

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 001-40890

AUGMEDIX, INC.

(Exact name of registrant as specified in its charter)

Delaware

83-3299164

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

**111 Sutter Street, Suite 1300, San Francisco,
California**

94104

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (888) 669-4885

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.0001 par value per share	AUGX	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the Registrant has submitted electronically; every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.0405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the Registrant as of the last business day of the Registrant's most recently completed second fiscal quarter (June 30, 2023), was approximately \$117 million. Solely for purposes of this disclosure, shares of common stock held by executive officers and directors of the Registrant as of such date have been excluded because such persons may be deemed to be affiliates. This determination of executive officers and directors as affiliates is not necessarily a conclusive determination for any other purposes.

There were 48,739,739 shares of the registrant's common stock outstanding as of March 15, 2024.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the 2024 Annual Meeting of Stockholders are incorporated into Part III of this Annual Report on Form 10-K where indicated. Such proxy statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended December 31, 2023.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Report, including the sections entitled “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business”, includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements relate to, among others, our plans, objectives and expectations for our business, operations and financial performance and condition, and can be identified by terminology such as “may,” “should,” “expect,” “intend,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “will,” “could,” “project,” “target,” “potential,” “continue” and similar expressions that do not relate solely to historical matters. Forward-looking statements are based on management’s belief and assumptions and on information currently available to management. Although we believe that the expectations reflected in forward-looking statements are reasonable, such statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by forward-looking statements.

Forward-looking statements include, but are not limited to, statements about:

- anticipated trends, growth rates, and challenges in our business and in the markets in which we operate;
- our estimates regarding future revenues, capital requirements and our need for or ability to obtain additional financing to fund our operations;
- our ability to further penetrate our existing customer base;
- our ability to attract and retain key personnel;
- developments and projections relating to our competitors and our industry, including competing dictation software providers, third-party, non-real time medical note generators, real time medical note documentation services, and AI-supported software;
- the competition to attract and retain MDSs (as defined below);
- our ability to protect and enforce our intellectual property protection and the scope and duration of such protection;
- our expectations regarding changes in regulatory requirements;
- the impact of current and future laws and regulations; and
- other risks and uncertainties, including those listed under the caption “Risk Factors.”

We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, operating results, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including those described in the section titled “Risk Factors.” Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the future events and trends discussed in this Annual Report on Form 10-K (“Annual Report”) may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, performance, or achievements. We undertake no obligation to update any of these forward-looking statements for any reason after the date of this Annual Report or to conform these statements to actual results or revised expectations, except as required by law.

You should read this Annual Report and the documents that we reference in this Annual Report as exhibits with the understanding that our actual future results, performance, and events and circumstances may be materially different from what we expect.

Summary Risk Factors

Investing in our securities involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this report, including the consolidated financial statements and the related notes included elsewhere in this Annual Report, before making an investment decision. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that materially and adversely affect our business. If any of the following risks actually occurs, our business operations, financial condition, operating results, and prospects could be materially and adversely affected. The market price of our securities could decline due to the materialization of these or any other risks, and you could lose part or all of your investment.

- We have incurred significant losses in the past and will experience losses in the future.
- We may not have sufficient cash available to make interest or principal payments on our indebtedness when due, and we may be unable to find additional sources of capital to fund our operations.
- Our revenue is concentrated with a small number of customers.
- Our product depends on our ability to operate within the EHR (as defined below) systems of our customers, and if we are unable to access these systems, then our operations and business and operating results could be harmed.
- If we fail to successfully develop and introduce new products and features to existing products or fail to increase the automation of our existing products, our revenues, operating results and reputation could suffer.
- Our revenues are dependent on our ability to maintain and expand existing customer relationships and our ability to attract new customers.
- We have competitors who are much larger than we are, have more financial resources, and have a more recognizable brand, all of which may make it hard for us to maintain and execute our growth strategy.
- A number of new competitors have entered the market in the last year using large language models to accelerate their ability to generate an automated note. A number of these new entrants are well funded and backed by large venture capital firms and health systems. Any increased competition for customers could negatively impact our growth and create retention risk for our existing customers and doctors.
- Our significant international operations subject us to additional risks that can adversely affect our business results of operations and financial condition.
- If we fail to increase market awareness of our brand and products, expand our sales and marketing operations, improve our sales execution, and increase our sales channels, our business could be harmed.

- We may require additional capital to support our business growth, and such capital may not be available.

PART I

ITEM 1. BUSINESS

Our Mission

Augmedix empowers clinicians to connect with patients by liberating them from administrative burden through the power of ambient AI, data, and trust. Our platform transforms natural conversations into organized medical notes, structured data, and point-of-care notifications that enhance efficiency and clinical decision support.

Overview

Augmedix, Inc. was incorporated in 2013 and launched its commercial synchronous, remote documentation services in 2014.

Today, Augmedix provides industry-leading, ambient AI medical documentation technology with ambient clinical intelligence that alleviates administrative burden and gives doctors more time to focus on patient care. Augmedix's products extract data from natural clinician-patient conversations and convert it in real time to medical notes, which are seamlessly transferred to the electronic health record ("EHR").

The medical note documentation and administrative burden in the United States is significant and is a major contributor to physician burnout. According to a 2019 study in the *Annals of Internal Medicine*, physician burnout costs the U.S. healthcare industry \$4.6 billion per year due to lost productivity and higher turnover, with the cost of replacing a single physician estimated to be between \$100,000 and \$1 million. It also is adversely impacting industry productivity because the considerable amount of time physicians spend on documentation could be better utilized seeing more patients.

Physicians and health systems in the United States often turn to 3rd party service providers and "Health IT" solutions to alleviate these swelling documentation burdens. Available solutions range in scope from in-person human scribing services, physically present at the point of care, to Health IT solutions such as single-party dictation and ambient documentation solutions. We are a provider of ambient documentation products that are able to convert the natural conversation between physicians and patients into timely and comprehensive medical notes.

Clinicians access our applications through mobile devices such as smartphones. The ambient AI platform used by our applications incorporates speech-to-text ("STT") models, which are also known as Automatic Speech Recognition ("ASR") models, proprietary natural language processing ("NLP") models, large language models ("LLM(s)") and structured data sets to generate the note. Depending upon the product, the draft note is ready for clinician review promptly or sent to one of our Medical Documentation Specialists ("MDSs") for quality assurance and edits. Completed notes are uploaded via integration or manually into the patient's chart in the EHR system. The EHR system (e.g. Epic, Cerner, MEDITECH), is third-party software licensed by the healthcare clinic or system to manage patient charts.

Importantly, Augmedix offers additional value beyond the medical note through its open ecosystem of digital health solutions, its ability to provide vital data during patient visits by delivering point-of-care notifications in real time, and its transformation of unstructured data into structured data from physician-patient interactions and upload it directly to the health system's data lake. This data can then provide health systems insights into workflow efficiencies, clinical outcomes, reimbursement issues, and readmissions data.

Patient care in the United States is principally provided via ambulatory clinics, specialty care centers, hospitals, and telemedicine platforms. We serve all these care settings, including over 50 medical specialties. Roughly 85% of the physicians who subscribe to our service are employed directly by, or are affiliated with, a healthcare enterprise. The remaining 15% consists of group practices and individual practitioners.

During the fourth quarter of 2023, we delivered approximately 70,000 notes to our customers each week. We estimate that our products save clinicians up to three hours each day, which is time that they can redeploy to see more patients or improve their work-life balance. We believe the principal return on investment ("ROI") benefits to healthcare enterprises from our products are increased productivity, optimized reimbursements, higher clinician satisfaction, and better patient care. An underlying reason for the reimbursement improvement is that our notes are comprehensive and often capture more of the services rendered during the patient encounter than when clinicians create the note themselves from memory.

The COVID-19 pandemic and resulting safety protocols served as a catalyst for the industry's adoption of virtual products such as ours. With the wide acceptance of telemedicine, remote documentation was also widely accepted, particularly as in person scribing had limitations during the pandemic.

Our technology vision is to enable clinicians to focus on their patients by relieving them of the administrative burden through our ambient AI documentation and data solutions. We will achieve this vision by automating as much of the medical note creation process as possible by combining artificial intelligence technologies, such as STT, NLP and LLMs, with structured data models. While the unstructured nature of a conversation between physician and patient creates challenges to generating a fully comprehensive and accurate note, we believe technical advances in AI and the incorporation of learnings from the tens of thousands of notes that we generate weekly will continue to improve upon the quality of our fully automated notes and result in improved operating efficiencies and a higher ROI for the clinician and health system.

Our automation approach is to meet clinicians where they are by offering a portfolio of products, some using just AI and others combining AI and human quality assurance. For some doctors, and for many patient encounters, a AI-generated note suffices. For complex patient encounters, having a MDS edit and review an AI-generated note is what we believe many clinicians prefer. We train our MDSs to be experts at using our technology tools to consistently and efficiently deliver high-quality, structured medical notes that need minimal clinician review. Based on the level of editing and review a clinician is comfortable in providing, our product portfolio can meet those varying clinician requirements.

Our Industry

Accurate medical records are indispensable to quality patient care. The cornerstone of any medical record system is proper recording of a patient's visit conversation and examination as it occurs. Pen and paper, either in the hands of a physician or an in-person documentation specialist, was the traditional method of producing medical notes, but in the hands of a caregiver, this method can be both time-consuming and subject to subsequent misinterpretation due to illegibility or other factors. Misinterpretation of the information can lead to confusion regarding the patient's condition and/or clinician services provided. Further, there has been a significant increase in the volume of medical information required as well as an increase in the number of recipients.

The advent of computerized record systems as an integral part of the healthcare landscape is due to the Health Information Technology for Economic and Clinical Health Act of 2009 ("HITECH"). This act ushered in a new era of record keeping in which medical records are stored as electronic text and data that enhances legibility and has the potential to be more thorough. Furthermore, computerized record systems can be instantly accessed by numerous practitioners at the same time, which has enabled medical practitioners to immediately share medical records with each other for mutually served patients.

The enormous resources expended on medical documentation has burdened the healthcare industry and caused many organizations, as well as individual practitioners, to look towards third-party service providers and Health IT products. Existing EHR medical record systems are generally cumbersome for practitioners to use due to their highly structured nature and regimented user interfaces, which can restrict data entry and be quite time-consuming. Today, we estimate that up to one-third of a doctor's day is consumed by the required and complex interactions with the EHR. This can lead to many physicians authoring their notes hours or days after the actual patient visit. Physicians also need to invest significant time to familiarize themselves with the EHR whenever a new EHR is adopted or whenever an update to an existing EHR is introduced. These issues are compounded by the fragmented nature of the EHR space, with over 500 different EHRs available in the United States, the largest of which are Epic, Cerner, and MEDITECH.

The principal legacy tools and solutions to address the EHR burden are not ideally suited to the changing U.S. healthcare landscape. Automated single-party dictation tools have evolved such that they convert speech to text, using pure software, with minimal errors. However, these tools demand additional time by the clinician to pedantically speak word-for-word and convert the relevant aspects of their interactions with patients into a cogent, accurate, and comprehensive medical note. In-person human scribes, present at the point of care, emerged as a prevalent out-sourced solution, but the practice of using in-person scribes was severely impacted by the COVID-19 pandemic, which reduced the ability for such personnel to be physically present. Furthermore, the use of in-person scribes has proven increasingly costly, cumbersome, and difficult to scale, all of which has been exacerbated by the widespread national shortage of lower wage hourly workers in the U.S.

Our Opportunity

We serve the ambulatory/clinical/hospital segments of the U.S. patient care services market with products that address medical note documentation needs. Our products cater to large and small healthcare organizations but can also be adopted by individual practitioners. There are approximately 1.1 million physicians in the United States and with our expanded portfolio of products we serve almost every specialty, or effectively, nearly 100% of these doctors. With the recent addition of Augmedix Go to the product portfolio, now basically every clinician falls within the productivity parameters we establish for realizing significant productivity gains from utilizing one of the products in our portfolio.

Starting in 2024, our business will focus on two key products, Augmedix Go and Augmedix Live. We will have different versions of Augmedix Go that correspond to varying levels of support from an Augmedix MDS. They range from no support, where the draft note is sent directly to the clinician for review and sign off, to support of 100% of generated notes, where the note is first reviewed and quality assured by the MDS before it is sent to the clinician for sign off. We believe Augmedix Live will likely be the preferred product for approximately 5-10% of the US clinician market, while autonomous products such as Augmedix Go will ultimately cater to up to 85% of that market. The price-sensitive Augmedix Go segment of the market has historically been served by dictation vendors or has been unserved (the clinicians manually produce the note).

In addition to physicians who work in the ambulatory or clinic setting of healthcare centers, there are over 60,000 emergency department physicians in the United States today. We currently serve clinicians in the emergency departments of hospitals.

We currently have a handful of veterinary emergency medicine clients using our services. There are over 45,000 veterinary doctors practicing emergency medicine in the United States.

Based on the above segments and our current monthly subscription price per clinician, we believe that our total addressable market in the United States is approximately \$8.0 billion annually.

Our existing enterprise customers employ directly, or are affiliated with greater than 150,000 addressable clinicians, representing an addressable market of approximately \$1.6 billion, or about 20% of the total addressable market.

Finally, the documentation burden and burnout issue reaches beyond the physician to nurses and other care professionals. We are currently exploring products for these other healthcare professionals which could further expand our total addressable market.

The Benefits of our Services

The core value of our service is relieving the documentation burden placed on clinicians, thus enabling clinicians to better focus on their patients. According to a 2023 Physician Compensation Report and National Physician Report, it is estimated that clinicians spend approximately one-third of their day on non-revenue generating documentation activity. Our products enable clinicians to reclaim this time while improving medical documentation and quality measures for reimbursement. We believe our products lead to higher patient satisfaction, as clinicians can focus their entire attention on their patients instead of having to disrupt the natural flow of interaction to write, type, or dictate the medical note themselves during or after the visit.

For our *Augmedix Live* customers, we also provide point of care support including care gap reminders, orders and referrals, which enhance our value proposition and help distinguish us from competing offerings. Care gap reminders are text notifications that we provide to physicians at the point of care to remind them of clinical matters that should be addressed. Our MDSs source the information for such reminders from the patient's EHR or third party solutions, which physicians sometimes do not have time to review thoroughly prior to the patient visit. Examples of reminders include notifications of medication contraindications, vaccinations, or preventive screening tests that are due.

Our value proposition is anchored on the time savings we generate for our users and the increased reimbursement levels attributed to our more comprehensive and accurate notes. We can save clinicians up to three hours per day in paperwork administration, depending on patient volume. Our documentation products can increase productivity by up to 20% and clinicians' satisfaction with work-life balance by 49%, according to internal studies and customer satisfaction surveys. We have created a data-driven sales approach with health systems to evaluate productivity and charting efficiency of all eligible providers. Understanding each individual clinician's efficiency enables us to clearly identify their potential productivity boost and provide the health system with a credible estimate of the expected ROI at the enterprise level by adopting our products.

