

A silhouette of a family consisting of a man, a woman, and two children walking away from the viewer on a path. The scene is set against a bright sunset or sunrise sky, with the sun low on the horizon, creating a warm glow. The family members are holding hands, and their shadows are cast on the path ahead of them.


cpsi[®]


Creating Thriving Communities Wherever We Go

Investor Presentation
September 2023

In this presentation, we may make statements regarding future operating plans, expectations and performance that constitute forward-looking statements made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. We caution you that any such forward-looking statements only reflect management expectations and predictions based upon currently available information and are not guarantees of future results or performance.

Actual results might differ materially from those expressed or implied by such forward-looking statements as a result of known and unknown risks, uncertainties and other factors, including those described in our public releases and reports filed with the Securities and Exchange Commission, including, but not limited to, our most recent Annual Report on Form 10-K. We also caution investors that the forward-looking information provided in this presentation represents our outlook only as of this date, and we undertake no obligation to update or revise any forward-looking statements to reflect events or developments after the date of this presentation.

 **Leading provider** of revenue cycle management (RCM) for small health systems (<400 beds)

 **Proprietary platform** bringing together revenue cycle management (RCM), electronic health records (EHR), and patient engagement

 **Large, loyal, and growing customer base** with high retention rate (95%+)

 **Multiple avenues for growth;** new client wins, cross-sell and acquisitions

 **Experienced C-Suite leadership** focused on growth

 **Attractive financial model** with **high recurring revenue (93%+)** with **17% EBITDA margins**

\$327M
of revenue in 2022

\$55M+
of EBITDA in 2022
to fund growth

1,700
hospital customers

\$180M
of RCM Revenue
with a CAGR 29%
2020-2022

93%
Recurring revenue

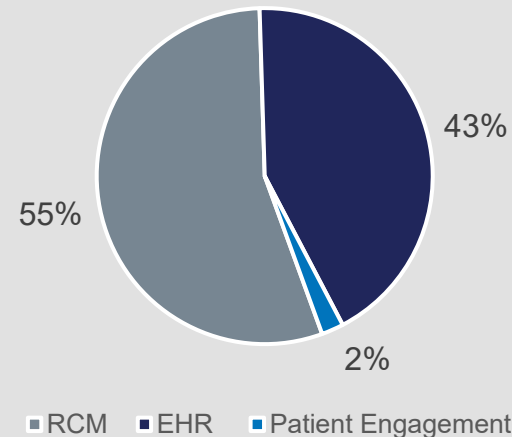
800
EHR customers
represent a cross-sell
opportunity

CEO in role for **less than 2 years**, with all new
division management.

900
RCM-only customers
represent opportunity
to deepen relationships

Founded in **1979**

2022 Revenue Contribution



RCM

55% of Total Rev

- **Current Footprint:** 1,600 hospitals, of which 56% are non-CPSI EHR customers
- **Target Market:** 4,700 Hospitals with <400 acute care beds

EHR

43% of Total Rev

- **Current Footprint:** ~ 800 hospital clients using EHR solution
- **Target Market:** 3,800 Hospitals with <200 acute care beds

Patient Engagement

2% of Total Rev

- **Current Footprint:** 7 U.S. / 4 Int'l clients
- **Target Market:** 3,400 U.S. Hospitals that are part of a health system
- **International Target Market:**
 - Europe
 - Middle East
 - Canada
 - Australia
 - New Zealand

