



# Castlight Health

Q4 2020 Financial & Business Update

February 23, 2021

(NYSE: CSLT)

# Safe Harbor Statement

This presentation contains forward-looking statements within the meaning of the federal securities laws about Castlight Health’s expectations, plans, intentions, and strategies which include, but are not limited to, statements regarding Castlight Health’s fourth quarter 2020 performance and 2021 projections, the impact of COVID-19, the success of our strategy, and our expectations for our future business and financial performance. Statements including words such as “anticipate,” “believe,” “estimate,” “will,” “continue,” “expect,” or “future,” and statements in the future tense are forward-looking statements. These forward-looking statements involve risks and uncertainties, as well as assumptions, which, if they do not fully materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. The risks and uncertainties include those described in Castlight Health’s documents filed with or furnished to the Securities and Exchange Commission (SEC), including the risks set forth in our quarterly report on Form 10-Q for the quarter ended September 30, 2020 as filed with the SEC and our annual report on Form 10-K for the year ended December 31, 2020, which we expect will be filed with the SEC on February 24, 2021. All forward-looking statements in this presentation are expressly qualified in their entirety by these cautionary statements and are based on information available to Castlight Health as of the date hereof. Castlight Health assumes no obligation to update these forward-looking statements, except as required by law.

We provide guidance in this presentation, but we will not provide any further guidance or updates on our performance during the quarter unless we do so in a Regulation FD compliant forum. Please refer to today’s press release and the risk factors included in the company’s filings with the SEC for discussion of important factors that may cause actual events or results to differ materially from those contained in our forward-looking statements.

## Non-GAAP Financial Measures

To supplement Castlight Health's financial statements presented in accordance with generally accepted accounting principles (GAAP), we also use and provide investors and others with non-GAAP measures of certain components of financial performance, including non-GAAP gross profit and margin, non-GAAP operating expense, non-GAAP operating income (loss), non-GAAP net income (loss) and non-GAAP net income (loss) per share. Non-GAAP gross profit and margin, non-GAAP operating expense, non-GAAP operating income (loss), and non-GAAP net income (loss) exclude goodwill impairment, stock-based compensation, certain legal expenses, amortization of intangibles, restructuring charges, capitalization and amortization of internal-use software, and lease exit and related charges.

We believe that these non-GAAP financial measures provide useful supplemental information to investors and others, facilitate the analysis of the company's core operating results and comparison of operating results across reporting periods, and can help enhance overall understanding of the company's historical financial performance. **However, these non-GAAP financial measures should be considered in addition to, not as a substitute for or in isolation from, measures prepared in accordance with GAAP.**

The non-GAAP measures we provide may differ from the non-GAAP information used by other companies, including peer companies, and therefore comparability may be limited. Castlight Health encourages investors and others to review the Company's financial information in its entirety and not rely on a single financial measure.

In the fourth quarter 2020 earnings press release, we have provided a reconciliation of each non-GAAP financial measure to the most directly comparable GAAP financial measure, except that we have not reconciled our non-GAAP operating loss and net loss per share guidance for the full year 2020 to comparable GAAP measures because we do not provide guidance for stock-based compensation expense, and capitalization and amortization of internal-use software, which are reconciling items between GAAP and non-GAAP. The factors that may impact our future stock-based compensation expense, and capitalization and amortization of internal-use software, are out of our control and/or cannot be reasonably predicted, and therefore we are unable to provide such guidance without unreasonable effort. Factors include our market capitalization and related volatility of our stock price and our inability to project the cost or scope of internally produced software.



Maeve O'Meara, CEO

# 4Q 2020 Highlights

## Highlights

- Exceeded 2020 goal of signing one new health plan customer, signing Blue Cross Blue Shield of Alabama in Q4, in addition to Cigna in Q3; continued strong pipeline of health plan prospects
- Entered into agreement with Boston Children's Hospital (BCH) to support vaccination effort, under BCH's relationship with CDC
- Delivered exceptional operational performance, exceeding all service levels and scoring high customer satisfaction during heaviest operational time in health benefits
- Strongest financial year in Castlight history, with improved gross margin, third straight quarter of positive cash flow from operations, and full year non-GAAP operating profit

# VaccineFinder.Org Overview

- Announced agreement in Q4'20 with Boston Children's Hospital to provide support services for the US COVID-19 vaccine program, through Boston Children's existing relationship with the CDC
- Developed a vaccination provider platform to help providers register and report vaccine inventory and public vaccine and public provider search experience



Designates jurisdictions and providers to enroll as eligible COVID-19 vaccine distributors.