Our products have also demonstrated their positive effect on improving the top-line of our enterprise customers. Based upon the results of a study we conducted in 2022 of a representative cohort of 100 physicians from one of our enterprise customers, our products can be expected to generate an estimated \$4.12 million of net revenue over a 12-month period for a comparably-sized cohort comprised of primary care (63%) and specialty (37%) clinicians. For these purposes, we define net revenue as the gross improvement in revenue less the fees paid to Augmedix. The same study showed an average increase in hourly productivity of 14.8% and 16.1% for primary care physicians and specialists, respectively. We believe the economic benefit from productivity gains, coupled with increased clinician satisfaction and the inherent tight integration into their workflows, are the primary drivers behind our high net revenue retention rate, which stood at 152% as of the quarter ended December 31, 2023.

What Sets Us Apart

Since we developed our concept of virtual, synchronous medical note documentation from natural physician-patient conversations, a number of companies have entered the field. To varying degrees, each offers a product that addresses the documentation burden faced by physicians. We believe that our products are distinct from these other competitive solutions because our products address every aspect of the documentation burden placed upon clinicians.

Importantly, we create our notes from the *ambient* conversation between physician and patient as the input source for the medical notes we produce through our platform. This results in the greatest time savings for physicians, as they do not have to expend time on extraneous functions to transmit the information to us (e.g., they don't have to perform time-consuming verbatim dictations post visit or at the end of the day). Allowing for a natural physician-patient discussion also results in higher patient

satisfaction since physicians can spend less time typing into the computer and are not required to alter their natural interactions with patients.

In addition to relying upon the ambient conversation between physician and patient, we offer both real-time synchronous *and* asynchronous products. Few competitors offer both, as synchronous products are highly challenging to develop from a logistical and technical perspective.

Our technology platform integrates AI software, such as natural language processing and large language models with structured data models, to create organized, comprehensive medical notes and the related medical data.

Our *product suite*, which includes a real-time, synchronous product, with 2-way interactivity capabilities, differentiates us from our competitors. Our platform enables us to offer care gap reminders, orders and referrals, among other services, which are viewed as vitally important by many physicians. Most competitive solutions emerging on the market offer the basic note, and little more.

Our product suite will also soon include a feature where the provider or health system chooses the level of support desired. Customers can elect to have no support, where our technology platform delivers the draft medical note directly to the clinician, or they can have 100% of their notes reviewed by our MDSs, or some level of support in between these two. The trade off is higher pricing for more support (and therefore, less documentation effort for the provider) or vice versa.

Finally, our operational and technical flexibility enables us to serve approximately 50 specialties across several EHRs in a *wide variety of care settings*, including acute care. This provides us a significant competitive advantage as this flexibility allows us to accommodate a very wide range of clinician workflows. Most competitive offerings support a much narrower range of specialties and often underperform in complex multi-problem visits. Further, few competitive solutions offer support for acute/hospital settings. Augmedix has been serving the emergency department setting for many years and recently developed a fully automated product that performs well in that non-linear environment.

We are also building an API-centric platform that will allow third-party healthcare IT partners to deliver their services more effectively and passively via our existing two-way communication channel to the point of care. With this open ecosystem, our existing communication channel provides even more value to the health care system as we can provide highly relevant information, based on the conditions present during the patient encounter, to ensure the care provided is optimized. As an example, Augmedix has partnered with The Sullivan Group to provide adaptive nudges at the point of care regarding patient safety. Another example partner we've recently announced is Ellipsis, who will be leveraging Augmedix's point of care presence to provide depression and anxiety scoring, alongside relevant next steps, based on voice biomarkers captured by Augmedix.

Our Products and Business Model

We provide the following suite of products, all of which use our technology platform, to produce high quality medical documentation. Augmedix Live and Augmedix Go Assist, previously called Augmedix Notes, are supported by our quality-trained MDSs who review and edit notes prior to clinician sign off. We also provide data services associated with all of our products, which include aggregated structured data and metadata associated with medical notes that we generate.

- **Augmedix Go**, an autonomous, ambient AI mobile software application, was launched for general availability in the ambulatory setting in December 2023. It provides ambient fully automated medical documentation based upon recorded visits. Clinicians access this service through a mobile phone. Recorded visits are ingested by our technology platform which automatically generates structured, draft medical notes that are ready within minutes for the clinician's review and sign off. There are no Augmedix-provisioned humans-in-the-loop needed to power note creation via Augmedix Go. This product is offered a fixed monthly subscription price.

- **Augmedix Go Assist**, formerly known as Augmedix Notes, provides asynchronous medical documentation based upon previously recorded visits. Clinicians access this product through the mobile phone Augmedix Go application. MDSs deliver edited and reviewed medical notes into the patient's EHR chart for final review by the clinician within 4 hours or less, depending on contract terms. This product is offered at a fixed monthly subscription price, or on a monthly subscription price based upon the monthly patient-facing clinic hours per the clinician's schedule. As our technology platform advances further, the amount of MDS effort needed to review a medical note will continue to decline, allowing for one MDS to serve an increasing number of clinicians.
- **Augmedix Live** provides synchronous medical note documentation and point-of-care support. Clinicians access the service through mobile phones, managed by us or their health enterprise. An MDS is matched with a clinician during the clinician's shift and remotely streams the video and /or audio of the patient encounter. Supported by proprietary tools within our technology platform, the MDS generates medical notes, reviews them for completeness and accuracy and transfers them into the patient's EHR chart for final review by the clinician. MDSs are often considered an extension of the care team by the clinicians they serve and engage in two-way communication with the clinician throughout the shift. MDSs provide additional value-added services including pending orders, referral letters, and care gap reminders regarding clinical matters. This service is offered as a fixed monthly subscription with various tiers based upon committed monthly clinical hourly support. Tiers may be adjusted as necessary to align with any changes to the clinician's work schedule.
- **Augmedix Prep** provides chart preparation delivered prior to the patient visit. Patient demographics, past medical history, medication changes and other key data points from the patient's health record are transferred to the current visit note to help the clinician prepare for the visit. This service is offered at a fixed monthly subscription price and can be fully automated with EHR integration.

Our Competition

We compete on the basis of quality of service, breadth of services, price, and flexibility in accommodating varying clinician workflows. We believe our competitors fall into four broad categories.

- **Ambient, real time draft medical note documentation services.** There are a number of new entrants using AI and LLMs to create a draft medical note. These products require the clinician to review, edit, and finish the medical note as the technology, currently, is unable to produce fully accurate and comprehensive notes on a consistent basis. Typically, the longer and more complicated the patient visit, the more editing the clinician needs to perform. While these products place more documentation burden on the clinician than other ambient-class products, the trade off is substantially lower pricing.
- **Dictation software providers.** Dictation software provides a do-it-yourself tool for those clinicians who prefer to create their own medical notes and would rather speak them word-for-word versus typing. Dictation is the lowest cost documentation tool on the market but also provides the least utility and requires significant time and effort on the part of the clinician. Several of our enterprise customers also provide their clinicians with dictation tools. Examples include Dragon, an offering of Microsoft Corporation via their acquisition of Nuance, Fluency from Solventum, a subsidiary of 3M Corporation, and Fusion by Dolby Systems.
- **Ambient, non-real time asynchronous medical note generators.** Ambient, non-real time solutions are substantially more expensive than dictation software because they rely on vendor-provisioned humans-in-the-loop. They provide more value to clinicians than dictation because they more accurately capture and reflect the ambient conversation between clinician and patient, which they use as their primary input source, saving the clinician considerably more time. Through our Augmedix Go Assist product, we are a participant in the ambient, non-real time segment of the market. Our Augmedix Go Assist product, formerly known as Augmedix Notes, differentiates itself from other market services primarily on the basis of note quality, and its flexibility as it relates to

the clinician's workflow, care setting, and price. Other market participants include Microsoft Nuance DAX, IKS Healthcare, and ScribeAmerica's Speke.

- **Ambient, real time synchronous medical note documentation services.** These solutions deliver the most value to physicians given their timeliness, synchronous nature, and capability to offer additional interactive two-way services. Clinicians can expect to see considerable time savings by minimizing any downstream editing as any ambiguities that occur during the patient encounter are dealt with at the time they arise. Our real time product, Augmedix Live, differentiates itself from in-person providers by leveraging proprietary automation technology that enables a more uniform level of note quality, delivering ancillary services on an automated basis, and leveraging a lower-cost and abundant supply of remotely-located documentation specialists. Offering additional interactive products on an automated basis provides us with pricing flexibility as the marginal cost associated with such products is nominal. The largest participant in this segment, ScribeAmerica, provides this service primarily in-person. In-person solutions have drawbacks, however. A major challenge is the available supply of qualified candidates to fill the role of documentation specialist, which is limited to the geographic location of the clinician and can contribute to the relatively high cost of such a delivery model. Additionally, some patients are uncomfortable in the presence of an unfamiliar non-clinician in the exam room. IKS Health is another participant in this segment.

Our Growth Strategy

There are over 1.1 million physicians in the United States, of which 69% work for, or are affiliated with, a health system. Our current enterprise customer accounts, together, employ directly, or have affiliations with, a total of approximately 250,000 physicians, of which we currently serve a small fraction. Our growth strategy is focused on the following six areas:

- **Expand our relationship with current large physician group and health system customers.** Historically, our growth has been fueled by reducing physician burnout for high producing physicians. This approach has led to steady growth since our inception. Our data-driven approach to expand existing accounts identifies physicians whose productivity is below targeted levels as a result of their documentation burden. We believe proactively identifying these physicians and demonstrating the value of our service will help accelerate growth within our existing client base.
- **Sell new products to our existing health systems.** The 2020 launch of Augmedix Notes helped us expand our relationship with existing customers as Augmedix Notes unlocked new segments of clinicians at a lower price point than our Augmedix Live service. In 2021 we launched our Emergency Department offering that expanded our total addressable market and provided a new entry point into health systems. Most recently, we launched Augmedix Go for the ambulatory care setting in December 2023, which expanded our addressable market as it caters to a price segment where most clinicians sit and that our other products did not address. We are currently beta testing Augmedix Go for the acute care setting and plan to make this product commercially available in the coming months. This acute care setting version of Augmedix Go has further increased our addressable market, particularly since it is among the earliest entrants in that market. We will continue to expand our offerings where we have data and assets that provide us a competitive advantage.
- **Sell our products to new health systems and large physician groups.** Our sales team consistently seeks to identify health systems and large physician groups that we believe will benefit from our products. We believe that the attributes of potential customers most suited to our products include physicians that struggle with documentation efficiency, customers who seek to transition to value-based care, and customers who are in geographic locations where the workforce is not suited to assist physicians with documentation due to cost, lack of skills, or scarcity of qualified staff. Our November 2023 equity raise has provided us the capital to significantly expand our sales team, enabling us to go after the rapidly expanding market which has been activated by the launch of lower priced AI-driven documentation products.

- **Target sales to small practices and independent physicians.** A portion of our potential customer base includes small group practices and individual physicians who are not affiliated with health systems or large physician groups. We aim to contract with these parties directly for our services using a transactional sales model.
- **Leverage channel partnerships to drive sales.** We believe our position in the exam room may be attractive to potential partners with adjacent offerings. Examples could include data analytics companies working to provide physicians with clinical insights, EHR companies that are trying to facilitate medical note documentation for their customers, pharmaceutical companies that seek physician participation in clinical trials, practice management companies, and large technology companies.
- **Partner with third parties to deliver their services through our two-way communication channel to the point of care.** Our bi-direction communication channel to the point of care is a powerful asset that can not only deliver our documentation services, but seamlessly and more effectively deliver other healthcare services that create strong ROI for our health system customers. We believe there is an opportunity to generate high-gross margin revenue from such third-party partners.

Our Technology

Our Technology Strategy

Our technology strategy is focused on creating and delivering a fully automated medical note and related data solutions from the unstructured, ambient conversation between the clinician and patient. The mobile applications that we provide to clinicians are familiar and simple to operate. Clinicians use a mobile device, managed by us or their healthcare enterprise. Our technology platform is compliant with HIPAA standards as they relate to data security.

Our platform is remote and mobile, and, thus, well-suited to support both in person and telemedicine visits. The mobile application used by clinicians can capture telemedicine visits regardless of the telehealth platform used by the clinician. With Augmedix Go, Augmedix Go Assist, and Augmedix Live, we render a seamless service experience as the clinician moves from telephone calls, to video calls, to in person visits. With Augmedix Go, which we launched for the ambulatory care setting in December 2023, we provide the same seamless service but that generates medical notes using our AI, without review from an MDS, and then deposited into the patient's electronic health record for review and acceptance by the clinician.

Clinician Mobile Applications

Our products are delivered through mobile applications that run on Android or iOS devices. The clinician's interface device, predominately a smartphone, is used during patient encounters to enable a secure audio/video observation of the visit. At the end of 2023, we had separate mobile apps for Go, Notes, and Live, but are currently consolidating to two mobile apps: Live and Go. These applications can be downloaded onto mobile devices managed by us or client healthcare enterprises. All devices managed by us are locked down to ensure their security and integrity.

Technology Platform

Our technology platform includes patented, proprietary software that uses Artificial Intelligence ("AI") technologies such as speech-to-text ("STT") models, proprietary natural language processing ("NLP") models and large language models ("LLMs") integrated with structured medical data models to facilitate the note creation process. Additions and corrections to notes we produce can be made by the clinician or MDS through the mobile device or a web application.

We use STT to create a multi-party diarized transcript of the ambient conversation and clinician dictation recordings (clinicians sometimes choose to dictate some element of the note, typically post visit). Augmedix has partnered with Google Cloud to customize a medically tuned set of STT models that integrate into our platform, while we also use other STT services. Additionally, Augmedix utilizes a post-processing step to improve transcription accuracy and relevance.

We apply NLP models and LLMs to the diarized transcript to identify and organize relevant medical entities and content from the diarized transcript. We use a collection of Large Language Models (LLMs) to generate an initial medical note. Because of the diverse characteristics of note sections across specialties, we use different LLMs to generate different sections of the note.

The foundational LLMs are tuned using gold-standard notes generated by our Medical Documentation Specialists (MDS), our human quality specialists for higher-level service products, from our 70,000 higher-level service visits that we process every week, across 50+ specialties.

We tune models by specialty, visit type and note. Specialties have different note sections and even the same note section may contain slightly different note content. For example, while primary care, ED, and oncology all have HPI and A/P sections, ED has an additional re-eval section in the MDM (Medical Decision Making), and oncology has additional sections. Additionally, even though both primary care and oncology have an HPI section, some of the content that is in the HPI section for primary care belongs in the Interval History section for oncology.

In addition to generating the initial medical note, our NLP platform in parallel uses a collection of other models to generate structured data. Structured data is a machine-readable tree format that lists every note section, associated problems, symptoms, medications, labs, diagnoses, and other medical entities.

With our Live product, the MDS can direct-message, via a secure data channel, clarifying questions to the clinician. All stored data is encrypted with AES 256-bit encryption at rest and TLS in transit. Storage is necessary for note preparation, note completion and quality assurance.

