Augmedix Inc. Presents at the 20th Annual Needham Virtual Conference
EVENT DATE/TIME: April 15, 2021 / 1:30PM EDT

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PRESENTATION

Mike Matson *Needham & Company – Senior Analyst*
Good afternoon, everyone. Thanks for joining us at the 20th Annual Needham Virtual Healthcare Conference. I'm Mike Matson, senior medtech and diagnostics analyst at Needham. I'm pleased to introduce Augmedix. Presenting from Augmedix, we have Manny Krakaris, he's the CEO; and Paul Ginocchio, he's the CFO there to give a presentation and then we'll have some Q&A - should have a box on your screen where you can submit questions electronically. If you submit a question, I'll do my best to fit it in assuming time permits.

So with that, I'll turn it over to Manny. Thanks.

Manny Krakaris *Augmedix, Inc. – CEO*
Thanks, Mike. And we appreciate the opportunity to share our story with your audience. So, let's just dive right into it. All right, what are the key investment highlights? We're addressing it an acute pain point that has significant market value. Microsoft's announcement of its acquisition of Nuance this week is a testament to how big this space or this opportunity is. Our solution drives position, productivity and top-line expansion. We occupy unique market positioning within the industry. We're the only player offer ambient, mobile, remote, and real time capabilities. And I'll dive into each one of those attributes as we go along. We've generated meaningful market adoption among large healthcare enterprises. And we have a scalable subscription-based business model with compelling unit economics.

Every member on this page was hired since my arrival if other than the Co-Founder, Ian Shakil, and the Head of Bangladesh, Rashed Noman, and I chose these people based on their experience and the skill level that they brought to help this organization scale meaningfully.

Electronic health records or EHRs are continuously evolving, and they're becoming increasingly complex, which makes it really tough for doctors to keep up. It's not what they went to medical school for or why they practice medicine. Doctors today spend between two to three hours just on medical note documentation each work day. That adds to the length of their work day. It detracts from the time they have available to see patients. It prevents doctors from paying full attention of the patients that they do have time to see and as a consequence that reduces patient satisfaction. And it's a leading cause of doctor burnout.

The industry today has experienced a significant mismatch between the resources that are deployed to handle medical documentation and the nature of the task, which is largely administrative. Our mission is to let doctors be doctors, so they can focus on patients while we take care of the medical note documentation for them. This translates to higher clinician productivity, which means more revenue for healthcare enterprises, increased clinician and patient satisfaction. And importantly, higher doctor

retention, which is a huge problem. Doctor burnout is a huge problem in the U.S., it accounts for a cost of about $4.6 billion every year and about a $1 million in cost to healthcare enterprise to replace a doctor.

We estimate our TAM to be about 300,000 doctors in the U.S. That represents a potential annual revenue opportunity about $6 billion. Healthcare organizations under contract today represent an aggregate opportunity of about a $1 billion for us. We've demonstrated market adoption. We've achieved an ARR of over $17 million at the end of last year. And we've developed substantial operational infrastructure in four countries around the world.

Okay, let me describe how the system works. Doctors activate the service on their Smartphone or Google Glass unit through a unique authentication code. Those devices are furnished by us. They are single purpose devices, all they can do is use our service. They can't surf the web, they can't do anything other than use our service, that's really important from a HIPAA compliance perspective. That opens up to secure communication channel to our service platform. Doctors have a choice of selecting a real time service or non-real time service, if they're connected to the real time service, there is a live specialist at the end of that communication channel that's observing that interaction between the doctor and the patient both visually and audibly. If they chosen the non-real time service, that interaction with the doctor and the patient is recorded, and then passes to our ASR models before it's edited by a specialist.

Under the real time service, the note is completed within 30 minutes of the end of the patient interaction. For the non-real time service, the note is delivered prior to the start of the physicians' next shift, typically the next day. Once the physician sees the note, they will review it, make any modifications they need to and sign off on it. Once they sign off on it, it becomes a permanent electronic health record of the patient.

We've developed proprietary technology that automates a significant portion of the medical note creation process. Our service platform incorporates NLP and ASR to drive automated sentence creation through our proprietary note builder tool. We filed two patent applications last summer on Notebuilder. As more data is collected, our models will become better at auto-sentence generation, we'll be able to generate more and more sentences automatically, thereby increasing the level of automation in that process. The effect on our business is that it reduces the time to create the note. It improves note quality, provides more uniform of quality. It reduces the amount of time you have to invest in training people. And it opens up the candidate pool of people who process notes to a much broader range of candidates because it reduces the needs of the job.