Vaccination provider platform collects inventory data from jurisdictions and vaccination providers for public VaccineFinder display and CDC for inventory management and reporting.



Existing VaccineFinder.org provides accurate guide to find COVID-19 vaccine location & availability.

- Total contracted payments of \$8.5M
- Anticipate completion of work and revenue recognition by mid-2021, with work beginning in Q4 2020

# Momentum in Health Plan Growth Strategy



- Signed an **agreement with Cigna\*** to serve its federal government and Taft-Hartley population
- Initial **population is several hundred thousand** federal government and Taft-Hartley employees
- Initial product offering is care guidance / transparency
- **Launched successfully** on January 1, 2021



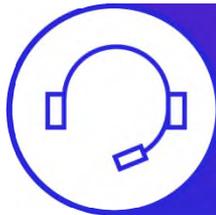
**BlueCross BlueShield  
of Alabama**

- Signed an **agreement with Blue Cross Blue Shield of Alabama** to serve portion of its commercial population
- Selected Castlight's **navigation solution** in a competitive process
- Notable win, given **BCBSAL is respected leader among Blues, as established innovator**
- Expect to launch **late 2021**

**Strong Pipeline of Future Health Plan Opportunities**

• \* Please see Castlight 8-K filed August 4, 2020 for additional information on Cigna

# Care Guides meeting market demand for high-tech, high-touch navigation



## Castlight Care Guides

### Strong initial results

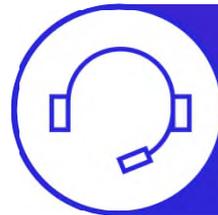
- For initial client, 32% increase in engagement, compared to full book of business
- Higher risk cohorts were 43% more likely to engage a Care Guide versus digital

- Addresses the accelerating market demand for high tech / high touch navigation offerings, leveraging technology backbone to enable next-generation navigation
- Delivers on 'hole in the market' for solution that is not services-dependent, but offers all engagement channels
- Hired a General Manager with deep market and product experience
- Signed BCBSAL as new Care Guides customer earlier this month

# 2021 Strategic Priorities



**Deliver ARR growth, driven by both health plan market and employer business**



**Pioneer Next Gen Navigation, establishing Castlight as an innovator and leader with high-tech, high-touch approach**



**Build on progress and build attractive business model, balancing expense management against investment opportunities that will enable growth**



# Quarterly Results

# 4Q 2020 Financial Highlights

Q4 Metric	4Q'20 Results	YoY Change
GAAP Revenue	\$37.1mm	↑ \$0.6mm
Non-GAAP Gross Margin	68%	↑ 1,020 bps
Non-GAAP Operating Income	\$2.7mm	↑ \$10.7mm
Non-GAAP Earnings per Share	\$0.02	↑ \$0.07
Cash Flow from Operations	\$3.0mm	↓ \$1mm
Cash, Cash Equivalents, and Marketable Securities	\$49.2mm	↓ \$10.2mm

Please see the Company's Q4 2020 earnings press release dated February 23, 2021 for the GAAP to Non-GAAP Reconciliation.

# 2021 Guidance

<b>FY2021 Metrics</b>	<b>Range</b>
GAAP Revenue	\$130mm – \$135mm
Non-GAAP Operating Loss	(\$4)mm – (\$9)mm
Non-GAAP Net Loss per Share	(\$0.02) – (\$0.06)
Weighted Avg. Shares Outstanding	160mm – 161mm
Cash Flow from (used in) Operations	\$2mm – (\$3)mm
<b>Q1 2021 Metric</b>	<b>Range</b>
GAAP Revenue	\$32mm – \$34mm

**Expect to return to ARR Growth in 2021 and end with greater than \$45 million of cash**



# Q&A Session