LT Growth Profile

10-20%

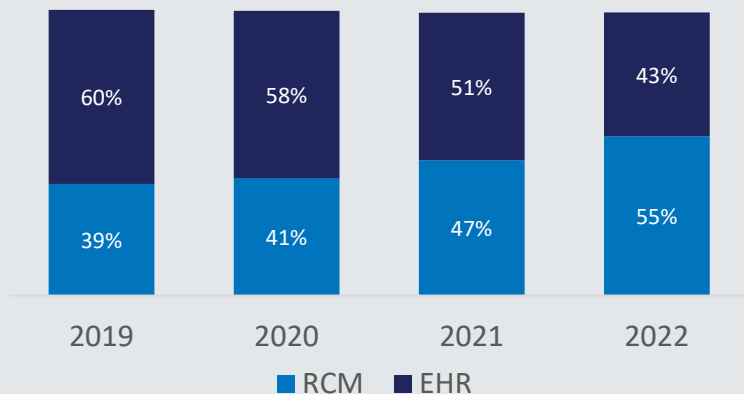
LT Growth Profile

2-4%

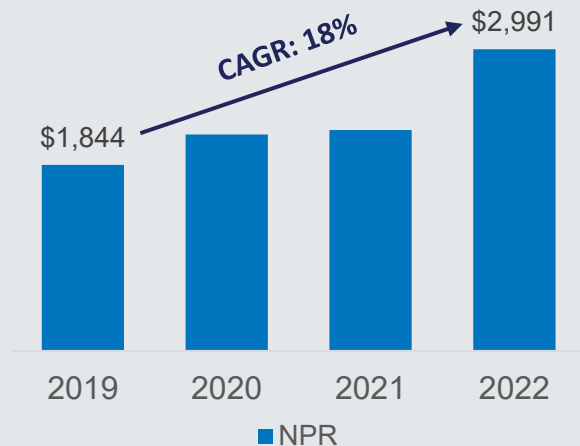
LT Growth Profile

~25%

YoY Revenue Contribution



Net Patient Revenue Under Contract



RCM Revenue Growth

2019	2020	2021	2022
6%	1%	22%	37%

- Organic growth for 2021 & 2022 was **15%** and **7%**, respectively
- M&A contributed to 2021 (\$7.4M, 7%) & 2022 (\$40.5M, 31%) growth

Challenges:

- 16 days of cash on hand
- A/R days were almost 90
- Covering payroll expenses was difficult
- Virtually zero cash in reserves

Outcomes:

- Cash collections increased **134%**
- A/R days decreased by **33%**
- Gross revenue increased **27%**
- Discharged Not Final Billed decreased **90%**
- 5-year cost savings over **\$600k**



“With so many small hospitals on the brink of closure, we’re so happy Excelsior Springs Hospital is now flourishing. The Complete Business Office solution has helped us ensure our community has quality healthcare services for years to come.”

-Cameron Meyer, chief financial officer



1

Cross sell RCM
to existing EHR
customers

2

Add new stand-alone
RCM customers

3

Strategic acquisitions

Large & Loyal Customer Base

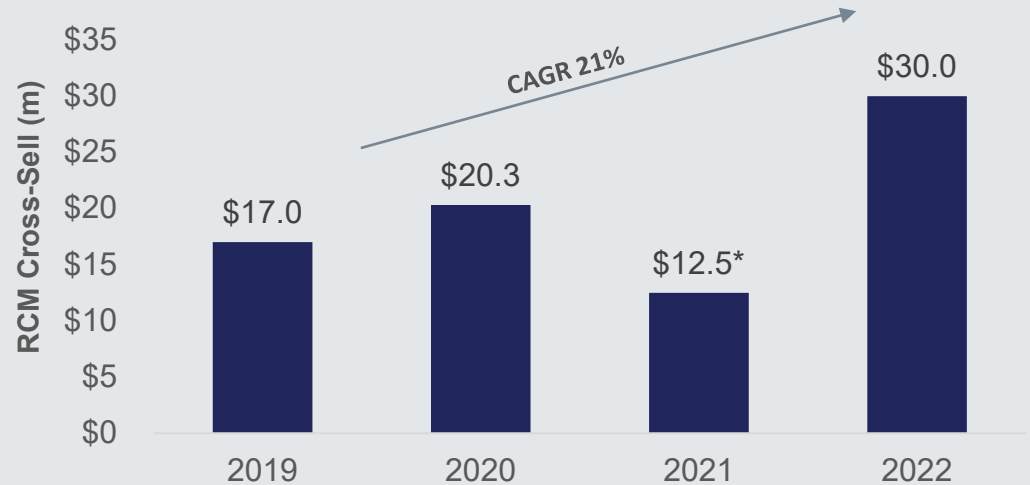
- **800+** hospital EHR customers
- **95%** EHR customer retention
- **\$26B** NPR
- #1 Vendor **11 years** in a row by Black Book™ 2021 Survey