Our note creation process leverages data and software to get the most out of the automation tools that we've developed, ambient conversations, if you think about them, when they're converted to text represent unstructured data. Technology limitation today is that there's insufficient data to generate adequate contextual parameters to unstructured data to allow models to accurately process that data into meaningful output. This will get better with time as more and more data is accumulated. But until then, humans are needed to complete the process in order to have a highly accurate medical note at the end of the process. And humans today, every company uses humans today in the process in three different ways, either the front end, the back end, or somewhere in the middle of the process.

At the front end, the way humans were used is a – for example, DAX, which is a Nuance's entry into the field. They require the doctor and the patient to follow relatively tight scripts of how they interact with one another, so that the interaction is narrow, thereby allowing the models to be able to process the speech into text, so when converted it's something that's meaningful. They also use people at the back end to clean up the output because it is still not perfect. We use people in the middle of the process,

whereby the doctor and the patient have an unencumbered conversation, when we ingest it, we have people apply the contextual parameters to it, so that the models can then make sense of it and be accurate with the output that they generate.

COVID served as a proof point for our organizational and technical flexibility. Because we're remote, we adapted seamlessly to the constraints imposed by the pandemic on in-person specialists. And we're application agnostic, meaning that we can connect to any modality that the doctors use to initiate a remote patient visit. There are four pillars of our offering that distinguish us from everybody else. It all starts with using the ambient conversation with the doctor and the patient as the input for our note creation process. It is passive to the doctor and the patient. We do not ask them to constrain their interaction in any way. We believe fundamentally that that's the best way to deliver healthcare between a doctor and a patient.

Mobility gives doctors the freedom to practice medicine from anywhere. They can access our service from the exam room, from the hallways between exam rooms, from their office, or their home office if they happen to do a remote tele visit from their homes. Being remote insulates us from in-person constraints that have been imposed on other companies because of the pandemic and it's also less intrusive to patients not having a stranger sitting next to them while they're speaking to their physician. And our real time capability enables us to deliver higher quality notes and other value-added services whose value is maximized when they're delivered at the point of care. We're the only company that offers all four of these capabilities.

Why do healthcare enterprises buy our service? There are two principal drivers behind market adoption that we've experienced. One is the strong value proposition that we deliver to our customers. That value proposition is driven by two factors. One is higher patient throughput. When we save them time on documentation, they can see more patients and higher service capture rates when we document the interaction. We don't miss anything that is reimbursable, whereas when doctors do it themselves, they often do it from memory and oftentimes miss critical elements of what was covered that might be or would be reimbursable. The other driver behind market adoption is that our customers really liked the service. Our last customer survey indicated an NPS of 57, which is very high for our industry.

We launched our service initially in 2014 with Live. We followed that up last year, mid last year with our non-real time service to cater to the more price sensitive segment of the market, which we believe is very large and growing rapidly. Despite the lower ARPU of the non-real time service, which we call Notes, it will have the ability to generate higher gross margins in the Live service. We also expect a proportion – some percentage of our Notes customers to eventually migrate to the Live service. We've already begun to experience that migration.

This is a depiction of the competitive landscape in our space, and we try to break it down along three segments based on service levels. The first is dictation only, which is the lowest service level available. The two big incumbents there were Nuance and MModal. Under non-real time documentation, which we believe is the largest segment in the market, and the one that is fastest growing. We launched our note service last summer to compete in that segment. We know that Nuance launched DAX in that segment to great fanfare, and there are a couple of other very small players in that space as well. And then in the top highest level of service segment, there are essentially two major players, one large player ScribeAmerica, they have about 30,000 doctors under contract, and then there's Augmedix.

So, there are several companies, as you can see from this chart, that have varying approaches to solving the issue of medical documentation. Our founding principle was based on using ambient conversations as the input source, and that distinguished us immediately from the dictation only services, which required doctors to dictate what they wanted to see in the note. And that prevented them – prevents them from having a natural conversation with their patients, as they're dictating during the exam most often.

