

# Tabula Rasa HealthCare Fourth Quarter & Full Year 2021 Earnings Call

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2/25/2022

# Forward-looking Statements & Non-GAAP Information

Adjusted EBITDA consists of net loss plus certain other expenses, which include interest expense, income tax expense or benefit, depreciation and amortization, change in fair value of acquisition-related contingent consideration expense, intangible asset impairment charge, settlement costs, business optimization expenses, severance costs, acquisition-related expense, and stock-based compensation expense. TRHC defines Adjusted EBITDA margin as Adjusted EBITDA as a percentage of revenue. TRHC defines Adjusted Diluted EPS as net loss before fair value adjustments for acquisition-related contingent consideration, intangible asset impairment charge, amortization of acquired intangibles, amortization of debt discount and issuance costs, settlement costs, business optimization expenses, severance costs, acquisition-related expense, stock-based compensation related expense, and the tax impact of those items using a normalized tax rate on pre-tax income (loss) adjusted for those items expressed on a per share basis using weighted average diluted shares outstanding. TRHC considers acquisition-related expense to include non-recurring direct transaction and integration costs, severance, and the impact of purchase accounting adjustments related to the fair value of acquired deferred revenue. TRHC considers business optimization expenses to include contract termination payments, severance, retention payments, and other employee and non-recurring vendor costs incurred related to our business optimization initiatives during 2021. TRHC considers severance costs to include severance payments related to the realignment of our resources. TRHC believes the exclusion of these items assists in providing a more complete understanding of the company's underlying operations results and trends and allows for comparability with TRHC's peer company index and industry and to be more consistent with TRHC's expected capital structure on a going forward basis. TRHC defines free cash flow as net cash provided by operating activities in a period less payments for property and equipment and software development costs made in that period. Note that other companies may define their non-GAAP financial measures differently than TRHC. TRHC presents these non-GAAP financial measures in this release because it considers them to be important supplemental measures of performance. TRHC uses these non-GAAP financial measures for planning purposes, including analysis of the company's performance against prior periods, the preparation of operating budgets and determination of appropriate levels of operating and capital investments. TRHC believes that these non-GAAP financial measures provide additional insight for analysts and investors in evaluating the company's financial and operational performance. TRHC also intends to provide these non-GAAP financial measures as part of the company's future earnings discussions and, therefore, their inclusion should provide consistency in the company's financial reporting.