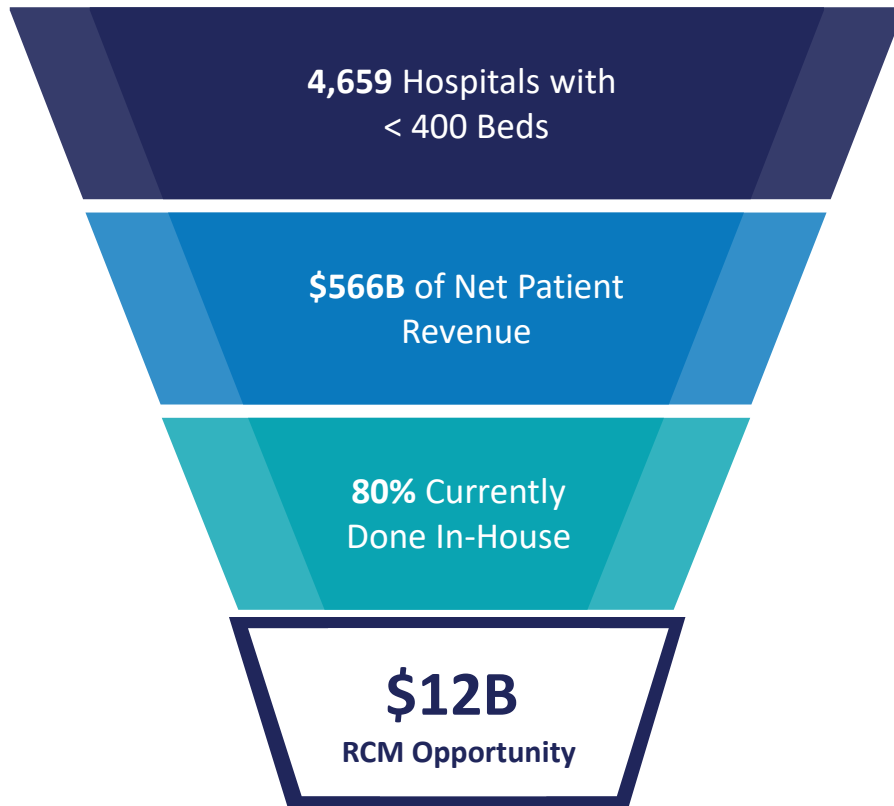


\$400m

Annual Revenue Cross-Selling Opportunity Within Existing EHR Customer Base

RCM Cross-Sell Bookings





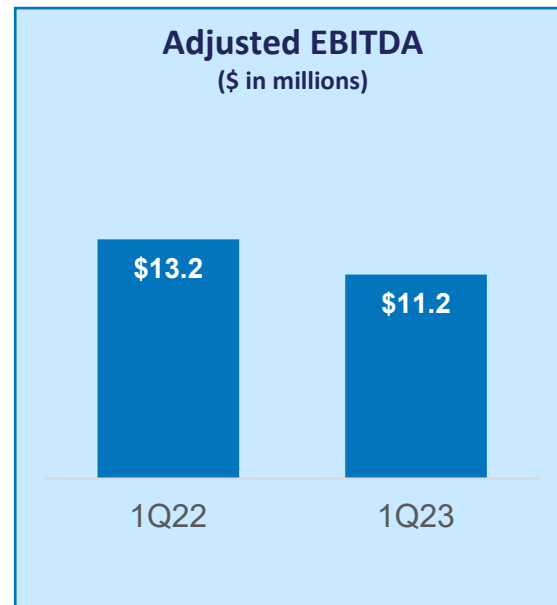
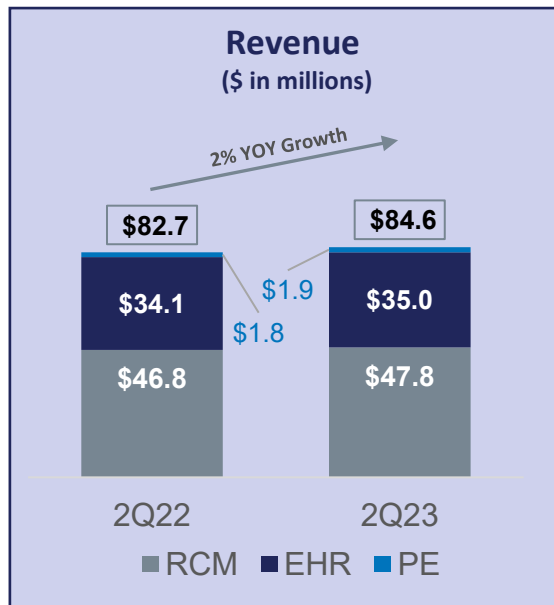
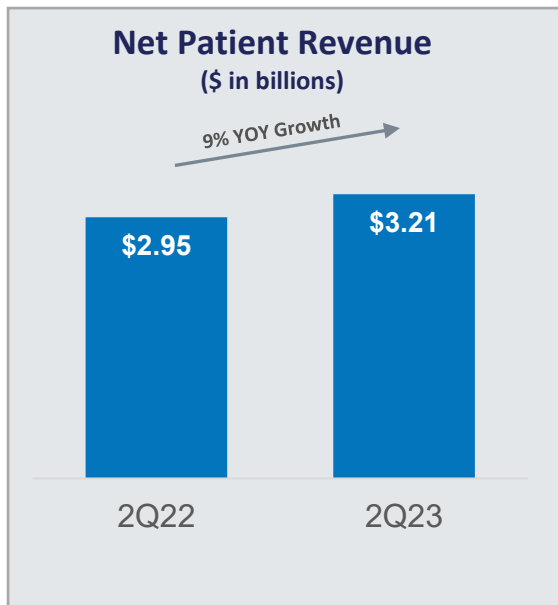


