



# Q3 2022 Earnings Call

November 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

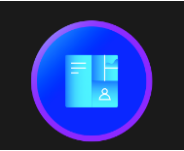


Easy. Everywhere. Economical.



# Butterfly's Integrated Blueprint Solution Resonates with Health Systems

Closed deals in major health systems and continuing to embed in major academic institutions



## Butterfly Blueprint™



- Butterfly's integrated Blueprint solution (with iQ+ probes, Compass software and Client Experience offering) is showcasing its relevancy across the country
- Monument Health, a community-based health care system in South Dakota, will now have Blueprint system wide, coupled with a probe deployment
- We are now providing Blueprint at Yale New Haven Health and signed a contract with Stanford
- Continued progress in embedding our overarching solution in major academic medical institution
- Renewed UC Irvine for the 4<sup>th</sup> year in a row with each student getting his or her own Butterfly probe

# Continued Progress Across our Strategic Pillars

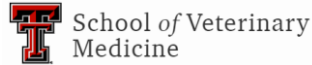


## International Expansion



- Continued progress on our partnership with Bill & Melinda Gates Foundation to bring Butterfly to Sub-Saharan Africa to improve maternal and fetal health
- In Q3, Butterfly officially deployed 500 Butterfly IQ+ devices to healthcare practitioners in Kenya, at an event at Kenyatta University

## Adjacent Markets



- Expanded 4-year partnership with Texas Tech University (TTU) School of Veterinary Medicine Texas Tech University
- Added Penn Vet as a new distributor. They are a regional distributor for the eastern United States which is the largest market in terms of volume for both vets and vet hospitals

## Home



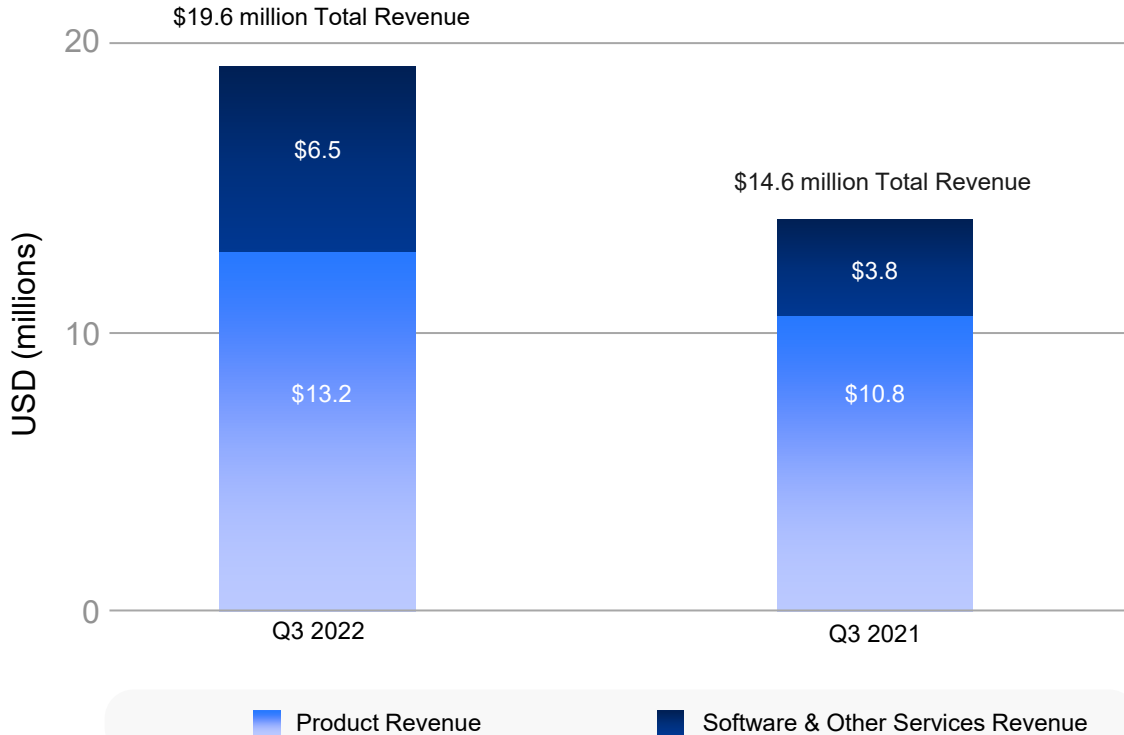
- Kicked off a clinical study for heart failure patients with the John Muir Cardiovascular Institute
- It is a first-of-its-kind feasible study that will evaluate a novel tool developed by Butterfly
- The tool will enable novice clinicians and patients to assess pulmonary congestion themselves

# Q3 2022 Financials



# Total Revenue Growth of 34% Year-over-Year

\$19.6 million total revenue in Q3 2022



## Year-over-Year Growth in Q3

21% Product Revenue

71% Software & Other Services Revenue

34% Overall Revenue

# Q3 2022: Consistent Adjusted Margins and Strong Cash Position



## Selected Financials (Dollars in Millions) – Q3 2022 Compared to Q3 2021

USD (millions)	Q3 2022	Q3 2021
Gross Profit (Loss)	\$11.0	(\$5.1)
- Gross Margin	56.0%	(35.0%)
Adjusted Gross Profit (Loss)*	\$12.0	\$7.2
- Adjusted Gross Margin	61.2%	49.3%
Adjusted EBITDA*	(\$32.9)	(\$33.5)
Cash and Cash Equivalents and Marketable Securities**	\$267.9	\$468.4

\*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.

\*\*Excludes \$4.7M of restricted cash

# 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	\$73mm – \$76mm
Revenue Growth	17% – 21%
Net Loss	(\$175mm) – (\$165mm)
Adjusted EBITDA	(\$155mm) – (\$145mm)

# 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 September 30,	
	2022	2021
<b>Net loss</b>	<b>\$ (54,742)</b>	<b>\$ (13,561)</b>
Interest income	(1,304)	(893)
Interest expense	2	—
Change in fair value of warrant liabilities	9,087	(42,958)
Other expense, net	898	428
Provision for income taxes	27	(3)
Stock based compensation	9,413	10,734
Depreciation and amortization	1,875	505
CEO transition costs	—	—
Warranty liability policy change	—	—
Transaction bonus	—	—
Loss on purchase commitments	—	11,623
Inventory write-downs	—	582
Reduction in force related severance and benefits	1,830	—
<b>Adjusted EBITDA</b>	<b>\$ (32,914)</b>	<b>\$ (33,543)</b>

### Adjusted Gross Profit and Gross Margin

	Three months ended September 30,	
	2022	2021
Revenue	\$ 19,618	\$ 14,621
Cost of revenue	8,629	19,743
<b>Gross profit (loss)</b>	<b>\$ 10,989</b>	<b>\$ (5,122)</b>
<b>Gross margin</b>	<b>56.0%</b>	<b>(35.0)%</b>
Add:		
Depreciation and amortization	1,019	131
Warranty liability policy change	—	—
Loss on purchase commitments	—	11,623
Inventory write-downs	—	582
<b>Adjusted gross profit</b>	<b>\$ 12,008</b>	<b>\$ 7,214</b>
<b>Adjusted gross margin</b>	<b>61.2%</b>	<b>49.3%</b>