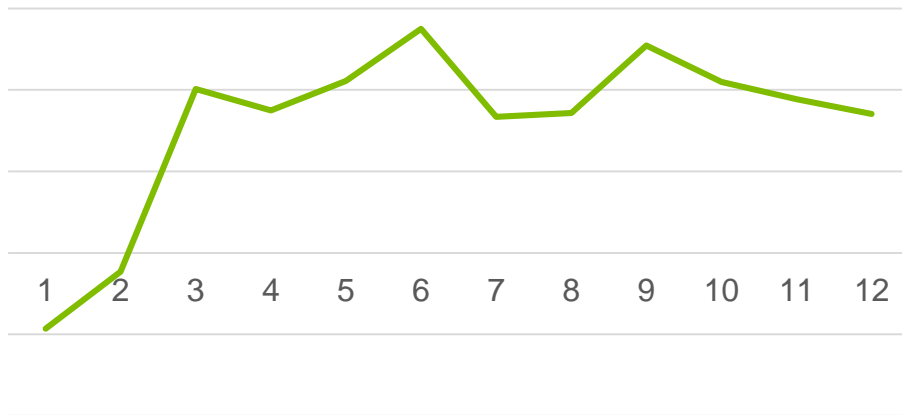
This press release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that we believe to be reasonable as of today's date. Forward-looking statements give current expectations or forecasts of future events or our future financial or operating performance, and include TRHC's expectations regarding healthcare regulations, industry trends, available opportunities to TRHC, the financial and operating performance of TRHC, the impacts of the COVID-19 pandemic and TRHC's expectations for the remainder of 2021. Such statements are identified by use of the words "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "projects," "should," and similar expressions. These forward-looking statements are based on management's good-faith expectations, judgments and assumptions as of the date of this press release. Actual results might differ materially from those explicit or implicit in the forward-looking statements. Important factors that could cause actual results to differ materially include: the impacts of the ongoing COVID-19 pandemic and other health epidemics; our continuing losses and need to achieve profitability; fluctuations in our financial results; the acceptance and use of our products and services by PACE organizations; the need to innovate and provide useful products and services; risks related to changing healthcare and other applicable governmental regulations; our ability to maintain relationships with a specified drug wholesaler; increasing consolidation in the healthcare industry; managing our growth effectively; our ability to adequately protect our intellectual property; the requirements of being a public company; our ability to recognize the expected benefits from acquisitions on a timely basis or at all; and the other risk factors set forth from time to time in our filings with the Securities and Exchange Commission ("SEC"), including those factors discussed under the caption "Risk Factors" in our most recent annual report on Form 10-K, filed with the SEC on February 26, 2021, and in subsequent reports filed with or furnished to the SEC, copies of which are available free of charge within the Investor Relations section of the Tabula Rasa HealthCare website <http://ir.trhc.com> or upon request from our Investor Relations Department. Tabula Rasa HealthCare assumes no obligation and does not intend to update these forward-looking statements, except as required by law, to reflect events or circumstances occurring after today's date.