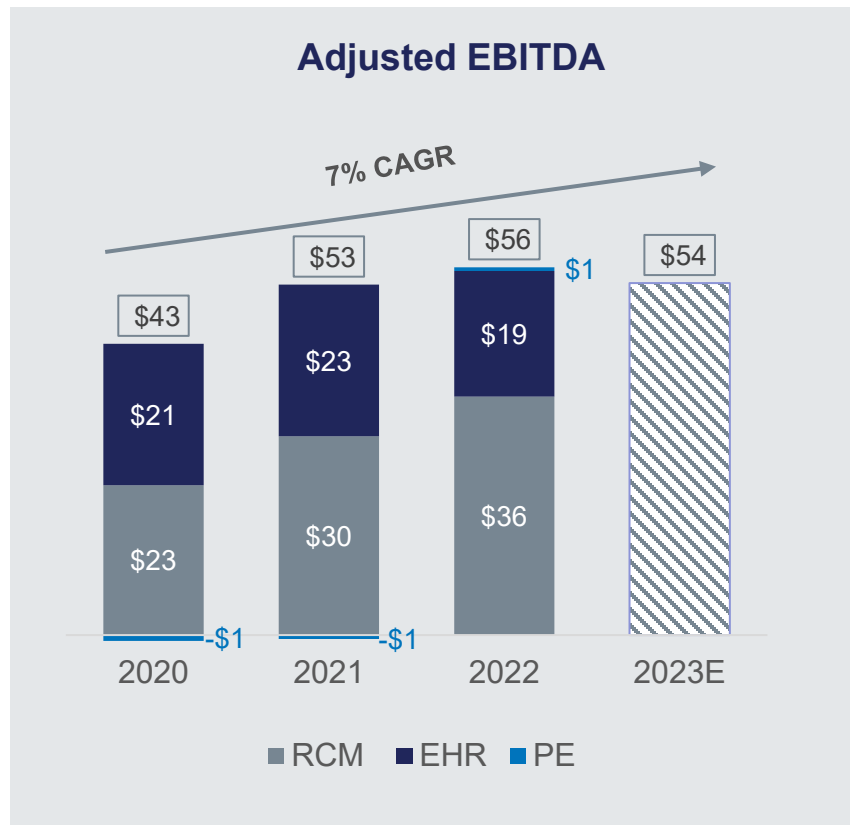
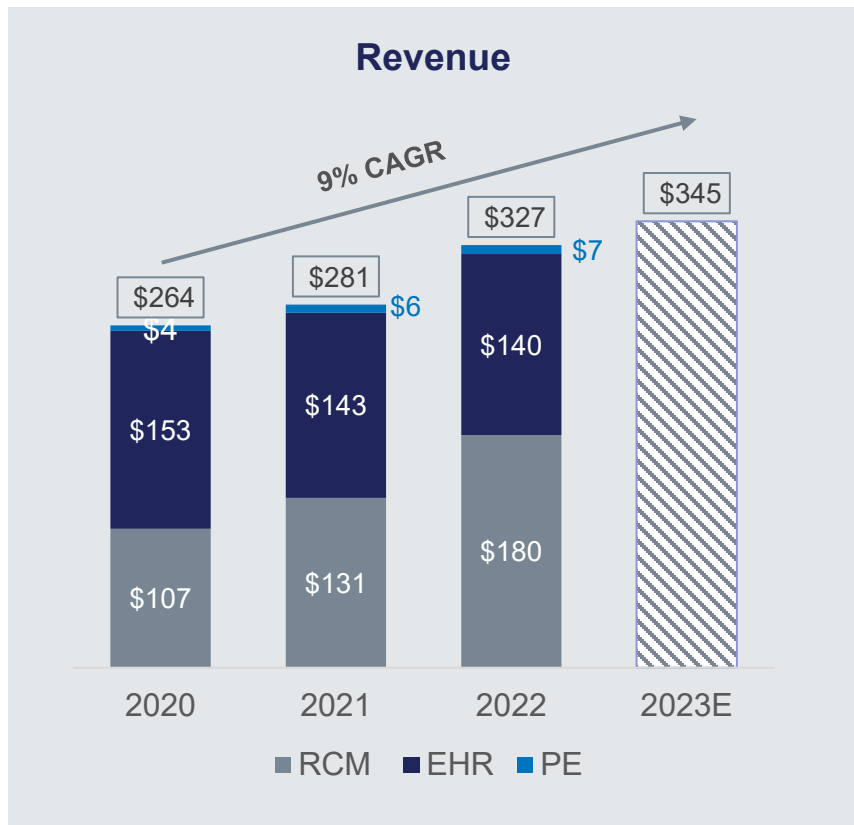
Conservative leverage profile provides ample ability to supplement organic RCM growth through synergistic acquisitions across dual priorities:

- Tuck-In strategy to expand and/or enhance our current portfolio of offerings
- Roll-Up strategy to consolidate community hospital RCM market

Name & Title	Years at CPSI	Years in Current Role	Previous Experience	Name & Title	Years at CPSI	Years in Current Role	Previous Experience
Chris Fowler <i>CEO & President</i>	22 years	< 1 year		Amaris McComas <i>Chief People Officer</i>	2 year	2 year	
Matt Chambless <i>Chief Financial Officer</i>	11 years	7 years		Patrick Immel <i>Chief Transformation Officer</i>	30 years	2 years	
David Dye <i>Chief Operating Officer</i>	32 years	<1 year		Dawn Severance <i>Chief Sales Officer</i>	7 years	<1 year	
Tracey Schroeder <i>Chief Marketing Officer</i>	7 years	7 years	 	Kevin Plessner <i>General Counsel</i>	4 years	1 year	
Wes Cronkite <i>Chief Technology & Innovation Officer</i>	2 year	2 year	 				