Our datasets provide a wealth of medical data such as symptoms, medications and related side effects, as well as relevant diagnoses and treatment options. They allow for extraction of structure data for specific cohorts that can be used for coding and/or other data services. Our technology stack also allows for clinician preferences, doctor specific or specialty templates, and custom macros.

The clinician applications and our underlying technology stack are linked by a common layer of servers that establish HIPAA compliant secure connections and signal handling for streaming audio/visual feeds and other data interactions. The visit is live streamed for the Augmedix Live service and recorded for the Augmedix Go products. Communication to and from our platform is encrypted end-to-end and aligned with HIPAA regulations. Each streaming server is load balanced and has redundant capacity to ensure fault tolerance. We provide periodic updates to the platform. If applicable, clinician-patient conversation audio files are stored in HIPAA-secure disk/block storage based on appropriate data retention policies.

Completed notes are transferred to the patient chart within the client's EHR either automatically via integration or manually for clinician review and sign-off. We have built EHR adapters that integrate our platform with client-based EHR instances to pull relevant medical data from the patient chart into the medical note for the current visit or to insert the completed medical note into the patient's chart. We have integrations for EHR providers Athena and certain instances of Epic.

Data

All web and clinician applications store data inside HIPAA-secure databases. The databases also store administrative information relating to clinicians and MDSs. We temporarily store audio and text data on the HIPAA-secure servers to accommodate operational processes including training, quality assurance, and production work. We store certain data for longer time periods and maintain a database of de-identified data to train our AI models. We also maintain a database of structured data based on the way we build and organize our problem-based medical notes. Such data is used to improve our products, particularly furthering automation and efficiency, and to provide enhanced services to our customers.

Scalability and Uptime

Our streaming servers with redundant capacity are placed in different availability zones to ensure fault tolerance. All servers are located in the United States. All requests to streaming endpoints are load balanced and served in a round-robin approach. Using the proprietary Augmedix over-the-air portal, we can selectively push Android OS updates to specific devices. We use enterprise level device management software to maintain and manage our mobile devices. New features, improvements and bug fixes made to our MDS applications can be released separately/independently to production servers through a planned and well-documented process.

We use state-of-the-art, HIPAA-secure cloud infrastructure to host all of our production applications, web services, data-channels, audio-video streaming platforms, databases, and data processing servers for AI/ML. We use a WebRTC platform to enable highly secure audio and video for our service.

Our Operations

Our Medical Documentation Specialists

Our Augmedix Live and Augmedix Go Assist products are supported by highly trained MDSs, who use various tools within our technology platform to deliver clinically comprehensive medical notes into the customer's EHR system. These tools are accessed through dedicated secure terminals. The MDSs view the automatically generated NLP-annotated transcripts of the patient encounter, and efficiently complete the medical note. Completed medical notes are uploaded manually or automatically into the patient's chart in the EHR for clinician review and sign-off.

Our MDSs are well educated, most at the university level and many are recruited straight out of university. Many have Biology majors, but we also recruit from various other disciplines. We also recruit from a large, established pool of medical transcriptionists in India.

All our MDSs pass our mandatory intensive training program prior to working with our clinicians. Our proprietary training modules are trainer-led and include medical visit basics, visit videos, medical documentation standards and requirements, and practice sessions using our technology platform. The training program for new MDSs takes approximately three months for international trainees to complete and includes strict testing and grade achievement standards. We also provide specialty training for over 20 specialties. We support many specialties in clinic and hospital settings and are continuing to build our specialty training library.

Our Augmedix Live service is provided continuously throughout the clinician's shift. Our MDSs serve as an extension of the care team and are assigned to clinicians based on specialty. Typically, an MDS will accompany a clinician for the duration of that clinician's shift.

Medical notes delivered via our Augmedix Go Assist product, formerly known as Augmedix Notes, is delivered after the patient visit. Clinician-patient interactions are recorded, and transcripts are processed after the visit. NLP is applied to the transcript to generate a note which is reviewed by an MDS who can make edits to complete and upload the note into the EHR. Completed notes are typically delivered within four hours. The task of creating a medical note from a recording is less challenging than doing so in real time. Moreover, as this product leverages our technology platform's automation capabilities fully, an MDS is able to manage the notes for more than one clinician during his/her shift.

Our Operation Centers

We provide service from eight MDS Operations Centers across four countries — the US, Bangladesh, India and Sri Lanka. There are five centers in India, four of which are owned and operated by three independent third parties (the "MDS Vendors") and one of which is wholly owned and operated by Augmedix. There is one center in Sri Lanka that is owned and operated by an independent third party. The centers in the US and Bangladesh are wholly owned and operated by us.

Our strategy is to diversify geographical risk by operating out of several operating centers located in various cities throughout Asia, with a smaller operation within the US. The US operation accounts for a small fraction of our global MDS workforce, and we expect that it won't exceed 5% of the global total for the foreseeable future. Some of our US MDSs are part time, while others are full-time.

Our Bangladesh operation is our largest and fastest growing center. It served about 41% of our clinicians as of December 31, 2023. We expect the percentage of clinicians serviced out of Bangladesh to decline by the end of 2024 due to the launch of Go, but grow in absolute terms. Currently, approximately 5% of our clinicians are serviced out of our operation in Bengaluru, India. We expect this percentage to grow in the next year. Growing our wholly-owned operations enables greater control over a larger percentage of our revenue, mitigates concentration risk among existing MDS Vendors, and leverages a lower cost structure.

All MDS Vendors are currently paid based upon an hourly rate and the number of assigned contracted clinician hours.

Our Bangladeshi and Indian MDSs are our employees and are paid a fixed monthly salary. In addition to MDSs, our Bangladesh offices include engineering, customer support, human resources, global information technology, compliance, finance and accounting, MDS training and general operational management, among other personnel. All our Bangladesh and India-based employees receive complimentary benefits such as healthcare, meals and private transportation to their homes after certain hours, among other benefits. We believe the compensation we provide our Bangladeshi and Indian employees is competitive in the local market for US-based employers.

Our Customers

Our customers are diverse in size, geography, and specialty. Our clients include some of the largest health systems and specialty groups in the United States, including Sutter Health, CommonSpirit, which includes Dignity Health and Catholic Health Initiative, HCA Healthcare, US Oncology, TriHealth, Northern Light, and UCSF, among others. Approximately 85% of the physicians we serve are members of large health systems, while the remaining 15% are from independent practices or physician groups. We have a relatively high concentration of physicians served among our enterprise customers, with one client accounting for 27% of clinicians in service, and two clients accounting for 10% and 9%, while the remaining physicians served are spread across over 20 other health systems. We generated revenue from customers in 42 different states in 2023, the largest concentration being in California. Within our customer base, we currently serve 35 specialties, the largest of which is primary care at 38% of total physicians served. Our systems are compatible with more than 50 different EHRs. The top four EHR providers account for 80% of all our physicians served, with Epic at 46%, Cerner at 21%, Meditech at 7% and iKnowMed at 6%.

Opportunities for expansion within our existing enterprise customers include deeper penetration of the locations where we already serve physicians, coverage of new specialties, and entering new care locations. We define success with our clients according to two key criteria: increased productivity and physician satisfaction. With clients that follow our best practices framework and share data with us, we focus on time savings and productivity increases.

The primary drivers of a physician's productivity are patient volume, the appropriate and completeness of the documentation describing the services rendered during the patient visit, and the efficiency with which such services were performed. We believe that an aggregate increase in productivity across a health system's physician base is a driver for a health system's overall financial performance which highlights the ROI potential of our services.

Some examples of the value our users see are captured in the following case studies:

Case Study #1: Dr. Hengbing Wang

“Augmedix allows me to have more time communicating with patients, clinical staff and other physicians. The quality of care goes up with more communications.”

HIGHLIGHTS

- Dr. Wang sees at least 15% more patients
- Dr. Wang has the capacity to see urgent oncology referrals

ABOUT

Dr. Hengbing Wang is a clinician specializing in hematology and medical oncology at Cancer Treatment & Infusion Center, a part of Adventist Health in Ukiah, California. The center offers a wide range of cancer treatments, including the most advanced IV infusion therapies.

CHALLENGE

Dr. Wang, like many clinicians, spent so much time balancing direct patient care with administrative tasks that he was left with little time for charting. That meant working in the EHR was usually done during his personal time. Dr. Wang said, “It was kind of miserable. I often had to stay beyond 7:00pm and still had to do some charting at night and over the weekend.” He wanted to find a product that would allow him to keep charting updated during office hours so he wouldn’t have to spend so much personal time catching up.

SOLUTION

Dr. Wang chose to partner with Augmedix for its Live service. Augmedix MDSs act as an always-present assistant to the clinician, leveraging our technology platform to convert real-time clinician-patient conversations into precise medical documentation. MDSs also place orders for testing, medications, and labs so clinicians can spend more time on direct patient care. Clinicians can livestream with their MDS via the clinician application on their mobile device.

RESULTS

Dr. Wang says Augmedix has made a “drastic Improvement” in his work-life balance. “I hardly do any charting after I get home or on the weekend now.” He says that most of the time, he’s able to finish everything by 6:00pm. “I am able to enjoy more of my family life!” With Augmedix, Dr. Wang is able to see at least 15% more patients and now has capacity to see urgent oncology referrals.

Dr. Wang says the consultation saves him most of the time. “Literally, when I review the records before I see the patient, I can read to my MDS and they’re often able to compile a basic history of present illness even before I step in the patient room.” Dr. Wang also says that he and his Augmedix MDS have developed great working chemistry.

Case Study #2: Dr. Jacqueline Rohrer

"Prior to Augmedix, my whole family would ask 'how many charts do you have left,' and the whole weekend was plagued by the number of charts left. With Augmedix, I feel like I found the way to be happy with my job and I want to share this experience with other clinicians."

HIGHLIGHTS:

- Has more time to spend with patients;
- Can see more walk-ins;
- Went from seeing 18 patients a day to 20;
- Charting is more accurate;
- Has more time for family life;
- Improved productivity; and
- The MDS now helps with telephone referrals and reminders.

ABOUT

Jacqueline Rohrer, MD, is a family practice physician who specializes in obstetrics at Foothill Family Clinic in Salt Lake City, Utah. She's been with the practice since 2013. The practice has 35 providers, clinicians, and mid-level practitioners.

CHALLENGE

Rohrer loves her patients and is dedicated to spending quality time with each one. Her days are spent juggling her family practice patients with her obstetrics patients. She had begun to experience extreme burnout and even wondered if she would need to stop practicing obstetrics. She realized a lot of the issue came from the two to three hours she had to spend at the end of each day on charting. On busy weeks, the charts would really pile up. She often would get to the end of each week with a backlog of three days worth of charts to do. Someone had suggested to Rohrer that she get a scribe to help out, but she resisted doing so because she didn't want a "shadow" following her around all day and didn't like the loss of patient privacy. Plus, the exam rooms were small and didn't have desks or a place for anything more than a laptop, which she carried with her. Fortunately, she realized there was a better product.

SOLUTION

Rohrer heard about Augmedix on a Facebook group for moms who are doctors. Augmedix MDSs are experienced in most medical health records, which improves accuracy, increases quality of documentation, and ensures timely charge capture for faster reimbursement. MDSs also place orders for testing, medications, and labs so providers can spend more time on direct patient care.

RESULTS

Because she's a self-described "people person," she wanted to get to know her MDS on a personal level, so she connected with them over social media. They now regularly check in and chat with each other. Rohrer has experienced many improvements since getting her Augmedix MDS, including:

- Has more time to spend with patients;
- Can see more walk-ins;
- Went from seeing 18 patients a day to 20;

- Charting is more accurate;
- Has more time for family life;
- Improved productivity; and
- The MDS now helps with telephone referrals and reminders.

The time saved using Augmedix has allowed Rohrer to complete two triathlons and even adopt a baby. She says she no longer feels burnt out and now looks forward to each day. With Augmedix, Rohrer went from spending two to three hours charting at the end of each day to just 30 to 45 minutes.

Governmental Regulation

The healthcare industry in which we operate is highly regulated, and the services we provide are subject to a complex set of healthcare laws and regulations. We and our customers must comply with a variety of requirements, including among others, HIPAA, HITECH, regulations issued by the U.S. Department of Health and Human Services and the Centers for Medicare and Medicaid Services, a number of fraud and abuse laws, such as the federal Anti-Kickback Statute and the False Claims Act, and comparable state laws. We have structured our operations to comply with these laws and other regulatory and contractual requirements.

Healthcare Fraud and Abuse Laws

We may be subject to various federal laws targeting fraud and abuse in the healthcare industry.

For example, the federal Anti-Kickback Statute prohibits, among other things, any person from knowingly or willfully offering, soliciting, receiving or paying remuneration (a term interpreted broadly to include anything of value, including, for example, gifts, discounts and credits), directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, order or recommendation of, an item or reimbursable, in whole or in part, under a federal healthcare program such as the Medicare and Medicaid programs. The federal Anti-Kickback Statute has been broadly interpreted by federal courts and agencies, and potentially subjects many healthcare business arrangements to government investigation, enforcement, and prosecution, which can be costly and time consuming. In addition, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation.

In addition, the False Claims Act, or FCA, prohibits anyone from, among other things, knowingly presenting or causing to be presented, for payment to federal programs (including Medicare and Medicaid) claims for items or services that are false or fraudulent. Although we do not submit claims directly to payors, we could be held liable under the False Claims Act if we are deemed to "cause" the submission of false or fraudulent claims by, for example, including inaccurate information in draft medical notes for physicians, or if our documentation services are found to have caused clinicians to have inaccurately attested to "Meaningful Use" criteria. Claims for services that were induced by kickbacks and in violation of the federal Anti-Kickback Statute may also form the basis for FCA liability. In recent years, many cases have been brought against healthcare companies by the government and by "whistleblowers," which have resulted in judgments and settlements involving substantial payments to the government by the companies involved. Often, to avoid the threat of treble damages and penalties under the False Claims Act, which in 2023 are \$13,508 to \$27,018 per false claim, companies will resolve allegations in a settlement without admitting liability to avoid the potential treble damages. Any such settlement or the cost to defend against allegations could be substantial and impact our reputation.

HIPAA also established federal criminal statutes that prohibit, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, including private third-party payers, and knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the Anti-Kickback Statute, a person or entity

does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation.

Additionally, many of the states in which we operate also have similar fraud and abuse focused laws that apply to our business. The scope of these laws and the interpretations of them vary from state to state and are enforced by state courts and regulatory authorities, each with broad discretion. Some state fraud and abuse laws apply to items or services reimbursed by any payor, including patients and commercial insurers, not just those reimbursed by a federally funded healthcare program.

Violations of these laws are punishable by substantial penalties and other remedies, including monetary fines, civil penalties, administrative penalties, criminal sanctions (in the case of Anti-Kickback Statute), exclusion from participation in Federal Health Claims Processing Services, forfeiture of amounts collected in violation of such laws and additional reporting requirements, and compliance oversight obligations. Similarly, state anti-kickback and false claims laws may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by any source, not only government programs.