# Segment Results – Fourth Quarter 2021

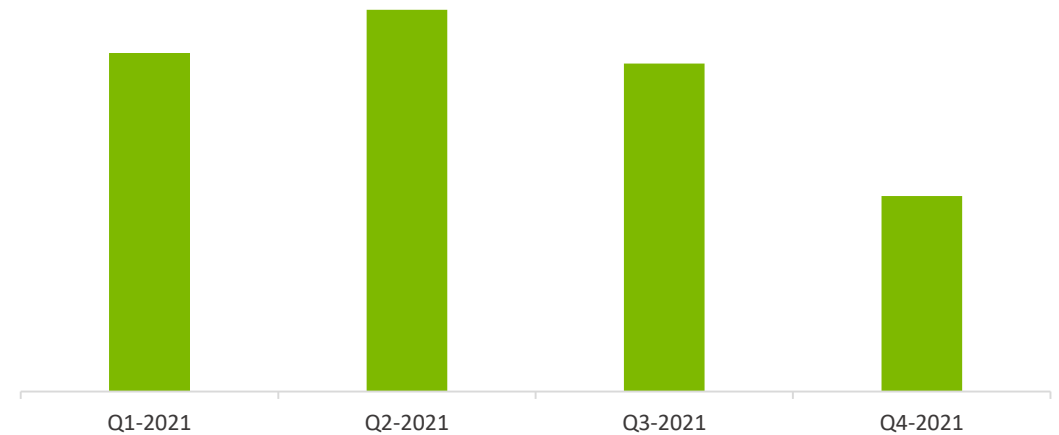
|                                 | Q4 FY21          | Q4 FY20          | % Change   | Commentary   |
|---------------------------------|------------------|------------------|------------|--|
| <b>Revenue</b>                  |                  |                  |            |  |
| CareVention HealthCare          |                  |                  |            |  |
| PACE product revenue            | \$ 50,570        | \$ 43,589        | 16%        | Increase due to increased medication fulfillment volume from growth in the number of patients served.                          |
| PACE solutions                  | \$ 15,444        | \$ 13,270        | 16%        | Growth driven by third-party administrative services division & pharmacy benefit management solutions.                         |
| <b>Total CareVention</b>        | <b>\$ 66,014</b> | <b>\$ 56,859</b> | <b>16%</b> |  |
| MedWise HealthCare              |                  |                  |            |  |
| Product Revenue                 | \$ 6             | \$ 179           | -97%       |  |
| Medication safety services      | \$ 7,253         | \$ 10,019        | -28%       | Decrease due to large MTM client contract that did not renew in 2021 and reduced fees in the final year of the EMTM program.   |
| Software subscriptions          | \$ 12,412        | \$ 9,995         | 24%        | PrescribeWellness growth driven by new partnership signed in 2021.   |
| <b>Total MedWise</b>            | <b>\$ 19,671</b> | <b>\$ 20,193</b> | <b>-3%</b> |  |
| <b>Total Revenue</b>            | <b>\$ 85,685</b> | <b>\$ 77,052</b> | <b>11%</b> |  |
| <b>Gross Margin (1)</b>         |                  |                  |            | (1) Excludes depreciation and amortization   |
| Product                         | \$ 11,811        | \$ 11,476        | 3%         |  |
| Margin %                        | 23.4%            | 26.2%            |            |  |
| Services/software subscriptions | \$ 12,970        | \$ 9,783         | 33%        |  |
| Margin %                        | 36.9%            | 29.4%            |            |  |
| <b>Total Gross Margin</b>       | <b>\$ 24,781</b> | <b>\$ 21,259</b> | <b>17%</b> |  |
| Margin %                        | 28.9%            | 27.6%            |            |  |
| <b>Operating Expense (2)</b>    |                  |                  |            | (2) Excludes change in fair value of acquisition-related contingent consideration expense                                      |
| Sales & Marketing               | \$ 7,183         | \$ 5,950         | 21%        |  |
| R&D                             | \$ 4,898         | \$ 4,430         | 11%        | Gross R&D including capitalized software of \$14.0 million (16.4% of revenue) vs. \$9.6 million (12.4% of revenue) a year ago. |
| G&A                             | \$ 19,399        | \$ 16,464        | 18%        | Driven by non-recurring items, business optimization and severance totaling \$1.5 million.                                     |
| D&A                             | \$ 12,363        | \$ 12,717        | -3%        |  |
| <b>Total Operating Expense</b>  | <b>\$ 43,843</b> | <b>\$ 39,561</b> | <b>11%</b> |  |
| <b>Adjusted EBITDA (3)</b>      |                  |                  |            | (3) Adjusted EBITDA calculated by adding back stock compensation, business optimization costs, and severance.                  |
| CareVention HealthCare          | \$ 15,589        | \$ 13,840        | 13%        |  |
| Margin %                        | 23.6%            | 24.3%            |            |  |
| MedWise HealthCare              | \$ 1,020         | \$ 743           | 37%        |  |
| Margin %                        | 5.2%             | 3.7%             |            |  |
| Corporate shared services       | \$ (12,277)      | \$ (9,843)       | 25%        |  |
| <b>Adjusted EBITDA</b>          | <b>\$ 4,332</b>  | <b>\$ 4,740</b>  | <b>-9%</b> |  |