In real time further distinguishes us from the pack, it is extremely difficult because of the logistical and technical complexities involved in delivering a real time service; and finally being remote as another layer of technical complexity and challenges, because it requires a substantial amount of investment in enabling a secure HIPAA compliant, secure bidirectional communication channel. That's why they are very few entrants in the upper right quadrant of this matrix.

If you were to summarize it, we believe, we've developed substantial barriers to entry, try to replicate what we do. We've got scale. We established scale. We generate over four million notes to date, and are adding to that at the rate of about 35,000 a week. We've developed significant technology that automates a significant portion of the note creation process. We've got a very deep team, both managed early and also remotely in terms of the people that are delivering the service. And the service itself is very sticky. It's deeply embedded in the workflow of physicians and it's very difficult to replace once we're in place.

Paul, you want to walk us through some of the financial details?

Paul Ginocchio ***Augmedix, Inc. – CFO***
Sure, thank you. When Manny took over a CEO three years ago, the first priority was to improve unit economics, the best illustration of that improvement is through our gross margin line. As you can see, we had a negative gross margin in 2017, still negative in the first half of 2018. We've had a steady increase since then, to exiting 2020 to almost 45%. We will continue to – we continue to have room to expand the gross margin through three primary drivers: expansion of our Bangladesh service center, continued expansion of usage of note builder, and as Manny showed a few slides ago, as we continue to sell more Notes, which has a higher underlying gross margin.

The improvement of gross margin plus other operational improvements increased our lifetime value to customer acquisition cost to approximately six times. That's a very robust return and highlights that the platform and processes have been built and made efficient. With the unit economics now strong, it's time to invest in sales and marketing and growth – and accelerate growth and that's just what we've been doing. We made significant investments in sales marketing in last six months to a year. And that coupled with the launch of Notes and expansion into the ER, we're looking to accelerate growth from 2020 levels.

Our net revenue retention was strong in 2020, despite COVID, at 113%. That means $1 of revenue at our enterprise customers in 2019 was worth $1.13 in 2020. And that includes the impact of churn. Manny?

Manny Krakaris ***Augmedix, Inc. – CEO***
Great, thanks, Paul. In summary, I joined Augmedix, because I saw a huge opportunity that was predicated on my sense that the company had established the hardest part of any startup, which is having a solid product market fit. All that remained when I joined the company in 2018 was figuring out a way to scale profitably. And I believe we've done that, we've demonstrated that. We've developed proprietary technology that automates a significant portion of the note creation process. And that will continue to expand and increase, which will have a positive impact on our efficiency going forward. And we have a

recurring revenue business model with strong unit economics that Paul just went through, that is very scalable.

And with that, I will turn it over to Mike.

Mike Matson ***Needham & Company – Senior Analyst***
Yeah, thanks. So, I guess first, apologize if you mentioned this, but I want to ask about, how you actually sell the service? I assume you have some sort of sales force, but there's a lot of primary care doctors out there. And then, you certainly have other specialties and things like that. So, how do you tackle such a huge distributed number of customers?

Manny Krakaris ***Augmedix, Inc. – CEO***
Right. That's a great question Mike. And growth comes from two areas for us. As I alluded to earlier, there's tremendous number of physicians out in the marketplace. It's a large TAM. But even within the enterprises that we have contracted today, there's tremendous upside for us. We've only penetrated about 1% of those enterprises. So there's a lot more room to grow within those enterprises. And growth within an existing enterprise is a lot easier to do and happens faster than trying to sign up a new enterprise logo.

To date, we relied almost exclusively on a direct sales force. We have 15 quota-carrying sales persons today. We had one for when I joined the company, I reduced it to one, while we improved unit economics, up until the second half of 2019, when we started to build up a team, and now it's up to 15. And that's just based on the results we're getting, the traction we're getting and so forth. Now to really expand, well beyond what we've done with our existing enterprises. We believe we've entered into channel partnerships, we've already signed a couple, and we'll continue to develop those relationships, so that we can maximize the number of people or the resources that are available to sell our service.

Mike Matson ***Needham & Company – Senior Analyst***
Okay, when you say enterprise, so it sounds like you're really going after kind of like health systems and hospitals and things like that, as opposed to, smaller practices gets initially?

Manny Krakaris ***Augmedix, Inc. – CEO***
No, we are about 85% of all our physicians are from – are with large healthcare enterprises. The other 15% are independents or small practice groups. So, we have a combination of the two. But you know, the macro trends are, of course, that independent practices are shrinking, and as more and more doctors are joining these large enterprises. So, I don't expect our revenue mix to be any different from what's happening in the healthcare industry at large.