Data Privacy and Security

Numerous state, federal and foreign laws, including consumer protection laws and regulations, govern the collection, dissemination, use, access to, confidentiality and security of personal information, including health-related information. In the United States, numerous federal and state laws and regulations, including data breach notification laws, health information, privacy and security laws, including HIPAA, and federal and state consumer protection laws and regulations (e.g., Section 5 of the FTC Act), that govern the collection, use, disclosure, and protection of health-related and other personal information could apply to our operations or the operations of our partners and subcontractors.

For example, HIPAA establishes a set of national privacy and security standards for protecting the privacy, confidentiality and security of protected health information ("PHI"). Under HIPAA, health plans, healthcare clearinghouses and healthcare providers, together referred to as "covered entities" for purposes of HIPAA, and their "business associates" must protect individually identifiable health information in accordance with certain standards. HITECH enhances and strengthens the HIPAA privacy and security standards and makes certain provisions of HIPAA directly applicable to business associates of covered entities.

In connection with our business operations, we access, use and disclose PHI on behalf of our covered entity and business associate clients, and therefore, are considered to be, a business associate of our customers and subject to HIPAA and its implementing regulations. HIPAA requires covered entities and business associates, such as us, to have agreements with their business associates, pursuant to which business associates must agree to appropriately safeguard the PHI created or received on their behalf and to abide by statutory and other regulatory obligations under HIPAA. These obligations include, but are not limited to, the responsibility to (i) maintain physical, technical and administrative safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of PHI, (ii) report security incidents and other inappropriate uses or disclosures of PHI, including to individuals and governmental authorities, (iii) assist covered entities or business associates from which we obtain health information with certain duties under HIPAA; and (iv) enter into business associate agreements with our downstream contractors that access, use, and disclose the PHI we receive, create, and maintain, on behalf of our covered entity or business associate customers.

HIPAA and HITECH impose numerous requirements on our business operations and subject us to material liability and other adverse impacts to our business in the event we fail to comply with their requirements. These include, without limitation, civil fines, possible criminal sanctions in certain circumstances, contractual liability to our customers, and damage to our brand and reputation. We have implemented appropriate safeguards to address the privacy and security of PHI consistent with our regulatory and contractual requirements. We also train our personnel regarding HIPAA and other related requirements. We have made and continue to make investments in systems to support customer operations that are regulated by HIPAA and other regulations. Because these standards are subject to interpretation and change, we cannot predict the future impact of HIPAA or other regulations on our business and operations. To comply with our regulatory and contractual obligations, we may have to adjust our policies and practices and invest in new technologies.

In addition to HIPAA and HITECH, numerous other state and federal laws govern the collection, dissemination, use, access to, confidentiality and security of individually identifiable health information. In many cases, state laws are not preempted by the HIPAA privacy and security standards and may impose more stringent standards, thus complicating compliance efforts.

Other Laws and Regulations

We are also subject to the U.S. Foreign Corrupt Practices Act (“FCPA”), which prohibits improper payments or offers of payments to foreign governments and their officials for the purpose of obtaining or retaining business and requires companies to maintain accurate books and records and a system of internal accounting controls. Safeguards we implement to discourage improper payments or offers of payments by our employees, consultants, and others may be ineffective, and violations of the FCPA and similar laws may result in severe criminal or civil sanctions, or other liabilities or proceedings against us, any of which would likely harm our reputation, business, financial condition and result of operations.

Sales and Marketing

Currently, we predominantly rely upon a dedicated direct sales force and customer success team to sell our products. The direct sales force is currently structured partially geographically and focuses on acquiring new health systems, large physician specialty practices, and generating transactional sales with smaller practices and independent physicians. Our sales force mobilizes data to demonstrate a clear ROI for investing in our product to potential customers. There is typically a 30-45 day implementation window for Augmedix Live and Augmedix Notes from contract execution to first day of service to allow for provision of hardware, clinician workflow orientation, MDS assignment, and receipt of EHR credentials. Augmedix Go and Augmedix Go Assist have a shorter implementation window.

Additional sales activity is driven by our customer success team. The customer success team is responsible for retention of, and expansion within our existing client base. The team is currently structured by account segment: strategic enterprises, developing enterprises, and physician practices.

Our marketing efforts focus on lead generation, building market awareness, and content support. Marketing drives market/brand awareness and inbound leads from both enterprises and physician practices. Our team tracks the effectiveness of specific marketing campaigns to ensure their efficacy against our established cost-per-lead and customer acquisition cost targets. A variety of marketing approaches are leveraged including search engine optimization, paid search advertising, social media campaigns, social media advertising, email marketing, and attending conferences. We also focus on end-to-end marketing campaigns to drive leads and awareness of new product launches.

We have signed a number of channel partnership agreements with various groups, some of which have members who are clinicians. In general, these partnerships provide us with warm leads for a fee if we convert them into signed contracts.

In 2022 we signed a marketing partnership with Google that led to Augmedix signing two new health systems, one of which is one of the ten largest health systems in the US.

Research & Development

Artificial Intelligence/Machine Learning (“AI/ML”)

We have integrated AI/ML into our technology platform to increase efficiency by automatically providing note suggestions from the transcripts of recordings. This requires training ML models to generate a draft medical note based on transcripts.

We tune LLMs using gold-standard notes generated by our MDS, our human quality specialists for higher-level service products, from our 30,000 higher-level service visits that we process every week, across 50+ specialties.

We tune models by specialty and by section. Specialties have different note sections and even the same note section may contain slightly different note content. For example, while primary care, ED, and oncology all have HPI and A/P sections, ED has an additional re-eval section, and oncology has an additional sections. Additionally, even though both primary care and oncology have an HPI section, some of the content that is in the HPI section for primary care belongs in the Interval History section for oncology.

After creating a new model, it is evaluated by two metrics—F1 score and note quality. The F1 score, which is the harmonic mean of the precision and recall, captures the accuracy of the note content. The note quality score captures the sophistication of the sentences, whether they would be written by a medically trained person.

This process is repeated until the F1 score and note quality statistically out-perform the previous model for a representative set of transcripts that have been set-aside for testing purposes. Unlike the training sample that may vary over time, we try to keep the test sample to be stable, so we can compare test results across multiple training sessions.

Streaming Technologies

We are continuously improving our streaming platform, primarily to alleviate network hiccups, optimize audio quality for transcription, and improve the clinician user experience. The goal is to improve the reliability and scalability of the platform while reducing costs.

Devices for Providers

We continue to explore new hardware devices that can be used by clinicians beyond the smartphone. In addition to ease of use, improved audio quality, better connectivity, and faster battery charge rate are some of the criteria used in our evaluation process.

Electronic Health Records (“EHRs”)

An EHR is a digital version of a patient’s paper chart. EHRs are real-time, patient-centered records that make information available instantly and securely to authorized users. While an EHR does contain the medical and treatment histories of patients, an EHR system is built to go beyond standard clinical data collected in a provider’s office and can be inclusive of a broader view of a patient’s care. EHRs are a vital part of health IT and can:

- Contain a patient’s medical history, diagnoses, medications, treatment plans, immunization dates, allergies, radiology images, and laboratory and test results,
- Allow access to evidence-based tools that providers can use to make decisions about a patient’s care, and
- Automate and streamline provider workflow.

Health information can be created and managed by authorized providers in a digital format capable of being shared with other providers across more than one healthcare organization. EHRs are built to share information with other healthcare providers and organizations — such as laboratories, specialists, medical imaging facilities, pharmacies, emergency facilities, and school and workplace clinics. EHR systems are selected by our customers either as independent physicians, clinics, or health systems.

Currently, we do most of our note transfers manually. In 2021, we developed direct integration with one of the major EHRs system. In 2022, we developed integration with an instance of another key EHR. We are developing technology to direct-integrate our software tools into the other EHR systems used by our large enterprise customers. For our smaller customers, we expect to continue to transfer notes to the EHR manually. As we scale within an enterprise health system, EHR integration can enhance our operating efficiency. EHR integration can also help further inform our machine learning models.

Transferring notes to an EHR requires secure access to the customer's EHR which they must authorize to receive the service. We support various types of virtual private network access to an EHR.

Intellectual Property

Intellectual property is an important aspect of our business, and we seek protection for our intellectual property as appropriate. We rely on a combination of patents, trademarks, copyrights, trade secrets, license agreements, confidentiality procedures, non-disclosure agreements, and confidentiality and invention assignment agreements, as well as other legal and contractual rights to establish and protect our proprietary rights.

We have been building and continue to build our patent portfolio relating to our technology platform. Our patent portfolio consists of one patent, one application allowed and pending issuance, and two pending patent applications in the United States. We regularly review our development efforts to assess the existence and patentability of new intellectual property.

In addition to patents, we may rely, in some circumstances, on trade secrets and proprietary know-how to protect our technology and processes, especially when we do not believe that patent protection is appropriate or can be obtained. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality and invention assignment agreements with our employees, consultants, and contractors upon the commencement of employment or consulting relationships.

We have filed for and obtained trademark protection in the United States for the AUGMEDIX word mark and AUGMEDIX CROSS logo for goods and services. We have also filed for and obtained trademark protection in India of the AUGMEDIX word mark for goods and services. We also have registered the domain name for our website, www.augmedix.com.

We intend to pursue additional intellectual property protection to the extent we believe it would be beneficial and cost effective. Despite our efforts to protect our intellectual property rights, they may not be respected in the future or may be invalidated, circumvented, or challenged.

Corporate Information

We were incorporated in the State of Delaware as Malo Holdings Corporation on December 27, 2018. On October 5, 2020, our wholly-owned subsidiary August Acquisition Corp., a Delaware corporation (the "Acquisition Sub"), merged with and into Augmedix, Inc., a Delaware corporation ("Private Augmedix") formed on April 30, 2013 (the "Merger"). Following the Merger, Private Augmedix was the surviving entity and became our wholly-owned subsidiary, under the name Augmedix Operating Corporation, and all of the outstanding shares of common and preferred stock of Private Augmedix were converted into shares of our common stock. The business of Private Augmedix became our business as a result of the Merger. On October 5, 2020, our board of directors and all of our pre-Merger stockholders approved a restated certificate of incorporation, which was effective upon its filing with the Secretary of State of the State of Delaware on October 5, 2020, and through which we changed our name to "Augmedix, Inc."

Our common stock is currently listed and traded on the Nasdaq Stock Market LLC ("Nasdaq"). We announced our listing on Nasdaq on October 26, 2021.

Our principal executive offices are located at 111 Sutter Street, Suite 1300, San Francisco, CA 94104. Our telephone number is (888) 669-4885. Our website address is www.augmedix.com. Information contained on, or that can be accessed through, our website is not a part of this Report.

Employees and Human Capital Resources

As of December 31, 2023, the Company had 220 full-time and part-time employees in the United States, 154 full-time employees in India, and 1,056 full-time employees in Bangladesh. None of our employees are represented by labor unions or covered by collective bargaining agreements. We consider our relationship with our employees to be good.

Our human capital resources objectives include, as applicable, identifying, recruiting, retaining, incentivizing and integrating our existing and additional employees. The principal purposes of our equity incentive plans are to attract, retain and motivate selected employees, consultants, and directors through the granting of share-based compensation awards and cash-based performance bonus awards.

Where You Can Find More Information

We are required to file or furnish annual, quarterly and current reports, proxy statements and other information as required by the Exchange Act, with the Securities and Exchange Commission (the "SEC"). The SEC maintains a website that contains reports, proxy statements and other information about issuers, like us, who file electronically with the SEC at www.sec.gov.

We maintain a public internet site at www.augmedix.com and make available, free of charge, through these sites our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements and Forms 3, 4 and 5 filed on behalf of directors and executive officers, as well as any amendments to those reports filed or furnished pursuant to the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The charters for our Board of Directors' Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee, as well as our Code of Business Conduct and Ethics are available on our website. The information on our website is not part of this Annual Report.

Our Investor Relations Department can be contacted at Augmedix, Inc., 111 Sutter St., Suite 1300, San Francisco, California 94104, Attention: Investor Relations; e-mail: investors@augmedix.com.

ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks described below, as well as the other information in this annual report, including our consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations," before deciding whether to invest in our common stock. The occurrence of any of the events or developments described below could materially and adversely affect our business, financial condition, results of operations and prospects. In such an event, the market price of our common stock could decline and you may lose all or part of your investment.

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

We have incurred significant losses in the past and will experience losses in the future.

We have incurred significant losses in the past and recorded a net loss of \$19.2 million for the year ended December 31, 2023, and \$24.4 million for the year ended December 31, 2022. As of December 31, 2023, we had an accumulated deficit of \$145.0 million. If we cannot make consistent progress toward future profitability, our business and our stock price may be adversely affected.

Our ability to be profitable in the future depends upon continued demand for our products from existing and new customers. Further adoption of our products depends upon our ability to improve the quality of our products, enhance clinician and physician satisfaction, and increase efficiency and productivity. In addition, our profitability will be affected by, among other things, our ability to execute on our business strategy, the timing and size of customer contracts, the pricing and costs of our products, competitive offerings, macroeconomic conditions affecting the healthcare industry, our ability to improve automation and more efficiently deliver our services, and the extent to which we invest in sales and marketing, research and development and general and administrative resources.

We may not have sufficient cash available to make interest or principal payments on our indebtedness when due, and we may be unable to find additional sources of capital to fund our operations.

In May 2022, we entered into a \$25.0 million senior term loan and accounts receivable line of credit facility under a Loan and Security Agreement with Silicon Valley Bank, which was subsequently amended on June 13, 2023 (the "Senior Secured Credit Facility Agreement"). The proceeds received under the Senior Secured Credit Facility Agreement were used, in part, to pay off all our obligations under our previous loan and security agreement with Eastward Capital Management. The principal under the Senior Secured Credit Facility Agreement is to be repaid in twenty-four consecutive equal monthly installments starting in July 2024.

In April of 2023, the Company raised \$11.8 million in net proceeds after direct financing costs of \$0.2 million, from the issuance of 3,125,000 shares of common stock, a warrant to purchase 4,375,273 shares of common stock at an exercise price of \$0.0001 per share, and a warrant to purchase 1,875,069 common stock at an exercise price of \$1.75 per share. Additionally, in November of 2023, the Company issued 7,187,500 shares of common stock and raised net proceeds of \$26.3 million, after underwriter's commissions and direct financing costs of \$2.5 million.

As of December 31, 2023, the Company's existing sources of liquidity included cash, cash equivalents and restricted cash of \$46.3 million, plus up to \$5.0 million in incremental capital available through the SVB Loan Agreement, and an additional \$5.0 million through a security purchase agreement with Redmile Group, LLC, which may be utilized starting in the second half of 2024. However, as we currently do not generate positive cash flow from operations, we cannot guarantee that we will have sufficient cash available to service our obligations under the Senior Secured Credit Facility Agreement when due. If we do not have sufficient cash flow from operations to service our debt, we will need to refinance our debt obligations or raise additional funding. There can be no assurance that we will be able to secure additional funding or refinance our existing debt on favorable terms, or at all.