# Key Operational Metrics

CareKinesis PACE Census Sequential Net Growth Rate By Month - 2021



CMRs Completed During 2021

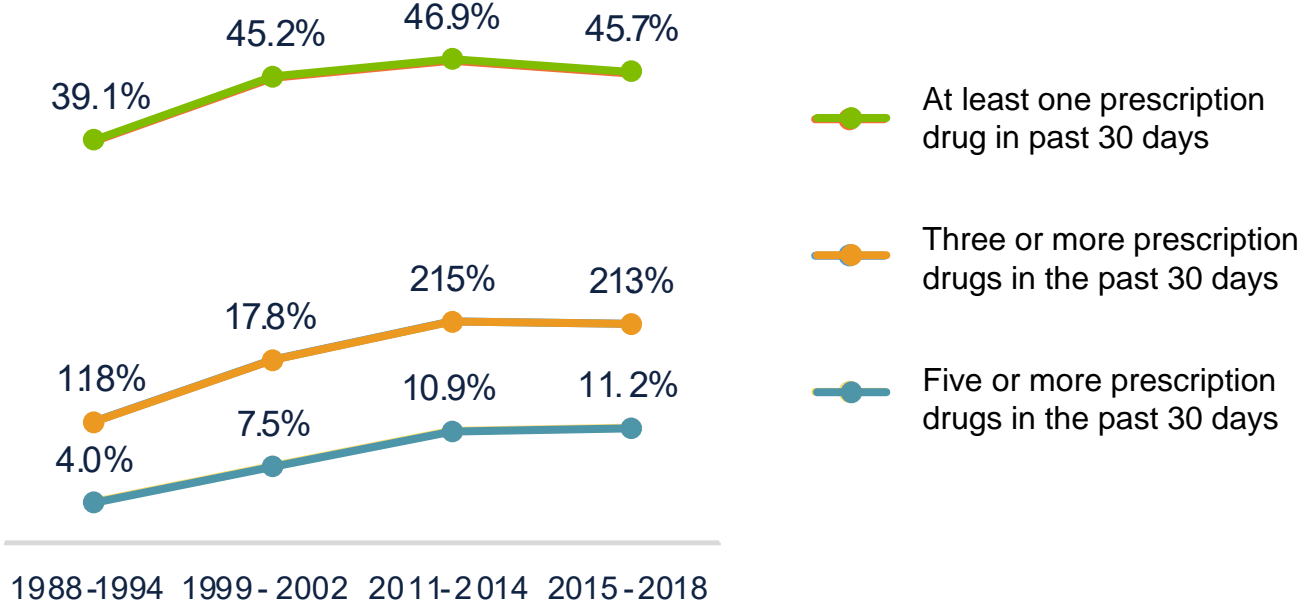


# Prescription drug use in the past 30 years



With more than half of the U.S. population experiencing at least one chronic condition, prescription drugs are often the first line of defense

### Prescription drug use in the past 30 years



Source: Centers for Disease Control and Prevention

# Pharmacist at the center of patient care



Chronic disease remains a significant concern among the American population, with greater than half of all adults having at least one chronic condition. By 2025, **164 million Americans** will have a chronic disease, amounting to **\$4 trillion** in health care costs. Patients with chronic diseases account for **81%** of hospitalizations. They also have increasingly complex medication usage, and account for **91%** of prescriptions filled.

## Primary care

- Pharmacist serves increasingly clinical role
- First-contact provider
- Mid-level provider status
- Pharmacist patient counseling