Senior Leadership is a mix of 1/3 legacy, 1/3 acquisitions, 1/3 new additions





*2023 estimates represent the midpoint of the guidance range

RCM

Mixture of services and SaaS software products

Services = largely transaction-based (i.e. % of collections)

Products = subscriptions and/or transaction-based (i.e. per claim)

Highly recurring (≈ 98%)

EHR

SaaS + On-Prem

- ≈ 20% of all customers are SaaS, 100% of LTM new customers adds

Mostly fixed monthly fees

Highly recurring (≈ 89%)

Patient Engagement

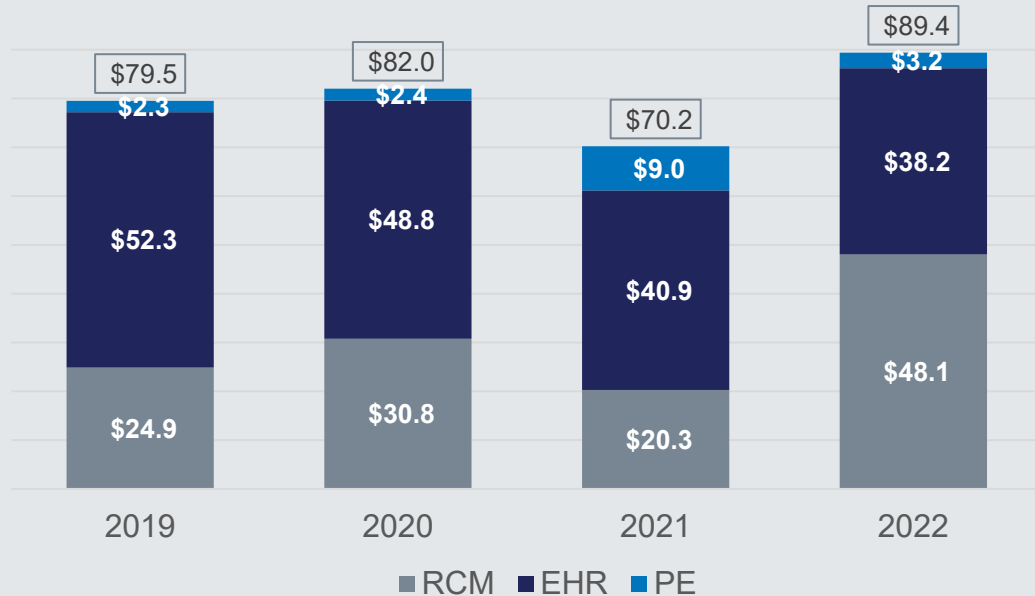
Mix of re-seller and direct-provider sales channels

Mix of license sales (perpetual and term) and SaaS

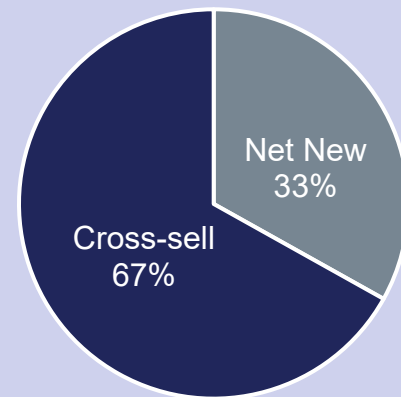
- Utilization/revenue tied to patient enrollment