Our revenue has been concentrated in a small number of customers.

Our revenue has been concentrated in a relatively small number of large customers, and we have historically derived a significant percentage of our total revenues from a few customers. For fiscal years ended December 31, 2023 and 2022, our three largest customers accounted for 47% and 46%, respectively, of our consolidated revenues. We expect that we will continue to depend upon a relatively small number of customers for a significant portion of our total revenues for the foreseeable future. If one or more of these customers terminate all or any portion of their agreement, or if we fail to procure additional commitments with these or similarly significant customers, there could be a material adverse effect on our business, financial condition, or results of operations.

Additionally, mergers or consolidations among our customers could reduce the number of our customers and could adversely affect our revenues and sales. In particular, if our customers are acquired by entities that are not also our customers, that do not use our products, or that have more favorable contract terms and choose to discontinue, reduce or change the terms of their use of our products, our business and operating results could be materially and adversely affected.

We depend on a limited number of MDS Vendors, and if we are unable to secure services from them, or the services they provide are inadequate, our business and operating results could be harmed.

We depend on a limited number of MDS Vendors in India and Sri Lanka who provide, manage and supervise a significant proportion of the MDSs we depend upon for our business. Any loss or interruption in our relationship with any of these MDS Vendors could cause interruptions or delays in the delivery of our products to our customers, and this may force us to seek services from alternative sources, either externally or internally, which may not have the required qualifications, or be available in time to meet demand or on commercially reasonable terms, if at all. In addition, any disruption in the ability of our MDS Vendors to secure services from MDSs could disrupt our offering.

The failure to achieve and maintain high-quality standards, including high accuracy of medical notes, reduction in errors that may cause harm to patients and avoidance of delays in the delivery of medical

notes, could seriously hurt our business. If our MDS Vendors fail to provide high quality services, we may incur additional costs and loss of revenues and harm to our reputation.

We have limited control over the MDSs employed by our MDS Vendors and any significant interruption in the operation of the facilities where they are employed, including an interruption caused by our failure to successfully expand or upgrade our systems or to manage these expansions or upgrades, or a failure of our MDS Vendors to handle higher volumes of use or train new personnel adequately, could reduce our ability to provide services, which could result in canceled sales, loss of revenues, and damage to our brand and reputation.

While we endeavor to ensure that our MDS Vendors and their MDSs comply with all of our corporate policies and practices, including privacy and data security practices, we have a limited ability to monitor and ensure compliance. If a Vendor deviates from these policies, our reputation with our customers may be harmed and we may incur liability from our customers or governmental agencies.

We depend on a number of technology providers, and if we are unable to source products from them then our business and operating results could be harmed.

Our products incorporate multiple software components obtained from licensors on a non-exclusive basis, such as medically tuned STT software, LLMs, cloud hosting and storage, compliance software, customer relations management software, and database and reporting software. Our license agreements can be terminated for cause. In many cases, these license agreements specify a limited term and are only renewable beyond that term with the consent of the licensor. If a licensor terminates a license agreement for cause, objects to its renewal or conditions renewal on modified terms and conditions, we may be unable to obtain licenses for equivalent software components on reasonable terms and conditions, including licensing fees, warranties or protection from infringement claims. Some licensors may discontinue licensing their software to us or support the software version used in our products. In such circumstances, we may need to redesign our products with substantial cost and time investment to incorporate alternative software components or be subject to higher royalty costs. Any of these circumstances could adversely affect the cost and availability of our products.

Our product depends on our ability to operate within the EHR systems of our customers, and if we are unable to access or integrate into these systems then our operations, business, and operating results could be harmed.

Any interruption in our ability to access our customer's EHR systems, either due to software bugs, outages or changes in EHR licenses or policies, could interfere with our ability to update patient records. For example, in 2020, Epic instituted a privacy and security policy change that restricted the ability of non-U.S. vendors from accessing the EHR system for certain Epic customers unless grandfathered. While Epic has since re-evaluated this policy, the re-institution of this policy or other similar restrictions could affect our ability to serve future customers with our foreign-based MDS vendors, and thus, negatively impact our operations.

Our significant international operations subject us to additional risks that can adversely affect our business results of operations and financial condition.

While 100% of our revenue is generated from U.S.-based health systems and clinicians, we do have significant international operations, including in emerging markets such as Bangladesh, India and Sri Lanka, and we are continuing to expand our international operations as part of our growth strategy. As of December 31, 2023, approximately 74% of our employees were in Bangladesh, where we provide service for a significant number of our clinicians, perform development activities, and conduct various support functions. As of December 31, 2023, approximately 11% of our employees were in India, which we expect to grow significantly in 2024 due to the launch of our new wholly-owned service center in Bangalore in 2022. We serve our clinicians through our MDS's who are either employees of the Company or provided by outsourced services providers. As of December 31, 2023, the percentage of our clinicians serviced by our employee MDS's in Bangladesh, the United States and India were 41%, 4% and 4%, respectively, and the percentage of our clinicians serviced by outsourced third-parties in India and Sri Lanka were 44% and 7%, respectively.

Our strategy to diversify geographical risk by operating out of several operating centers located in various cities throughout Asia may fail should we be unable to navigate the challenge of international operations. Operating in international markets, and particularly South Asia, requires significant resources and management attention and will subject us to regulatory, economic and political risks and competition that are different from those in the U.S. We cannot assure you that our international expansion efforts will be successful or that returns on such investments will be achieved in the future. In addition, our international operations may fail to succeed due to other risks inherent in operating businesses internationally, including:

- difficulties and costs associated with staffing and managing foreign operations;
- anti-bribery or corruption compliance by us or our partners;
- the potential diversion of management's attention to oversee and direct operations that are geographically distant from our United States headquarters;
- compliance with multiple, conflicting and changing governmental laws and regulations, including employment, tax, privacy, and data protection laws and regulations;
- legal systems in which our ability to enforce and protect our rights may be different or less effective than in the U.S. and in which the ultimate result of dispute resolution is more difficult to predict;
- differences in workplace cultures;
- unexpected changes in regulatory requirements;
- our ability to comply with differing technical and certification requirements outside the U.S.;
- more limited protection for intellectual property rights in some countries;
- adverse tax consequences, including as a result of transfer pricing adjustments involving our foreign operations;
- fluctuations in currency exchange rates; and
- new and different sources of competition.

Our failure to manage any of these risks successfully could harm our existing and future international operations and seriously impair our overall business.

If we fail to successfully develop and introduce new products and features to existing products, plus increase the automation of our current product in an accurate and reliable manner, our revenues, operating results, and reputation could suffer.

Our success depends, in part, upon our ability to develop and introduce new products and to add features to existing products that meet existing and new customer requirements. We may not be able to develop and introduce new products or features on a timely basis or in response to customers' changing requirements. Similarly, our new products and features, including our investments in employing AI/ML in our technology stack, use of new streaming technology products, introduction of new service features, use of new hardware devices and enhanced EHR system integration efforts, and Launch of our new product Augmedix Go, may not sufficiently differentiate us from competing products such that customers can justify deploying our products. If we encounter setbacks in our efforts to employ AI/ML and other automation tools to increase our operating efficiency, or if we employ AI/ML in a manner that reduces the accuracy or reliability of medical note creation, our business may suffer and we may be exposed to increased liability risks. Additionally, we expect to incur costs associated with the development and introduction of new products before the anticipated benefits or the returns are realized, if at all. We may experience technical problems and additional costs as we introduce new features to our platform and

service, and the productivity and satisfaction of physicians and clinicians could decrease, which might result in decreased use of our Augmedix Live and Augmedix Go Assist products. If any of these problems were to arise, our revenues, operating results, and reputation could suffer.

We may not be able to keep pace with changes in technology or provide timely enhancements to our products and services.

The market for our products is characterized by rapid technological advancements, changes in customer requirements, frequent new product introductions and enhancements, and changing industry standards. The general availability of generative AI starting in the second half of 2022, via large language models, has accelerated the pace of technology adoption and the ability of new market entrants to automate medical documentation. To maintain our growth strategy, we must adapt and respond to technological advances and new requirements of our customers. Our future success will depend on our ability to: enhance our current products; introduce new products in order to keep pace with products offered by our competitors and the evolving needs of our customers; enhance capabilities, including efforts to increase operating efficiency through improvements to our automation tools; increase the performance of our internal systems, particularly our systems that meet our customers' requirements and integration with their EHR systems; and adapt to technological advancements and changing industry and regulatory standards for privacy and the management of EHR systems. We continue to make significant investments related to the development of new technology. If our systems become outdated, it may negatively impact our ability to meet performance expectations related to quality, time to market, cost, and innovation relative to our competitors. The failure to increase efficiency for healthcare enterprises and improve patient and clinician satisfaction may adversely impact our business and operating results. The failure to continually develop enhancements and use of technologies such as AI/ML in a manner that creates accurate and reliable medical notes, as well as the failure to use new streaming technology products, make advancements in hardware devices for clinicians and further our efforts to enhance EHR systems integration all may impact our ability to increase the efficiency of, and reduce costs associated with, our operational risk management and compliance activities.

Any failure to offer high-quality customer support for our platform may adversely affect our relationships with our customers and harm our financial results.

Once our products are implemented, our customers use our support organization to resolve technical issues relating to our products. In addition, we also believe that our success in selling our products is highly dependent on our business reputation and on favorable recommendations from our existing customers. Any failure to maintain high-quality customer support, or a market perception that we do not maintain high-quality support, could harm our reputation, adversely affect our ability to maintain existing customers or sell our products to existing and prospective customers, and harm our business, operating results, and financial condition.

We may be unable to respond quickly enough to accommodate short-term increases in customer demand for support services. Increased customer demand for these services, without corresponding revenues, could also increase costs and adversely affect our operating results.

If we are unable to attract and retain key personnel, our business could be harmed.

To execute our business strategy, we must attract and retain highly qualified personnel. If any of our key employees were to leave, we could face substantial difficulty in hiring qualified successors and could experience a loss in productivity while any successor obtains the necessary training and experience. Although we have arrangements with some of our executive officers designed to promote retention, our employment relationships are generally at-will and we have had key employees leave in the past. We cannot provide any assurance that key employees will not leave in the future. In particular, we compete with many other companies for software developers and other skilled information technology, marketing, sales and operations professionals, and we may not be successful in attracting and retaining the professionals we need. We have from time to time in the past experienced, and we expect to continue to experience in the future, difficulty in hiring and difficulty in retaining highly skilled employees with appropriate qualifications. In particular, we have experienced a competitive hiring environment in the greater San Francisco Bay Area, where we are headquartered. Many of the companies with which we

compete for experienced personnel have greater resources than we do. In addition, in making employment decisions job candidates often consider the value of the equity incentives they are to receive in connection with their employment. We and our MDS Vendors also face increasing competition in the recruitment of MDSs in the U.S., Bangladesh, India and Sri Lanka, both from competitors and other opportunities emerging for those with our MDSs' skillset. If we and our MDS Vendors experience difficulty in recruiting and retaining MDSs, our business may be adversely affected. If the price of our stock declines, or experiences significant volatility, our ability to attract or retain key employees could be adversely affected. We intend to continue to hire additional highly qualified personnel, including research and development and operational personnel, but may not be able to attract, assimilate or retain qualified personnel in the future. Any failure to attract, integrate, motivate and retain these employees could harm our business.

Our operating results have fluctuated, and are likely to continue to fluctuate, making our quarterly results difficult to predict, which may cause us to miss analyst expectations and may cause the price of our common stock to decline.

Our operating results have been and may continue to be difficult to predict, even in the near term, and are likely to fluctuate as a result of a variety of factors, many of which are outside of our control.

Comparisons of our revenues and operating results on a period-to-period basis may not be meaningful. You should not rely on our past results as an indication of our future performance. Each of the following factors, among others, could cause our operating results to fluctuate from quarter to quarter:

- the financial health of our healthcare customers and budgetary constraints on their ability to outsource medical note documentation;
- the availability of government funding for healthcare facilities operated by the U.S. federal, state and local governments;
- occurrence of health epidemics or contagious diseases, such as the novel coronavirus, and potential effects on our business and operations;
- market acceptance and adoption of our product offerings;
- changes in the regulatory environment affecting our healthcare customers, including impediments to their ability to obtain reimbursement for their services;
- our ability to expand our sales and marketing operations;
- our ability to successfully integrate any future acquired businesses, technologies or assets;
- the announcement of new significant contracts or relationships;
- the procurement and deployment cycles of our healthcare customers and the length of our sales cycles;
- changes in how healthcare operating and capital budgets are administered within the enterprise;
- developments, such as lower reimbursement rates for services or higher delivery costs, that negatively impact health systems operating profits and their future budget expectations;
- changes in customer deployment timelines;
- variations in the number of new customers booked;
- our mix of products and the varying revenue recognition rules that apply;
- new competitive product launches that negatively impact sales or our sales cycle;

- acquisitions or mergers of our competitors, or new partnerships that create new competitors, that create uncertainty in the market and impact our sales or our sales cycle;
- pricing, including discounts by us or our competitors;
- our ability to successfully deploy our products in a timely manner;
- our ability to forecast demand and manage operations efficiently;
- our ability to develop and introduce new products, such as Augmedix Go, and features to existing products that achieve market acceptance;
- federal or state government shutdowns;
- fluctuations in foreign currencies in Bangladesh, India and Sri Lanka; and
- future accounting pronouncements and changes in accounting policies.

We are subject to various state, federal and foreign laws and regulations, including healthcare, fraud and abuse laws and regulations that may impact our business and could subject us to significant fines and penalties or other negative consequences.

Our operations may be directly or indirectly subject to various state and federal healthcare laws, including, without limitation, the federal Anti-Kickback Statute, federal civil and criminal false claims laws, HIPAA, and the federal criminal fraud statutes. These laws may impact, among other things, the sales, for Augmedix Go, Augmedix Go Assist, Augmedix Live and Augmedix Prep. In addition, the inability of our customers to use our services and technology products in a manner that complies with those laws and regulations could affect the marketability of our services and technology products or our compliance with our customer contracts, or even expose us to claims, litigation and substantial liability. A number of federal and state laws, including anti-kickback restrictions and laws prohibiting the submission of false or fraudulent claims, apply to healthcare providers and others that make, or cause to be made, claims for payments for items or services that may be paid for by any federal or state healthcare program and, in some instances, any private program. These laws are complex, and their application to our specific products, services and relationships may not be clear and may be applied to our business in ways that we do not anticipate.

