected revenue growth, it also informs our management of the areas of our business that will require further investment to support expected AHSC growth. For example, as the number of AHSCs increases, we may need to add to our customer support team and invest to maintain effectiveness and performance of our solutions and software for our healthcare services clients and their patients.

<sup>2</sup> We define Total revenue per AHSC as Total revenue in a particular period divided by AHSCs during that same period. We are focused on continually delivering value to our healthcare services clients and believe that our ability to increase healthcare services revenue per AHSC is an indicator of the long-term value of our solutions.

<sup>3</sup> For a reconciliation to the nearest GAAP measure, please see slide 22.



**FY2025 Outlook<sup>4</sup>**

**\$424M to \$434M<sup>1</sup>**

**Total Revenue**  
**+19%-22% y/y**

**\$12M to \$20M<sup>2</sup>**

**Adj. EBITDA<sup>3</sup>**

<sup>1</sup> Revenue outlook issued on December 5, 2023 and reaffirmed on March 14, 2024.

<sup>2</sup> Adjusted EBITDA outlook issued on March 14, 2024.

<sup>3</sup> We have not reconciled the Adjusted EBITDA outlook to GAAP Net income (loss) because we do not provide an outlook for GAAP Net income (loss) due to the uncertainty and potential variability of Other (income) expense, net and (Benefit from) provision for income taxes, which are reconciling items between Adjusted EBITDA and GAAP Net income (loss). Because we cannot reasonably predict such items, a reconciliation of the non-GAAP financial measure outlook to the corresponding GAAP measure is not available without unreasonable effort. We caution, however, that such items could have a significant impact on the calculation of GAAP Net income (loss).

<sup>4</sup> We continue to believe we will achieve our Fiscal 2026 Annualized Revenue Target of \$500 million achieved by annualizing the highest revenue quarter in Fiscal 2026 by four. However, we believe our Revenue Outlook provides more meaningful guidance. As a result, we will no longer present our Fiscal 2026 Annualized Revenue Target.

# Financial Appendix

# Detailed Income Statement<sup>1</sup>

\$ and shares in Millions						
	Fiscal year ended January 31			Fiscal quarter ended January 31		
	FY 2022	FY 2023	FY 2024	Q4 2023	Q4 2024	
<b>Revenue:</b>						
Subscription and related services	\$ 95.5	\$ 129.0	\$ 165.4	\$ 35.8	\$ 45.7	
Payment processing fees	65.2	78.4	94.6	19.8	23.5	
<b>Total healthcare services revenue</b>	<b>\$ 160.7</b>	<b>\$ 207.3</b>	<b>\$ 260.0</b>	<b>\$ 55.6</b>	<b>\$ 69.2</b>	
% Growth						
<b>Network solutions</b>	<b>52.5</b>	<b>73.6</b>	<b>96.3</b>	<b>21.0</b>	<b>25.8</b>	
% Growth						
<b>Total revenue</b>	<b>\$ 213.2</b>	<b>\$ 280.9</b>	<b>\$ 356.3</b>	<b>\$ 76.6</b>	<b>\$ 95.0</b>	
% YoY Growth	43 %	32 %	27 %	32 %	24 %	
<b>Expenses:</b>						
Cost of revenue (excl. depreciation and amortization)	\$ 42.7	\$ 58.9	\$ 61.0	\$ 15.1	\$ 16.1	
Payment processing expense	38.7	50.3	63.0	12.8	15.6	
Sales and marketing	106.4	151.3	147.0	36.3	35.9	
Research and development	52.3	91.2	112.3	25.4	29.9	
General and administrative	68.7	80.4	79.9	19.9	18.8	
Depreciation	15.0	18.0	17.6	4.6	4.4	
Amortization	6.3	7.3	11.9	2.3	3.9	
<b>Total expenses</b>	<b>\$ 330.1</b>	<b>\$ 457.5</b>	<b>\$ 492.8</b>	<b>\$ 116.4</b>	<b>\$ 124.6</b>	
<b>Operating loss</b>	<b>(116.8)</b>	<b>(176.6)</b>	<b>(136.5)</b>	<b>(39.8)</b>	<b>(29.6)</b>	
Other (expense) income, net	(0.1)	(0.2)	—	—	0.1	
Loss on extinguishment of debt	—	—	(1.1)	—	(1.1)	
Interest (expense) income, net	(1.1)	1.1	2.2	1.6	0.2	
<b>Total other (expense) income, net</b>	<b>(1.2)</b>	<b>0.9</b>	<b>1.1</b>	<b>1.6</b>	<b>(0.9)</b>	
(Provision) benefit for income taxes	(0.2)	(0.5)	(1.5)	0.2	(0.2)	
<b>Net Loss</b>	<b>\$ (118.2)</b>	<b>\$ (176.1)</b>	<b>\$ (136.9)</b>	<b>\$ (38.0)</b>	<b>\$ (30.6)</b>	
<b>Weighted average shares outstanding, basic and diluted</b>	<b>49.9</b>	<b>52.4</b>	<b>54.6</b>	<b>52.9</b>	<b>54.6</b>	
<b>Net loss per share, basic and diluted</b>	<b>\$ (2.37)</b>	<b>\$ (3.36)</b>	<b>\$ (2.51)</b>	<b>\$ (0.72)</b>	<b>\$ (0.56)</b>	