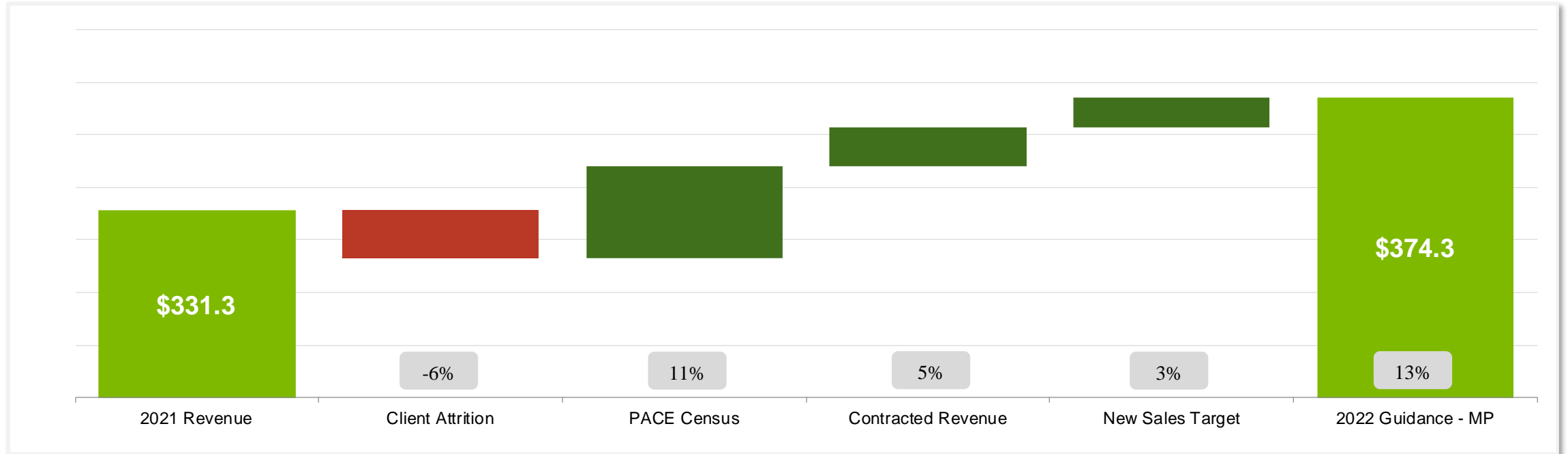
## Medication

- Medication Therapy Management goal attainment
- Medication adherence
- Drug cost optimization
- Pharmacist monitoring for drug interactions, including OTC

## Value-based models

- Pharmacist helps to improve continuity of care
- Medication management and reconciliation

# 2021 to 2022 Guidance Bridge





# Appendix

Supplemental Information

*Slides 9 -15*



# CVHC Adoption Rates



| <b>CareVention HealthCare (CVHC)</b> | <b><u>12/31/2021</u></b> |
|--------------------------------------|--------------------------|
| Total PACE Participants (1)          | 49,769                   |
| <u>Adoption Rates (2):</u>           |                          |
| CareKinesis                          | 34.7%                    |
| PeakTPA                              | 46.7%                    |
| TruChart/PACElogic                   | 58.6%                    |
| Capstone                             | 48.8%                    |
| Pharmastar                           | 70.3%                    |

(1) Total number of PACE participants utilizing at least one of our CVHC solutions  
(2) Percentage of the total number of PACE participants utilizing the solution

# Balance Sheet and Cash Flow



## Cash and Debt:

**12/31/2021**

|                           |            |
|---------------------------|------------|
| Cash                      | \$ 9,668   |
| Line of credit            | \$ 29,500  |
| Long-term debt, net       | \$ 319,299 |
| Available line of credit* | \$ 27,717  |

*\*Based on trailing 12-month EBITDA*

## Free Cash Flow:

**Q4-2021    12M-2021**

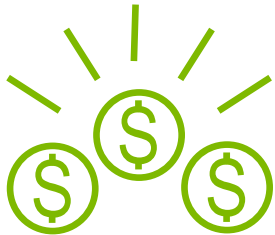
|                                     |            |             |
|-------------------------------------|------------|-------------|
| Cash flow from operations           | \$ 12,435  | \$ 15,452   |
| Purchases of property and equipment | \$ (1,739) | \$ (3,350)  |
| Software development costs          | \$ (9,195) | \$ (31,844) |
| Free cash flow                      | \$ 1,501   | \$ (19,742) |