The federal Anti-Kickback Statute prohibits persons and entities from knowingly and willingly soliciting, offering, receiving or providing remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual or the furnishing or arranging for a good or service, for which payment may be made under a federal healthcare program, such as the Medicare and Medicaid programs. Courts have interpreted the statute's intent requirement to mean that if any one purpose of an arrangement involving remuneration is to induce referrals of federal healthcare covered business, the statute has been violated. Additionally, the Patient Protection and Affordable Care Act, or PPACA, amended the intent requirement of the federal Anti-Kickback Statute such that a person or entity no longer needs to have actual knowledge of the statute or specific intent to violate it to have committed a violation. The Anti-Kickback Statute is broad and prohibits many arrangements and practices that would otherwise be lawful in businesses outside of the healthcare industry.

The federal civil and criminal false claims laws, including the civil False Claims Act, prohibit, among other things, persons or entities from knowingly presenting, or causing to be presented, a false claim to, or the knowing use of false statements to obtain payment from or approval by the federal government, including the Medicare and Medicaid programs, or knowingly making, using, or causing to be made or used a false record or statement material to a false or fraudulent claim or to avoid, decrease or conceal an obligation to pay money to the federal government. PPACA codified case law that provides that the government may assert that a claim arising from items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the civil False Claims Act. The government has prosecuted certain software vendors that provided coding, and other clinical support services, causing the submission of false or fraudulent claims in violation of the FCA, or misrepresenting the capabilities of

its software and payment of kickbacks to certain customers in exchange for promoting its product in violation of the Anti-Kickback Statute and FCA. Suits filed under the civil False Claims Act, known as “qui tam” actions, can be brought by any individual on behalf of the government and such individuals, commonly known as “whistleblowers,” may share in any amounts paid by the entity to the government in fines or settlement. Many healthcare companies have recently been investigated or subject to lawsuits by whistleblowers and have reached substantial financial settlements with the federal government under the civil False Claims Act.

HIPAA created additional federal criminal statutes that prohibit, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, knowingly and willfully embezzling or stealing from a healthcare benefit program, willfully obstructing a criminal investigation of a healthcare offense, and knowingly and willfully falsifying, concealing, or covering up a material fact or making any materially false, fictitious, or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the Anti-Kickback Statute, PPACA amended the intent requirement of the criminal healthcare fraud statutes such that a person or entity no longer needs to have actual knowledge of the statute or intent to violate it to have committed a violation.

Many states and foreign jurisdictions have similar laws and regulations, such as anti-kickback, anti-bribery and corruption, false claims, privacy and data protection laws, to which we are currently and/or may in the future, be subject. We are also subject to numerous other laws and regulations that are not specific to the healthcare industry. For instance, the FCPA, prohibits companies and individuals from engaging in specified activities to obtain or retain business or to influence a person working in an official capacity. Under the FCPA, it is illegal to pay, offer to pay or authorize the payment of anything of value to any foreign government official, governmental staff members, political party or political candidate in an attempt to obtain or retain business or to otherwise influence a person working in an official capacity. The FCPA also requires public companies to make and keep books and records that accurately and fairly reflect the transactions of the corporation and to devise and maintain an adequate system of internal accounting controls.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities, including certain revenue sharing arrangements we have with potential referral sources, could be subject to challenge under one or more of such laws. Although we take our obligation to maintain our compliance with these various laws and regulations seriously and our compliance program is designed to prevent the violation of these laws and regulations, we cannot guarantee that our compliance program will be sufficient or effective, that we will be able to integrate the operations of acquired businesses into our compliance program on a timely basis, that our employees will comply with our policies and that our employees will notify us of any violation of our policies, that we will have the ability to take appropriate and timely corrective action in response to any such violation, or that we will make decisions and take actions that will necessarily limit or avoid liability for whistleblower claims that individuals, such as employees or former employees, may bring against us or that governmental authorities may prosecute against us based on information provided by individuals. If we are found to be in violation of any of the laws and regulations described above or other applicable state and federal healthcare laws, we may be subject to penalties, including civil, criminal and administrative penalties, damages, fines, disgorgement, contractual damages, reputational harm, imprisonment, diminished profits and future earnings, exclusion from government healthcare reimbursement programs, additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, and/or the curtailment or restructuring of our operations, any of which could have a material adverse effect on our business, results of operations and growth prospects. Any action against us for violation of these laws or regulations, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management’s attention from the operation of our business. Moreover, achieving and sustaining compliance with applicable federal, state and foreign healthcare laws is costly and time-consuming for our management.

Actual or perceived failures to comply with applicable data protection, privacy and security laws, regulations, standards and other requirements could adversely affect our business, results of operations, and financial condition.

The global data protection landscape is rapidly evolving, and we are or may become subject to numerous state, federal and foreign laws, requirements and regulations governing the collection, use, disclosure, retention, and security of personal information, including health-related information. This evolution may create uncertainty in our business, affect our ability to operate in certain jurisdictions or to collect, store, transfer, use and share personal information, necessitate the acceptance of more onerous obligations in our contracts, or result in liability or impose additional costs on us. The cost of compliance with these laws, regulations and standards is high and is likely to increase in the future. Any failure or perceived failure by us to comply with federal, state or foreign laws or regulations, our internal policies and procedures or our contracts governing our processing of personal information could result in negative publicity, government investigations and enforcement actions, claims by third parties, and damage to our reputation, any of which could have a material adverse effect on our operations, financial performance and business.

In the U.S., HIPAA imposes certain obligations on “covered entities,” including certain healthcare providers, health plans, and healthcare clearinghouses, and their respective “business associates” that create, receive, maintain or transmit individually identifiable health information for or on behalf of a covered entity, as well as their covered subcontractors with respect to safeguarding the privacy, security and transmission of PHI. Entities that are found to be in violation of HIPAA, whether as the result of a breach of unsecured PHI, a complaint about privacy practices, or an audit by the U.S. Department of Health and Human Services (“HHS”), may be subject to significant civil, criminal, and administrative fines and penalties and/or additional reporting and oversight obligations if required to enter into a resolution agreement and corrective action plan with HHS to settle allegations of HIPAA non-compliance.

Certain states have also adopted comparable privacy and security laws and regulations, some of which may be more stringent than HIPAA. Such laws and regulations will be subject to interpretation by various courts and other governmental authorities, thus creating potentially complex compliance issues for us and our future customers and strategic partners. In addition, the California Consumer Privacy Act of 2018, or CCPA, went into effect on January 1, 2020. The CCPA creates individual privacy rights for California consumers and increases the privacy and security obligations of entities handling certain personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that are expected to increase data breach litigation. The CCPA may increase our compliance costs and potential liability, and many similar laws have been proposed at the federal level and in other states. Further, California has passed a supplement to the CCPA known as the California Privacy Rights Act, or CPRA. The CPRA imposes additional data protection obligations on covered businesses, including additional consumer rights processes, limitation on data uses, new audit requirements for higher risk data, and opt outs for certain uses of sensitive data. It also established a new California data protection agency authorized to issue substantive regulations and could result in increased privacy and information security enforcement. The majority of these provisions went into effect on January 1, 2023, and additional compliance investment and potential business process changes may be required. In the event that we are subject to or affected by HIPAA, the CCPA, the CPRA or other domestic privacy and data protection laws, any liability from failure to comply with the requirements of these laws could adversely affect our financial condition.

Even when HIPAA does not apply, according to the Federal Trade Commission, or the FTC, failing to take appropriate steps to keep consumers’ personal information secure may constitute unfair acts or practices in or affecting commerce in violation of the Federal Trade Commission Act. The FTC expects a company’s data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities. Individually identifiable health information is considered sensitive data that merits stronger safeguards.

We also may be bound by contractual and other obligations relating to privacy, data protection, and information security that are more stringent than applicable laws and regulations. The costs of compliance with, and other burdens imposed by, laws, regulations, standards, and other obligations relating to

privacy, data protection, and information security are significant. Although we work to comply with applicable laws, regulations, and standards, and our contractual and other legal obligations, these requirements are evolving and may be modified, interpreted and applied in an inconsistent manner from one jurisdiction to another, and may conflict with another or other legal obligations with which we must comply. Accordingly, our failure, or perceived inability, to comply with these laws, regulations, standards, and other obligations may limit the use and adoption of our product, reduce overall demand for our product, lead to regulatory investigations, breach of contract claims, litigation, and significant fines, penalties, or liabilities for actual or alleged noncompliance or slow the pace at which we close sales transactions, any of which could harm our business.

Efforts to comply with regulatory mandates to increase the use of electronic health information and health system interoperability may lead to negative publicity which could adversely affect our business.

For many years, a primary focus of the healthcare industry has been to increase the use of EHRs and the sharing of the health data among providers, payors and other members of the industry. The federal government has been a significant driver of that initiative through rules and regulations. In 2009, as part of HITECH, the federal government set aside \$27 billion of incentives for hospitals and providers to adopt EHR systems. In 2019, the Centers for Medicare & Medicaid Services (the “CMS”), proposed policy changes supporting its MyHealthEData initiative to improve patient access and advance electronic data exchange and care coordination throughout the healthcare system. In March 2020, the HHS Office of the National Coordinator for Health Information Technology, or ONC, and CMS finalized and issued complementary rules that are intended to clarify provisions of the 21st Century Cures Act regarding interoperability and information blocking, and includes, among other things, requirements surrounding information blocking, changes to ONC’s health IT certification program and requirements that CMS-regulated payors make relevant claims/care data and provider directory information available through standardized patient access and provider directory application programming interfaces, or APIs, that connect to provider EHRs. The companion rules will transform the way in which healthcare providers, health IT developers, health information exchanges/health information networks, or HIEs/HINs, and health plans share patient information, and create significant new requirements for healthcare industry participants. For example, the ONC rule, which went into effect on April 5, 2021, prohibits healthcare providers, health IT developers of certified health IT, and HIEs/HINs from engaging in practices that are likely to interfere with, prevent, materially discourage, or otherwise inhibit the access, exchange or use of electronic health information, or EHI, as known as “information blocking.” To further support access and exchange of EHI, the ONC rule identifies eight “reasonable and necessary activities” as exceptions to information blocking activities, as long as specific conditions are met. Any failure to comply with these rules could have a material adverse effect on our business, results of operations, and financial condition.

The goals of increased use of electronic health data and interoperability are improved quality of care and lower healthcare costs generally, and the services we provide rely upon the necessity of electronic health data. However, increased use of electronic health data and the interoperability between our services and those systems inherently magnifies the risk of security breaches involving those data and information systems, including our own. Additionally, the sharing of health information such as that we produce and summarized through Live and Notes, has received increasingly negative publicity. There is at least one well publicized instance where organizations received significant negative publicity for sharing health data despite having appeared to comply in all respects with privacy laws. There can be no assurance that our efforts to improve the services we deliver and to comply with the law through the use of electronic data and system interoperability will not receive negative publicity that may materially and adversely affect our ability to serve clinicians. Negative publicity may also lead to federal or state regulation that conflicts with current federal policy and interferes with the healthcare industry’s efforts to improve care and reduce costs through use of electronic data and interoperability. Further regulation of EHR systems and health records generally may also interfere with our intelligence automation efforts to help automate the medical note creation process.

The healthcare industry is highly regulated. Any material changes in the political, economic or regulatory healthcare environment that affect the group purchasing business or the purchasing practices and operations of healthcare organizations, or that lead to consolidation in the healthcare industry, could require us to modify our services or reduce the funds available to providers to purchase our products and services.

Our business, financial condition, and results of operations depend upon conditions affecting the healthcare industry generally and hospitals and health systems particularly. Our ability to grow will depend upon the economic environment of the healthcare industry, as well as our ability to increase the number and quality of products that we sell to our customers. The healthcare industry is highly regulated and is subject to changing political, economic and regulatory influences. Factors such as changes in reimbursement policies for healthcare expenses, consolidation in the healthcare industry, regulation, litigation and general economic conditions affect the purchasing practices, operation and, ultimately, the operating funds of healthcare organizations. In particular, changes in regulations affecting EHRs, or restrictions on permissible discounts and other financial arrangements, could require us to make unplanned modifications to our products and services, or result in delays or cancellations of orders or reduce funds and demand for our products and services.

If our products experience data security breaches, and there is unauthorized access to our customers' data, we may lose current or future customers, our reputation and business may be harmed and we may incur significant liabilities.

Our products are used by our customers to manage and store personally identifiable information, proprietary information and sensitive or confidential data relating to their business. Although we maintain security features in our products, our security measures may not detect or prevent hacker interceptions, break-ins, security breaches, the introduction of viruses or malicious code, such as "ransomware," and other disruptions that may jeopardize the security of information stored in and transmitted by our products. Cyber attacks and other malicious Internet-based activity continue to increase generally and may be directed at either the product used by our customers or our corporate information technology software and infrastructure.

Because techniques used to obtain unauthorized access, exploit vulnerabilities or sabotage systems change frequently and generally are not identified until they are launched against a target, we may be unable to anticipate these techniques, patch vulnerabilities, or implement adequate preventative measures. Certain of our customers may have a greater sensitivity to security defects or breaches in our software than to defects in other, less critical, software products. Any actual or perceived security breach or theft of the business-critical data of one or more of our customers, regardless of whether the breach is attributable to the failure of our software or products, may adversely affect the market's perception of our products. There can be no assurance that limitation of liability, indemnification or other protective provisions in our contracts would be applicable, enforceable, or adequate in connection with a security breach, or would otherwise protect us from any such liabilities or damages with respect to any particular claim. We also cannot be sure that our existing general liability insurance coverage and coverage for errors or omissions will continue to be available on acceptable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not deny coverage as to any future claim. One or more large claims may be asserted against us that exceeds our available insurance coverage, or changes in our insurance policies may occur, including premium increases or the imposition of large deductible or co-insurance requirements. Because the majority of our employees, MDS Vendors and MDSs shifted to remote work due to local shelter-in-place orders arising from the COVID-19 pandemic, and in some cases have been slow to return to work from office due to inertia or changes in physical location, our ability to safeguard our systems may be adversely impacted, and we may be more susceptible to data security breaches.

Furthermore, a party that is able to circumvent our security measures or exploit any vulnerabilities in our products could misappropriate our or our customers' proprietary or confidential information, cause interruption in their operations, damage or misuse their computer systems, misuse any information that they misappropriate, cause early termination of our contracts, subject us to notification and indemnity obligations, litigation, and regulatory investigation or governmental sanctions, cause us to lose existing customers, and harm our ability to attract future customers. Because our business is reliant on integration

with EHR systems of healthcare providers, and the protection of sensitive patient information, any such breach could cause harm to our reputation, business, financial condition and results of operations, and we may incur significant liability, and as a result our business and financial position may be harmed.

Our business and reputation may be impacted by IT system failures or other disruptions.

We may be subject to IT systems failures and network disruptions. These may be caused by natural disasters, accidents, power disruptions, telecommunications failures, acts of terrorism or war, computer viruses, cyber attacks, failures in third-party provided services, physical or electronic break-ins, software updates, or other events or disruptions. System redundancy may be ineffective or inadequate, and our disaster recovery planning may not be sufficient for all eventualities. Such failures or disruptions could prevent access to or the delivery of certain of our products or services, compromise our data or our customers' data or result in delayed or canceled orders, as well as potentially expose us to third-party claims. System failures and disruptions could also impede our transactions processing services and financial reporting.