Mike Matson ***Needham & Company – Senior Analyst***
Okay. And just from a specialty perspective, I mean, there's no limitation really, in terms of the types of specialties that could use your product, correct?

Manny Krakaris ***Augmedix, Inc. – CEO***

Correct. We started out with the primary care physicians, when we first launched the service in 2014. Today, we handle over 30 specialties. But admittedly, the top eight account for about 75% of our patient visits that we see. And there's a long tail among the remaining 24 so specialties.

Mike Matson *Needham & Company – Senior Analyst*
Okay. And then, how would you – you're competing against different models, but, the medical scribe model having someone there in-person, how do you – what's the tradeoff? Kind of, obviously, I'd imagine yours is cheaper, but, I don't know how to customers think of either tradeoffs there between that those models?

Manny Krakaris *Augmedix, Inc. – CEO*
Right. Well, we fared quite well, in this last year against the in-person model. One, yes, we are less expensive. But I think an even more important criterion that healthcare systems are using to judge or evaluate the offerings of the different companies is the in-person model is almost like a temp staffing model, almost like the Robert Half of healthcare documentation. So, you are assigned a person, and if that person doesn't show up, for whatever reason, and that happens, of course, the people are people, you're out of luck, if you're a physician that is contracted with that resource whereas with our system, we have a deep bench. And we make sure that there's coverage for every single doctor that we have. We have the scale. So, we can Tetris people, effectively so that a metric that we follow, which is scribe not available, is really, really important to us that we minimize that. And I think we've done a very good job at doing that.

The other criteria that are important have to do with HIPAA compliance, flexibility in terms of what you're able to offer, the services, we're able to offer, the access to data, et cetera, that with our platform play, enables us to access all sorts of data that aren't necessarily available at the point of care by an in-person scribe.

And then finally, the supply of people that are available in an in-person model, you're constraining it to the local geography of your customer. And that is an inherent limitation and how big that model can grow, how much it can grow, because in many markets today, they're already maxed out, the largest company ScribeAmerica is maxed out, they can't find any more people. That's true. The large urban centers, it's also true, the more remote areas in the country where there just isn't enough of a pool of qualified candidates to service that particular market.

Mike Matson *Needham & Company – Senior Analyst*
Okay. And then, is there, do your customers get any pushback from that the patients over privacy concerns? I mean, look, I understand that you're HIPAA compliant and all that, but, they may just think it's a little creepy having somebody kind of watching through like a smartphone or something.

Manny Krakaris *Augmedix, Inc. – CEO*
Yeah. Well, look, I first learned this company before I joined the company well, before I joined the company, because my doctor was a customer. And when she first came in with Google Glass and explained the service to me. I honestly didn't care. I was happy that she had some technology to help her do her job. We have a 98% plus opt-in rate across all of our customers, and that's been consistent since I joined the company. So there hasn't been a real resistance, any meaningful resistance by patients to doctors using the service.

Mike Matson *Needham & Company – Senior Analyst*
Okay. In the case where you're capturing video, are those videos maintained or deleted. I to assume they're deleted once it's transcribed and everything correct?

Manny Krakaris *Augmedix, Inc. – CEO*

Yeah. We don't record video.

Mike Matson ***Needham & Company – Senior Analyst***
Just audio?

Manny Krakaris ***Augmedix, Inc. – CEO***
Yeah. We'll record the audio. And depending on our contractual arrangements with the various enterprises, the length at which we can retain the recorded audio will vary based on those contract terms.

Mike Matson ***Needham & Company – Senior Analyst***
Okay. All right. And then once, what's the cost in differential between Live and Notes of services own? How big is that difference? Because, I mean, I'm not a doctor. But getting, it the next morning doesn't really seem like that big of a deal. Let's wait one day.

So what's, I guess that the second part of the question would be, what are the other advantages of besides timing? Is it more accurate maybe to have the Live version or something or that?

Manny Krakaris ***Augmedix, Inc. – CEO***
Yeah. That's a great question. So the ARPU of Notes is less than, slightly less than half of that of the real time service. So there's a substantial price differential between the two services. And it's not just about time, because yeah, what's there from waiting, by day, per day for your notes. But there's this intangible called peace of mind that doctors want to be able to start the day fresh and not have to worry about the patient load from the previous day. A lot of doctors feel stress, when they have to review at the beginning of the next day, notes that pertain to patients they saw the previous day it's just a mental burden on them.