High incremental margin

Annual Bookings



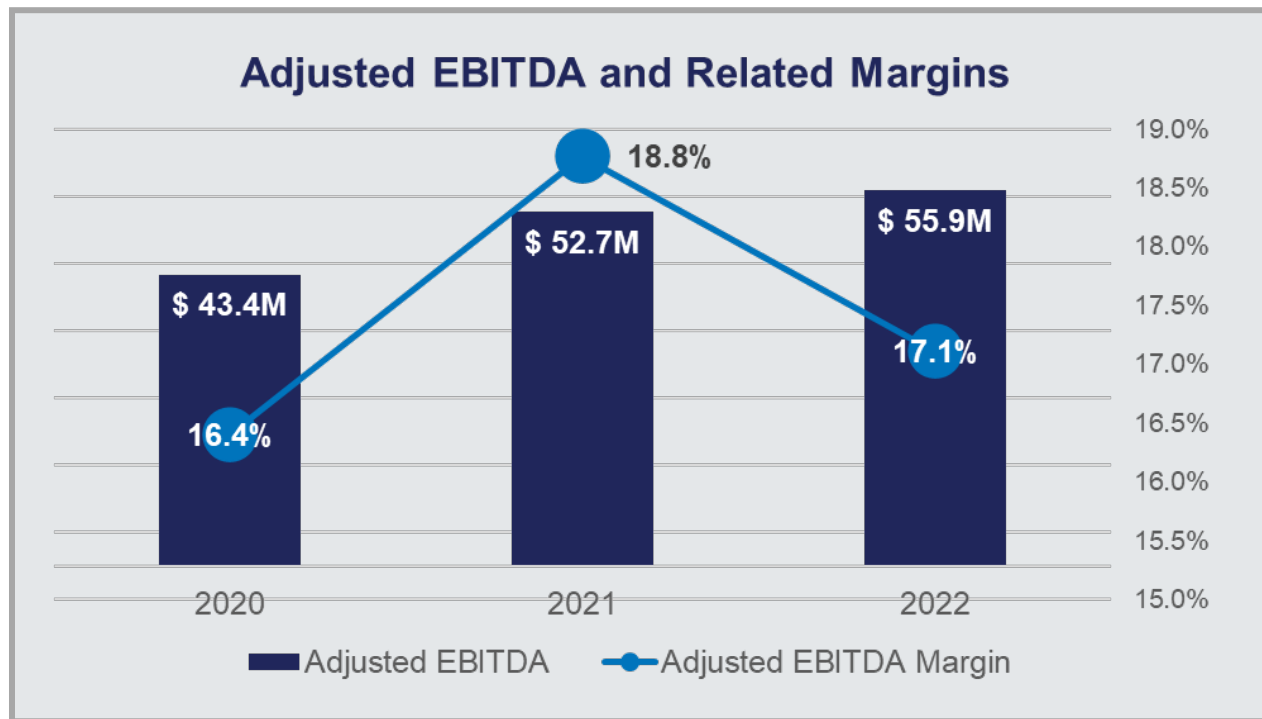
2022 RCM Bookings



RCM bookings from cross-selling increased 98% in 4Q22 YOY.