War, terrorism, geopolitical uncertainties, public health issues, pandemics, and other business disruptions have caused and could cause damage to the global economy, and thus have a material and adverse impact on our business, financial condition and operating results. For instance, the current Israel-Hamas war has led to attacks on global internet and telecommunications cables, which could impact our business operations including communications with our Bangladesh and India offices. Our business operations are also subject to interruption by natural disasters, fire, power shortages, terrorist attacks and other hostile acts, labor disputes, public health issues and other issues beyond our control. Such events could decrease our demand for our products or services or make it difficult or impossible for us to develop and deliver our products or services to our customers. A significant portion of our research and development activities, our corporate headquarters, our IT systems and certain of our other critical business operations are concentrated in a few geographic areas. In the event of a business disruption in one or more of those areas, our ability to provide medical note documentation services could suffer, and we could incur significant losses, require substantial recovery time, and experience significant expenditures in order to resume operations, which could materially and adversely impact our business, financial condition and operating results.

Unauthorized use of our proprietary technology and intellectual property could adversely affect our business and results of operations.

Our success and competitive position depend in large part on our ability to obtain and maintain intellectual property rights protecting our products and services. We rely on a combination of patents, copyrights, trademarks, service marks, trade secrets, know-how, confidentiality provisions and licensing arrangements to establish and protect our intellectual property and proprietary rights. Unauthorized parties may attempt to copy or discover aspects of our products or to obtain, license, sell or otherwise use information that we regard as proprietary. Policing unauthorized use of our products is difficult and we may not be able to protect our technology from unauthorized use. Additionally, our competitors may independently develop technologies that are substantially the same or superior to our technologies and that do not infringe our rights. In these cases, we would be unable to prevent our competitors from selling or licensing these similar or superior technologies. In addition, the laws of some foreign countries do not protect our proprietary rights to the same extent as the laws of the U.S., and litigation may be necessary to enforce our intellectual property rights, to protect our trade secrets, to determine the validity and scope of the proprietary rights of others, or to defend against claims of infringement or invalidity. Litigation, regardless of the outcome, can be very expensive and can divert management focus and efforts.

Our sales cycles are lengthy, and it is difficult for us to predict when or if sales will occur.

Our sales efforts are often targeted at larger healthcare systems and large physician specialty practices, and as a result, we face greater costs, must devote greater sales support to individual customers, have longer sales cycles and have less predictability in completing some of our sales. Also, sales to large healthcare systems often require us to provide greater levels of evidence regarding the benefits of our products. In 2023, our average sales cycle length for a new customer across all customer segments was approximately three months. For physician practices, the average was about one and a half months and approximately five months for large healthcare enterprises, as measured from the point of initial contact with a potential client to the time a contract is signed. Our average sales cycle for an expansion of an existing client was approximately one month.

We believe that our customers view the purchase of our products as a significant and strategic decision. As a result, customers carefully evaluate our products, often over long periods with a variety of internal constituencies. In addition, the sales of our products may be subject to delays if the customer has lengthy internal budgeting, integration, information security reviews, approval and evaluation processes, which are quite common in the context of introducing large enterprise-wide technology products in the healthcare industry. As a result, it is difficult to predict the timing of our future sales.

We depend on our management team and our key sales and development and services personnel, and the loss of one or more key employees or groups could harm our business and prevent us from implementing our business plan in a timely manner.

Our success depends on the expertise, efficacy and continued services of our executive officers. We have in the past, and may in the future, experience changes in our executive management team resulting from the departure of executives or subsequent hiring of new executives, which may be disruptive to our business. Any changes in business strategies or leadership can create uncertainty, may negatively impact our ability to execute our business strategy quickly and effectively and may ultimately be unsuccessful. The impact of hiring new executives may not be immediately realized. We are also dependent on the continued service of our existing development and services personnel because of their familiarity with the inherent complexities of our systems and products.

Failure to adequately expand and train our direct sales force will impede our growth.

We rely almost exclusively on our direct sales force to sell our products. We believe that our future growth will depend, to a significant extent, on the continued development of our direct sales force and its ability to manage and retain our existing customer base, expand the sales of our products to existing customers and obtain new customers. Because our product is complex and often must interoperate with complex healthcare provider workflows and systems, it can take longer for our sales personnel to become fully productive. Our ability to achieve significant growth in revenues in the future will depend, in large part, on our success in recruiting, training and retaining a sufficient number of direct sales personnel. New hires require significant training and may, in some cases, take considerable time before becoming fully productive, if at all. If we are unable to hire and develop sufficient numbers of productive direct sales personnel, and if these sales personnel are unable to achieve full productivity, sales of our products will suffer and our growth will be impeded.

If we fail to increase market awareness of our brand and products, expand our sales and marketing operations, improve our sales execution, and increase our sales channels, our business could be harmed.

We intend to continue to add personnel and resources in sales and marketing as we focus on expanding awareness of our brand and products and capitalize on sales opportunities with new and existing customers. Our efforts to improve sales of our products will result in an increase in our sales and marketing and general and administrative expenses, and these efforts may not be successful. Some newly hired sales and marketing personnel may subsequently be determined to be unproductive and have to be replaced, resulting in operational and sales delays and incremental costs. If we are unable to significantly increase the awareness of our brand and products or effectively manage the costs associated with these efforts, our business, financial condition and operating results could be harmed.

We must increase the number of our sales opportunities to grow our revenues. We must improve the market awareness of our products, expand our relationships with our channel partners and create new channel partnerships, in order to increase our revenues. Further, we believe that we must continue to develop our relationships with new and existing customers and partners and create additional sales opportunities to effectively and efficiently extend our geographic reach and market penetration. Our efforts to improve our sales execution could result in a material increase in our sales and marketing and general and administrative expenses, and there can be no assurance that such efforts will be successful. Some of our competitors have significantly more resources to devote to brand awareness and marketing, which could adversely impact our ability to build brand awareness and generate leads. Further, as we increase our efforts to target smaller medical practices and independent physicians as well as leverage channel partnerships to drive sales, we may be unable to tailor our sales efforts to these strategies. If we are unable to significantly improve our sales execution, increase the awareness of our products, create additional sales opportunities, expand our relationships with channel partners, leverage our relationship with strategic partners, or effectively manage the costs associated with these efforts, our operating results and financial condition could be materially and adversely affected.

Our revenues are dependent on our ability to maintain and expand existing customer relationships and our ability to attract new customers.

The continued growth of our revenues is dependent in part on our ability to expand the use of our products by existing customers and attract new customers. Our customers have no obligation to renew their agreements after the expiration of the initial contract term, and there can be no assurance that they will do so. We have had in the past, and may in the future, have customers discontinue the use of our products, which may impact such customers' decisions to continue to use our products.

If we are unable to expand our customers' use of our products (which principally involves ensuring that more physicians and clinicians within our existing healthcare group customers adopt our products), maintain our renewal rates and expand our customer base, our revenues may decline or fail to increase at historical growth rates, which could adversely affect our business and operating results. In addition, if our customers experience dissatisfaction with our service in the future, we may find it more difficult to increase use of our products within our existing customer base and it may be more difficult to attract new customers, or we may be required to grant credits or refunds, any of which could negatively impact our operating results and materially harm our business.

Our industry is highly competitive, and we may not be able to compete effectively.

Our industry is highly competitive, highly fragmented, and subject to rapid change. We believe that the principal competitive factors in our markets are service quality, breadth and depth of services, technology and domain expertise, reliability of products, services and personnel, the ability to attract, train and retain qualified people, compliance rigor, price, and marketing and sales capabilities. In particular, as AI/ML technology develops further and begins to proliferate, competitors may be able to better utilize this technology to automate the medical note documentation process, rendering our products less competitive. Furthermore, the recruitment and retention of MDSs has become more competitive in the United States, Bangladesh, India and Sri Lanka as increasing opportunities emerge for our trained MDSs, and we may be unable to attract and retain high quality people which could cause the quality and competitiveness of our medical note documentation products to suffer. We compete for business with a variety of companies, including large multinational firms that provide consulting, technology and/or transcription services, off-shore transcription service providers in low-cost locations, and in-house staff of potential customers. We also are now directly competing with EHR systems that manage patient charts, as several EHR software providers have developed their own competing AI/ML documentation offerings.

Some of our competitors have greater financial, marketing, technological or other resources and larger client bases than we do and may expand their service offerings and compete more effectively for customers and employees than we do. Some of our competitors have more established reputations and client relationships in our markets than we do. There could also be new competitors that are more powerful as a result of strategic consolidation of smaller competitors or of companies that each provide different services or service different industries. If our competitors develop, acquire, or market

technologies or products that are more effective than ours, this could reduce or eliminate our commercial opportunity.

Increased competition may result in lower prices and volumes, higher costs for resources, especially people, and lower profitability. We may not be able to supply customers with services that they deem superior and at competitive prices and we may lose business to our competitors. Any inability to compete effectively would adversely affect our business, results of operations, and financial condition.

Our business is subject to the risks of earthquakes, fire, floods and other natural catastrophic events, and to interruption by man-made problems such as power disruptions or terrorism.

Our corporate headquarters are located in the San Francisco Bay Area, a region known for seismic activity, and most of our MDSs and MDS Vendors are located in South Asia, a region known to suffer terrorism and natural disasters, including floods, typhoons, droughts and epidemics or contagious diseases. A significant natural disaster, such as an earthquake, fire or flood, or epidemic or contagious disease, such as the COVID-19 pandemic, occurring at our headquarters, our other facilities, or where our MDSs are located, could harm our business, operating results and financial condition. In addition, acts of terrorism could cause disruptions in our business, the businesses of our customers and suppliers, or the economy as a whole. We also rely on information technology systems to communicate among our workforce located worldwide, and in particular, our senior management, general and administrative, and research and development activities that are coordinated with our corporate headquarters in the San Francisco Bay Area. Any disruption to our internal communications, whether caused by a natural disaster, an epidemic or contagious disease, or by man-made problems, such as power disruptions, in the San Francisco Bay Area, Bangladesh, India or Sri Lanka could delay our research and development efforts, cause delays or cancellations of customer orders or delay deployment of our products, which could harm our business, operating results and financial condition.

Our use of open source and non-commercial software components could impose risks and limitations on our ability to commercialize our products.

Our products contain software modules licensed under open source and other types of non-commercial licenses. We also may incorporate open source and other licensed software into our products in the future. Use and distribution of such software may entail greater risks than use of third-party commercial software, as licenses of these types generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. Some of these licenses require the release of our proprietary source code to the public if we combine our proprietary software with open-source software in certain manners. This could allow competitors to create similar products with lower development effort and time and ultimately result in a loss of sales for us.

The terms of many open source and other non-commercial licenses have not been judicially interpreted, and there is a risk that such licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our products. In such event, in order to continue offering our products, we could be required to seek licenses from alternative licensors, which may not be available on a commercially reasonable basis or at all, to re-engineer our products or to discontinue the sale of our products in the event we cannot obtain a license or re-engineer our products on a timely basis, any of which could harm our business and operating results. In addition, if an owner of licensed software were to allege that we had not complied with the conditions of the corresponding license agreement, we could incur significant legal costs defending ourselves against such allegations. In the event such claims were successful, we could be subject to significant damages, be required to disclose our source code or be enjoined from the distribution of our products.

We rely on a small number of third-party service providers to host and deliver our products, and any interruptions or delays in services from these third parties could impair the delivery of our cloud-based products and harm our business.

We currently operate our products primarily through third-party data centers. We do not control the operation of these facilities. These facilities are vulnerable to damage or interruption from natural disasters, fires, power loss, telecommunications failures and similar events. They are also subject to break-ins, computer viruses, sabotage, intentional acts of vandalism and other misconduct. The occurrence of a natural disaster or an act of terrorism, a decision to close the facilities without adequate notice or other unanticipated problems could result in lengthy interruptions, which would have a serious adverse impact on our business. Additionally, our data center agreements are of limited duration, subject to early termination rights in certain circumstances, may include inadequate indemnification and liability provisions, and the providers of our data centers have no obligation to renew their agreements with us on commercially reasonable terms, or at all.

We currently employ third-party data centers in the U.S. for hosting our products and for retention of data, and we may transfer data to other providers or locations. Despite precautions taken during this process, any unsuccessful data transfers may impair the delivery of our service. Interruptions in our service, data loss or corruption may subject us to liability to our customers, cause customers to terminate their agreements and adversely affect our renewal rates and our ability to attract new customers. Data transfers may also subject us to regional privacy and data protection laws that apply to the transmission of customer data across international borders.

We also depend on access to the Internet through third-party bandwidth providers to operate our products. If we lose the services of one or more of our bandwidth providers, or if these providers experience outages, for any reason, we could experience disruption in delivering our cloud-based products or we could be required to retain the services of a replacement bandwidth provider. Any Internet, data center, or cloud hosting outages or delays could adversely affect our ability to provide our products to our customers and may require us to provide service credits to our customers that negatively impact our financial results. Our data center operations also rely heavily on the availability of electricity, which also comes from third-party providers. If we or the third-party data center facilities that we use to deliver our services were to experience a major power outage or if the cost of electricity were to increase significantly, our operations and financial results could be harmed. If we or our third-party data centers were to experience a major power outage, we or they would have to rely on back-up generators, which might not work properly or might not provide an adequate supply during a major power outage. Such a power outage could result in a significant disruption of our business.

The estimates of market opportunity and forecasts of market growth included in this Annual Report may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all.

Market opportunity estimates and growth forecasts included in this Annual Report, including those we have generated ourselves, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The variables that go into the calculation of our market opportunity are subject to change over time, and there is no guarantee that any particular number or percentage of addressable users or companies covered by our market opportunity estimates will purchase our products at all or generate any particular level of revenues for us. Any expansion in our market depends on a number of factors, including the cost, performance, and perceived value associated with our services relative to those of our competitors. Even if the market in which we compete meets the size estimates and growth forecasted in this Annual Report, our business could fail to grow at similar rates, if at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties. Accordingly, the forecasts of market growth included in this Annual Report should not be taken as indicative of our future growth.

We may require additional capital to support our business growth, and such capital may not be available.

We intend to continue to make investments to support business growth and may require additional funds to respond to business challenges, which include the need to develop new products or enhance existing products, enhance our operating infrastructure, expand our sales and marketing capabilities, and acquire complementary businesses, technologies or assets. Accordingly, we may need to engage in additional equity or debt financing to secure funds. Equity and debt financing, however, might not be available when needed or, if available, might not be available on terms satisfactory to us. If we raise additional funds through equity financing, our stockholders may experience dilution. Debt financing, if available, may involve covenants restricting our operations or our ability to incur additional debt. If we are unable to obtain adequate financing or financing on terms satisfactory to us in the future, our ability to continue to support our business growth and to respond to business challenges could be significantly limited as we may have to delay, reduce the scope of, or eliminate some or all of our initiatives, which could harm our operating results.