The other thing is that with the Live service, you get access to more services and just the medical note, you get care reminders, you get orders – pending orders. And, and in some cases, coding suggestions, and a variety of other services that you just can't get with the non-real time service. And finally, in real time, because we have a bidirectional communication channel with the physician, if there's any ambiguity, in the communication between the doctor and the patient, and the specialist, the other end, they can ask the question, they can text the message to the physician. And the physician can clarify, in real time, what happens. So it's reflected in the note, whereas when it's one way, which is the case with the note service, you don't have that interactive capability and therefore, the note is not going to be as clean as it would be with the Live service.

Mike Matson ***Needham & Company – Senior Analyst***
Okay. All right. Now, that all makes a lot of sense. I do have a couple of questions. Email, so someone wants to know about, whether you're going to – what the plans are to, I guess uplist on a bigger exchange, like NASDAQ or something like that. That's first question.

Manny Krakaris ***Augmedix, Inc. – CEO***
Sure. Well, the OTC is not our final destination. It's a stepping stone. We did a reverse merger with an OTC shell back in October of last year as an intermediary step, and intermediate step to an uplisting to major exchange. We weren't mature enough organizationally to go directly into a SPAC that was listed on NASDAQ. But our goal is to get to a major exchange so that we can provide more liquidity for our shareholders, of course, and also access bigger pools of capital, quite frankly, as we take full advantage of the opportunity lies in front of us, which is very large.

Mike Matson *Needham & Company – Senior Analyst*
Okay. And then the second question was, if your salesforce is 15 right now, where do you expect that to be in a year?

Manny Krakaris *Augmedix, Inc. – CEO*
Well, it's a good question. We track productivity by salesperson very closely. And there are ranges we've established for when we think there's an inflection point where you hit a point where they can't process the opportunities that are presented to them efficiently; it takes too long to act on an opportunity. And at that point, we add a resource. That's the way we built up to 15. And we'll continue to follow that model until it no longer is applicable. I don't foresee us advancing that model over the next 12 months. So, as we continue to see more customers, if those are – if the cadence or the velocity of opportunities increases beyond the rate at which we're seeing today, we will definitely be adding more resources.

Mike Matson *Needham & Company – Senior Analyst*
Okay. And then one other question was submitted. I'm going to just going to read this because I'm not sure completely understand that. But, DAX for telehealth tells us deep integration with teams and is now being acquired by Microsoft. I know Teams as a small player in telehealth, but does this relationship acquisition/acquisition make the competitive direct to Augmedix greater?

Manny Krakaris *Augmedix, Inc. – CEO*
That's a good question. So, we don't see Teams in telehealth. Teams is nowhere close to as popular as Zoom is. And ironically, someone from Microsoft was doing a demo, and they used Zoom two days ago to initiate that – that presentation. So, we just don't see Teams being prevalent today. That could change of course, in terms of the impact of us. I think Microsoft coming into the space just brings more focus to this space that a lot of people kind of didn't realize existed and didn't realize how large it is.

Microsoft definitely saw that opportunity. DAX, by its owned admission, is hopeful to get an ARR of $10 million to $20 million. That's the range that they put out there for 2021 in ARR. And they are valued by Wall Street Analysts, that segment of that business, anywhere from $3 billion to $10 billion, Morgan Stanley just came out this morning valuing at $10 billion. That just demonstrates the sense of how large this TAM is, in that non-real time segment. That's why we launched Notes last year. We believe it's a very large opportunity. And the other big company, Microsoft, is a huge company, obviously. But it's not one size fits all. And we feel we have a very flexible, adaptable model that is clearly differentiated from DAX in that we allow doctors to have an unconstrained interaction with patients. That is not the model that DAX follows.

Mike Matson *Needham & Company – Senior Analyst*
Okay, great. Thanks. I think that's it for the questions. But thanks for coming to our conference. I hope you had some good meetings and definitely look forward to following your progress.

Manny Krakaris *Augmedix, Inc. – CEO*
It's been great fun, Mike. Thank you very much for inviting us.

Paul Ginocchio *Augmedix, Inc. – CFO*
Thank you, Mike.