<sup>1</sup> Subtotals may not foot due to rounding

## Adjusted EBITDA Reconciliation<sup>1</sup>

\$M	Fiscal year ended Jan 31				
	2020	2021	2022	2023	2024
Net loss	\$ (20.3)	\$ (27.3)	\$ (118.2)	\$ (176.1)	\$ (136.9)
Interest expense (income), net	2.4	1.6	1.1	(1.1)	(2.2)
(Benefit) provision for income taxes	(1.8)	—	0.2	0.5	1.5
Depreciation and amortization	13.9	15.9	21.3	25.3	29.5
Stock-based compensation expense	6.2	13.5	36.2	58.8	71.6
Change in fair value of warrant liability	3.3	—	—	—	—
Change in fair value of contingent consideration liabilities	—	0.1	0.3	—	—
Loss on extinguishment of debt	—	—	—	—	1.1
Other expense, net	1.0	—	0.1	0.2	—
<b>Adjusted EBITDA<sup>1</sup></b>	<b>\$ 4.8</b>	<b>\$ 3.8</b>	<b>\$ (59.0)</b>	<b>\$ (92.5)</b>	<b>\$ (35.4)</b>

<sup>1</sup> Adjusted EBITDA is a supplemental measure of our performance that is not required by, or presented in accordance with, GAAP. Adjusted EBITDA is not a measurement of our financial performance under GAAP and should not be considered as an alternative to net income or loss or any other performance measure derived in accordance with GAAP, or as an alternative to cash flows from operating activities as a measure of our liquidity.

## Adjusted EBITDA Reconciliation<sup>1</sup>

\$M	Fiscal quarter ended		
	January 31,	October 31,	January 31,
	2023	2023	2024
Net loss	\$ (38.0)	\$ (31.9)	\$ (30.6)
Interest income, net	(1.6)	(0.5)	(0.2)
(Benefit) provision for income taxes	(0.2)	0.4	0.2
Depreciation and amortization	6.9	7.5	8.3
Stock-based compensation expense	15.3	18.0	17.9
Loss on extinguishment of debt	—	—	1.1
Other income, net	—	—	(0.1)
<b>Adjusted EBITDA<sup>1</sup></b>	<b>\$ (17.6)</b>	<b>\$ (6.6)</b>	<b>\$ (3.5)</b>

<sup>1</sup> Adjusted EBITDA is a supplemental measure of our performance that is not required by, or presented in accordance with, GAAP. Adjusted EBITDA is not a measurement of our financial performance under GAAP and should not be considered as an alternative to net income or loss or any other performance measure derived in accordance with GAAP, or as an alternative to cash flows from operating activities as a measure of our liquidity.