\$1M of RCM bookings equates to \$1M of annual revenue

\$1M of EHR bookings equates to \$250K of annual revenue over four years

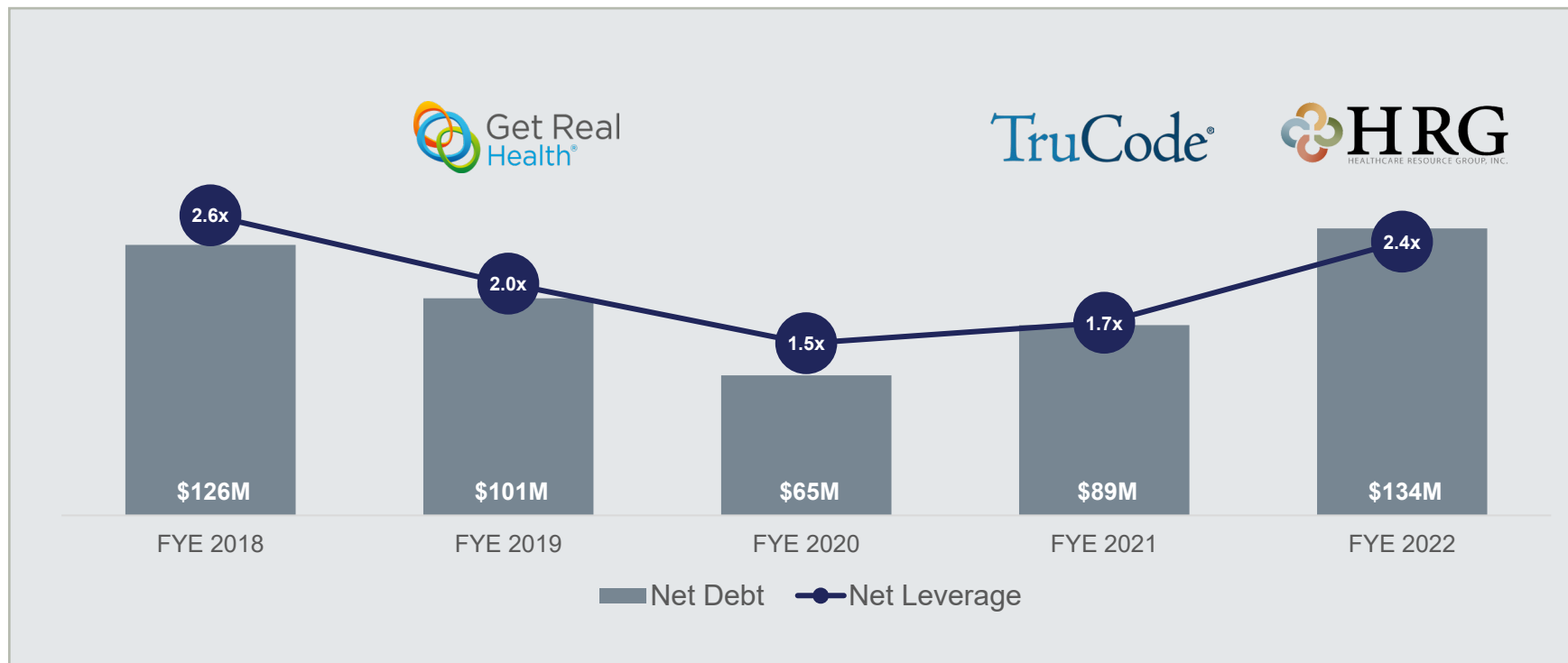


EBITDA Margin Levers

- Strategic offshoring
- Automation
- Growth in higher margin PE solution

Long-term potential for sustainable > **20%** Adj EBITDA margin

**In the table above, Adj EBITDA Margins are plotted against the left axis, Gross margin plotted against right axis*





**2023**

- Revenue \$340-350M
 - *Near-linear revenue growth results in slightly back-weighted distribution*
 - *RCM should represent ~60% of total revenue*
- Adjusted EBITDA \$52.5-\$54.5M

**Long-term**

- Double digit Revenue growth
- 20% Adjusted EBITDA margins
- Debt leverage of 2.5x

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Investor Presentation
September 2023

<i>(In thousands)</i>	Year Ended December 31,			Three Months Ended June 30,	
	2022	2021	2020	2023	2022
Net income, as reported	\$ 15,867	\$ 18,430	\$ 14,246	\$ (2,837)	\$ 3,076
Deferred revenue and other purchase accounting-related adjustments	109	747	-	-	30
Depreciation expense	2,443	2,156	1,790	597	690
Amortization of software development costs	3,484	931	118	1,826	733
Amortization of acquisition-related intangibles	17,403	13,786	11,421	4,014	4,758
Stock-based compensation	5,173	5,457	7,005	(123)	1,703
Severance and other non-recurring charges	4,504	4,892	1,999	6,819	667
Interest expense and other, net	5,267	1,632	2,270	2,586	1,079
Gain on contingent consideration	(565)	-	-	-	(330)
Provision (benefit) for income taxes	2,214	4,646	4,538	(1,655)	763
Total adjusted EBITDA	\$ 55,899	\$ 52,677	\$ 43,387	\$ 11,227	\$ 13,169