# Unaudited Segment Results



|                                     | Three Months Ended |                   | Year Ended        |                   |
|-------------------------------------|--------------------|-------------------|-------------------|-------------------|
|                                     | December 31, 2021  | December 31, 2020 | December 31, 2021 | December 31, 2020 |
| <b>Revenue</b>                      |                    |                   |                   |                   |
| CareVention HealthCare:             |                    |                   |                   |                   |
| PACE product revenue                | \$ 50,570          | \$ 43,589         | \$ 189,591        | \$ 158,692        |
| PACE solutions                      | 15,444             | 13,270            | 58,417            | 47,577            |
| <b>Total CareVention HealthCare</b> | <b>66,014</b>      | <b>56,859</b>     | <b>248,008</b>    | <b>206,269</b>    |
| MedWise HealthCare:                 |                    |                   |                   |                   |
| Product revenue                     | 6                  | 179               | 481               | 901               |
| Medication safety services          | 7,253              | 10,019            | 38,500            | 49,863            |
| Software subscription and services  | 12,412             | 9,995             | 44,271            | 40,186            |
| <b>Total MedWise HealthCare</b>     | <b>19,671</b>      | <b>20,193</b>     | <b>83,252</b>     | <b>90,950</b>     |
| <b>Total Revenue</b>                | <b>\$ 85,685</b>   | <b>\$ 77,052</b>  | <b>\$ 331,260</b> | <b>\$ 297,219</b> |
| <b>Adjusted EBITDA</b>              |                    |                   |                   |                   |
| CareVention HealthCare              | \$ 15,589          | \$ 13,840         | \$ 56,572         | \$ 50,400         |
| MedWise HealthCare                  | 1,020              | 743               | 8,552             | 9,280             |
| Shared Services                     | (12,277)           | (9,843)           | (45,513)          | (37,905)          |
| <b>Total Adjusted EBITDA</b>        | <b>\$ 4,332</b>    | <b>\$ 4,740</b>   | <b>\$ 19,611</b>  | <b>\$ 21,775</b>  |
| <b>Adjusted EBITDA margin</b>       |                    |                   |                   |                   |
| CareVention HealthCare              | 23.6%              | 24.3%             | 22.8%             | 24.4%             |
| MedWise HealthCare                  | 5.2%               | 3.7%              | 10.3%             | 10.2%             |
| <b>Total Adjusted EBITDA margin</b> | <b>5.1%</b>        | <b>6.2%</b>       | <b>5.9%</b>       | <b>7.3%</b>       |

# Unaudited Reconciliation Of GAAP To Non-GAAP Measures



|  | Three Months Ended December 31, |             | Year Ended December 31, |             |
|--|---------------------------------|-------------|-------------------------|-------------|
|  | 2021                            | 2020        | 2021                    | 2020        |
| <b>Reconciliation of Net Loss to Adjusted EBITDA</b>                         |                                 |             |                         |             |
| Net loss   | \$ (21,371)                     | \$ (30,630) | \$ (79,055)             | \$ (80,966) |
| Add:   |                                 |             |                         |             |
| Interest expense, net  | 2,148                           | 6,743       | 9,107                   | 20,743      |
| Income tax expense (benefit)   | 161                             | 537         | 627                     | (5,168)     |
| Depreciation and amortization  | 12,363                          | 12,717      | 47,706                  | 45,040      |
| Change in fair value of acquisition-related contingent consideration expense | —                               | 8           | —                       | 2,613       |
| Intangible asset impairment charge   | —                               | 5,040       | —                       | 5,040       |
| Settlement   | —                               | —           | 500                     | 0           |
| Business optimization expenses   | 1,168                           | —           | 1,168                   | 0           |
| Severance costs  | 371                             | (44)        | 887                     | 873         |
| Acquisition-related expense  | —                               | 222         | 217                     | 1,045       |
| Stock-based compensation expense   | 9,492                           | 10,147      | 38,454                  | 32,555      |
| Adjusted EBITDA  | \$ 4,332                        | \$ 4,740    | \$ 19,611               | \$ 21,775   |
| Total revenue  | \$ 85,685                       | \$ 77,052   | \$ 331,260              | \$ 297,219  |
| Adjusted EBITDA margin   | 5.1%                            | 6.2%        | 5.9%                    | 7.3%        |

# Unaudited Reconciliation Of GAAP To Non-GAAP Measures

|  | Three Months Ended December 31,         |           |             |           | Year Ended December 31,                 |           |             |           |
|--|---|-----------|-------------|-----------|---|-----------|-------------|-----------|
|  | 2021                                    |           | 2020        |           | 2021                                    |           | 2020        |           |
|  | (In thousands except per share amounts) |           |             |           | (In thousands except per share amounts) |           |             |           |
| <b>Reconciliation of diluted net loss per share to Adjusted Diluted EPS</b>  |   |           |             |           |   |           |             |           |
| GAAP net loss, basic and diluted, and net loss per share, basic and diluted  | \$ (21,371)                             | \$ (0.91) | \$ (30,630) | \$ (1.36) | \$ (79,055)                             | \$ (3.39) | \$ (80,966) | \$ (3.71) |
| Adjustments:   |   |           |             |           |   |           |             |           |
| Change in fair value of acquisition-related contingent consideration expense | —                                       |           | 8           |           | —                                       |           | 2,613       |           |
| Intangible asset impairment  | —                                       |           | 5,040       |           | —                                       |           | 5,040       |           |
| Amortization of acquired intangibles   | 6,976                                   |           | 8,634       |           | 28,444                                  |           | 30,570      |           |
| Amortization of debt discount and issuance costs                             | 335                                     |           | 3,654       |           | 1,645                                   |           | 13,301      |           |
| Settlement   | —                                       |           | —           |           | 500                                     |           | —           |           |
| Business optimization expenses   | 1,168                                   |           | —           |           | 1,168                                   |           | —           |           |
| Severance costs  | 371                                     |           | (44)        |           | 887                                     |           | 873         |           |
| Acquisition-related expense  | —                                       |           | 222         |           | 217                                     |           | 1,045       |           |
| Stock-based compensation expense   | 9,492                                   |           | 10,147      |           | 38,454                                  |           | 32,555      |           |
| Impact to income taxes   | 922                                     |           | 1,174       |           | 2,510                                   |           | (5,132)     |           |
| Adjusted net loss and Adjusted Diluted EPS                                   | \$ (2,107)                              | \$ (0.09) | \$ (1,795)  | \$ (0.08) | \$ (5,230)                              | \$ (0.22) | \$ (101)    | \$ —      |

# Unaudited Reconciliation Of GAAP To Non-GAAP Measures

|   | Three Months Ended |                   | Nine Months Ended |                   |
|---|--------------------|-------------------|-------------------|-------------------|
|   | December 31,       |                   | December 31,      |                   |
|   | 2021               | 2020              | 2021              | 2020              |
| <b>Reconciliation of weighted average shares of common stock outstanding, diluted, to weighted average shares of common stock outstanding, diluted for Adjusted Diluted EPS</b> |                    |                   |                   |                   |
| Weighted average shares of common stock outstanding, basic and diluted for GAAP   | <u>23,470,252</u>  | <u>22,542,601</u> | <u>23,290,660</u> | <u>21,815,388</u> |
| Weighted average shares of common stock outstanding, diluted for Adjusted Diluted EPS   | <u>23,470,252</u>  | <u>22,542,601</u> | <u>23,290,660</u> | <u>21,815,388</u> |

# Unaudited Reconciliation Of GAAP To Non-GAAP Guidance Ranges



|  | Three Months Ended March 31, 2022 |               | Year Ended December 31, 2022 |                |
|--|-----------------------------------|---------------|------------------------------|----------------|
|  | LOW                               | HIGH          | LOW                          | HIGH           |
| <b>Reconciliation from Net Loss Guidance to Adjusted EBITDA Guidance</b> |                                   |               |                              |                |
| Net loss:  | \$ (25.0)                         | \$ (24.0)     | \$ (76.7)                    | \$ (71.7)      |
| Add:   |                                   |               |                              |                |
| Interest expense   | 2.2                               | 2.2           | 8.7                          | 8.7            |
| Income tax expense   | 0.2                               | 0.2           | 0.6                          | 0.6            |
| Depreciation and amortization  | 13.2                              | 13.2          | 52.5                         | 52.5           |
| Stock-based compensation expense   | 12.4                              | 12.4          | 37.9                         | 37.9           |
| Adjusted EBITDA  | <u>\$ 3.0</u>                     | <u>\$ 4.0</u> | <u>\$ 23.0</u>               | <u>\$ 28.0</u> |