Our Senior Secured Credit Facility Credit Agreement provides our lender with first-priority liens against substantially all of our assets, including our intellectual property, and contains covenants and other restrictions on our actions, which could limit our operational flexibility and otherwise adversely affect our financial condition.

Our Senior Secured Credit Facility Credit Agreements restricts our ability to, among other things:

- convey, sell, lease, transfer or otherwise dispose of our business or property;
- liquidate or dissolve;
- engage in any business other than the business currently engaged in or reasonably related thereto;
- engage in business combinations or acquisitions;
- incur additional indebtedness;
- allow any lien or encumbrance on any of our property;
- pay any dividends or repurchase any stock; or
- make payment on or amend the terms of any subordinated debt.

Our failure to comply with the covenants or meet our payment requirements, or the occurrence of other events specified in our Senior Secured Credit Facilities Credit Agreement, could result in an event of default under the Senior Secured Credit Facilities Credit Agreement, which would give our lender the ability to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be immediately due and payable. In addition, we have granted our lender first-priority liens against all our personal property assets, including our intellectual property, as collateral. If the debt under our Senior Secured Credit Facilities Credit Agreements was to be accelerated, we may not have sufficient cash on hand to repay it. Further, in such an event, if we are unable to repay, refinance or restructure our indebtedness under our Senior Secured Credit Facilities Credit Agreement, the lender could proceed against the collateral securing that indebtedness, which may result in the loss of crucial assets, including our intellectual property rights. The acceleration of our obligations under the Senior Secured Credit Facilities Credit Agreement, or the lender proceeding against the collateral securing such obligations, would have an immediate adverse effect on our business and operating results.

Our reported financial results may be adversely affected by changes in accounting principles generally accepted in the U.S.

U.S. generally accepted accounting principles ("GAAP") is subject to interpretation by the Financial Accounting Standards Board (the "FASB"), the U.S. Securities and Exchange Commission (the "SEC") and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported operating results and financial condition and could affect the reporting of transactions already completed before the announcement of a change.

A significant change to the number and size of subscriptions contracts in any one quarter will not be fully reflected in that quarter, and will have a bigger impact on the next quarter, making future quarter revenue potentially difficult to predict and significantly different than the most recently reported quarter.

Under accounting standards update No. 2014-09, Revenue from Contracts with Customers, ("ASC 606"), we recognize revenues when our customer obtains control of goods or services in an amount that reflects the consideration that we expect to receive in exchange for those goods or services. Our subscription revenues consist of the monthly service fees for Live and Notes services. A significant increase or decline in our subscription contracts in any one quarter may not be fully reflected in the results for that quarter but will affect our revenues in future quarters. Such changes may make it challenging to forecast our revenues for future periods, as both the mix of products and services we will sell in a given period, as well as the size of contracts, is difficult to predict.

Given the foregoing factors, our actual results could differ significantly from our estimates, and our past results may not be indicative of our future performance.

If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our operating results could be adversely affected.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity, and the amount of revenues and expenses that are not readily apparent from other sources. The Company's significant estimates and judgments relate to the incremental borrowing rate used to measure operating lease liabilities and right of use assets, and share-based compensation, including expected volatility used to measure the fair value of stock options and stock appreciation rights. Our operating results may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the trading price of our common stock.

We are exposed to fluctuations in currency exchange rates, which could negatively affect our financial condition and operating results.

Our sales contracts are denominated in U.S. dollars. However, a portion of our operating expenses are incurred in Bangladesh and India and are denominated in Bangladeshi Takas and Indian Rupees and are therefore subject to fluctuations due to changes in those currencies' exchange rates in relation to the U.S. dollar. Historically, we have not, and we currently do not, use foreign exchange forward contracts to hedge against certain cash flow exposures resulting from changes in foreign currency exchange rates. We may decide to use forward currency contracts in the future, but this hedging strategy may not ultimately be effective and may adversely affect our financial condition and operating results.

Employee wage increases may prevent us from sustaining our competitive advantage and may reduce our profit margin.

A significant part of our competitive advantage has historically been a wage cost advantage relative to companies in the U.S. and the ability to attract and retain skilled employees outside the U.S. We believe, however, that because of rapid economic growth in India, Sri Lanka, and Bangladesh and the increased competition for skilled employees in those countries, wages for comparably skilled employees are increasing at a faster rate than in the U.S., which may reduce this competitive advantage. We may need to increase the levels of employee compensation more rapidly than in the past to remain competitive in attracting and retaining the quality and number of employees that our business requires. To the extent that we are not able to control or share wage increases with our customers, wage increases may reduce our margins. We will attempt to control such costs through increased reliance on technologies, such as AI and ML, in the delivery of our services, but we may not be successful in doing so.

Financial volatility and geopolitical instability outside of the U.S. may adversely impact the U.S. and global economies.

We could experience negative impacts to our business and results of operations as a result of macroeconomic, geopolitical and other challenges, uncertainties and volatility. For example, the ongoing action of Russian military forces and support personnel in Ukraine has escalated tensions between Russia and the U.S., the North Atlantic Treaty Organization, the European Union (the "EU") and the United Kingdom (the "U.K."). The U.S. has imposed financial and economic sanctions and export controls against certain Russian organizations and/or individuals, with similar actions, either implemented or planned by the EU, the U.K. and other jurisdictions. The U.S., the EU, and the U.K. each imposed packages of financial and economic sanctions that, in various ways, constrain transactions with numerous Russian entities and individuals; transactions in Russian sovereign debt; and investment, trade, and financing to, from, or in certain regions of Ukraine. The action of Russian military forces and support personnel in Ukraine and the foregoing actions by the U.S., the EU, the U.K. and other jurisdictions could have a lasting impact on regional and global economies. It is not possible to predict to what extent the ongoing events may negatively impact economies around the world, including the U.S. Continued adverse economic conditions could have a material adverse effect on our business, financial condition and results of operations.

Adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults or non-performance by financial institutions or transactional counterparties, could adversely affect our current and projected business operations and its financial condition and results of operations.

We regularly maintain cash balances at third-party financial institutions, such as Silicon Valley Bank, a division of First Citizen Bank & Trust Company ("SVB"), in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limit. We are also party to a term loan and revolving credit facility with SVB pursuant to the Senior Secured Credit Facility Agreement. On March 10, 2023, SVB was closed by the California Department of Financial Protection and Innovation, which appointed the FDIC as receiver. Although all depositors of SVB had access to all of their money after one business day of closure, including funds held in uninsured deposit accounts, if another depository institution in the future is subject to other adverse conditions in the financial or credit markets, it could impact access to our invested cash or cash equivalents and could adversely impact our operating liquidity and financial performance. Further, if we are unable to access the remaining incremental funds under our Revolving Credit Facility, it could also adversely impact our operating liquidity and financial performance. In addition, if any parties with whom we conduct business are unable to access funds pursuant to such instruments or lending arrangements with such a financial institution, such parties' ability to pay their obligations to us or to enter into new commercial arrangements requiring additional payments to us could be adversely affected.

RISKS RELATED TO OWNERSHIP OF OUR COMMON STOCK

The market price and trading volume of our common stock may be volatile and could decline.

The market price of our common stock has fluctuated substantially due to a variety of factors, including market perception of our ability to meet our growth projections and expectations, quarterly operating results of other companies in the same industry, trading volume in our common stock, changes in investors' willingness to invest in financial markets and support loss making companies, changes in general conditions in the economy and the financial markets or other developments affecting our business and the business of others in our industry. In addition, the stock market itself is subject to extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies for reasons related and unrelated to their operating performance and has had the same effect on our common stock. The market price of shares of our common stock is subject to wide fluctuations in response to many risk factors listed in this section, and others beyond our control, including:

- the realization of any of the risk factors presented in this Annual Report;
- actual or anticipated differences in our estimates, or in the estimates of analysts, for our revenues, results of operations, level of indebtedness, liquidity or financial condition;
- additions and departures of key personnel;
- failure to comply with the requirements of Nasdaq;
- failure to comply with the Sarbanes-Oxley Act or other laws or regulations;
- changes to healthcare laws and laws governing EHR systems;
- future issuances, sales, resales or repurchases or anticipated issuances, sales, resales or repurchases, of our common stock;
- publication of research reports about us, or the medical records industry generally;
- the performance and market valuations of other similar companies;
- broad disruptions in the financial markets, including sudden disruptions in the credit markets;
- speculation in the press or investment community;
- actual, potential or perceived control, accounting or reporting problems; and
- changes in accounting principles, policies and guidelines.

In the past, securities class-action litigation has often been instituted against companies following periods of volatility in the market price of their shares. This type of litigation could result in substantial costs and divert our management's attention and resources, which could have a material adverse effect on us.

We are subject to additional regulations and continued requirements as a result of having securities listed on Nasdaq.

As an exchange-listed public company, we are required to meet the continued listing standards for Nasdaq. We must meet certain financial and liquidity criteria to maintain the listing of our common stock on Nasdaq. If we fail to meet any of Nasdaq's listing standards, our securities may be delisted. Nasdaq requires that the trading price of its listed stocks remain above one dollar in order for the stock to remain listed. If a listed stock trades below one dollar for more than 30 consecutive trading days, then it is subject to delisting from Nasdaq. In addition, to maintain a listing on Nasdaq, we must satisfy minimum financial and other continued listing requirements and standards, including those regarding director independence

and independent committee requirements, minimum stockholders' equity, and certain corporate governance requirements. If we are unable to satisfy these requirements or standards, we could be subject to delisting, which would have a negative effect on the price of our common stock and would impair your ability to sell or purchase our common stock when you wish to do so. In the event of a delisting, we would expect to take actions to restore our compliance with the listing requirements, but we can provide no assurance that any such action taken by us would allow our common stock to become listed again, stabilize the market price, or improve the liquidity of our common stock, or prevent future non-compliance with the listing requirements. A delisting of our securities from Nasdaq may materially impair our stockholders' ability to buy and sell our securities and could have an adverse effect on the market price of, and the efficiency of the trading market for, our securities.

We are obligated to maintain proper and effective internal controls over financial reporting. If we fail to maintain an effective system of disclosure controls and internal controls over financial reporting, or are unable to remediate any deficiencies or material weaknesses therewith, our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired. In addition, the presence of material weaknesses increases the risk of material misstatement of the consolidated financial statements.

The Company is currently a public company and is required, pursuant to Section 404(a) of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of its internal control over financial reporting on its annual report on Form 10-K. Effective internal control over financial reporting is necessary for reliable financial reports and, together with adequate disclosure controls and procedures, such internal controls are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet its reporting obligations. Ineffective internal controls could also cause investors to lose confidence in reported financial information, which could have a negative effect on the trading price of our common stock.

As of December 31, 2023, we have a material weakness in internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis. Because the control deficiency described below could have resulted in a material misstatement of our annual or interim financial statements, we determined that this deficiency constitutes a material weakness.

The material weakness is with respect to our internal control over the regular review, and application of accounting policies as the company grew and its operations changed. Our management is committed to remediating this material weakness and is implementing several steps to enhance our internal controls, including (i) improving the overall design of our internal control environment, (ii) implementing additional internal controls over the periodic review of all relevant accounting policies, particularly in areas where our operations have changed, and (iii) adding additional resources and expertise to our finance function to enhance the effectiveness of internal controls over financial reporting. We are working to complete this remediation process as soon as we are reasonably able.

We may discover additional material weaknesses that require additional time and resources to remediate. The existence of any material weakness or significant deficiency requires management to devote significant time and incur significant expense to remediate. The existence of any material weakness in our internal control over financial reporting could also result in errors in our financial statements that could require us to restate our financial statements, cause us to fail to meet our reporting obligations and cause shareholders to lose confidence in our reported financial information, all of which could materially and adversely affect our business and stock price.

The report by management needs to include disclosure of any material weaknesses identified in internal controls over financial reporting. However, for as long as we are an "emerging growth company" under the JOBS Act following the consummation of the Merger, our independent registered public accounting firm will not be required to attest to the effectiveness of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act. Management's ongoing assessment of internal controls could detect additional problems with internal controls, and could result in the identification of additional

material weaknesses that were not otherwise identified. Undetected additional material weaknesses in internal controls could lead to financial statement restatements and require us to incur the expense of remediation. We are required to disclose changes made to internal controls and procedures on a quarterly basis. To comply with the public company requirements, we may need to undertake various actions, such as implementing new internal controls and procedures and hiring additional accounting or internal audit staff.

If we are unable to assert that our internal controls over financial reporting are effective, including as a result of the material weaknesses described above, we could lose investor confidence in the accuracy and completeness of financial reports, which would cause the price of our common stock to decline, and we may be subject to investigation or sanctions by the SEC.

We are an emerging growth company and a smaller reporting company, and any decision on our part to comply only with certain reduced reporting and disclosure requirements applicable to emerging growth companies and smaller reporting companies could make our common stock less attractive to investors.

We are an “emerging growth company,” as defined in the JOBS Act, and, for as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies but not to emerging growth companies, including:

- not being required to have our independent registered public accounting firm audit our internal controls over financial reporting under Section 404 of the Sarbanes-Oxley Act;
- reduced disclosure obligations regarding executive compensation in our periodic reports and annual report on Form 10-K; and
- exemptions from the requirements of holding non-binding advisory votes on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We could be an emerging growth company for up to five years following the completion of the initial public offering of Malo Holdings Corporation. Our status as an emerging growth company will end as soon as any of the following takes place:

- the last day of the fiscal year in which we have more than \$1.07 billion in annual revenues;
- the date we qualify as a “large accelerated filer,” with at least \$700 million of equity securities held by non-affiliates;
- the date on which we have issued, in any three-year period, more than \$1.0 billion in non-convertible debt securities; or
- the last day of the fiscal year ending after the fifth anniversary of the completion of the first sale of our equity securities pursuant to a registration statement under the Securities Act.

We cannot predict if investors will find our common stock less attractive if we choose to rely on any of the exemptions afforded emerging growth companies. If some investors find our common stock less attractive because we rely on any of these exemptions, there may be a less active trading market for our common stock and the market price of our common stock may be more volatile.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to avail ourselves of this provision of the JOBS Act. As a result, we will not be subject to new or revised accounting standards at the same time as other public companies that are not emerging growth companies. Therefore, our consolidated financial statements may not be comparable to those of companies that comply with new or revised accounting pronouncements as of public company effective dates.

We are also a “smaller reporting company” as defined in the Exchange Act. We may continue to be a “smaller reporting company” even after we are no longer an emerging growth company. We may take advantage of certain of the scaled disclosures available to smaller reporting companies and will be able to take advantage of these scaled disclosures for so long as our voting and non-voting common stock held by non-affiliates is less than \$250 million measured on the last business day of our second fiscal quarter, or our annual revenues is less than \$100 million during the most recently completed fiscal year and our voting and non-voting common stock held by non-affiliates is less than \$700.0 million measured on the last business day of our second fiscal quarter.

We may face risks related to securities litigation that could result in significant legal expenses and settlement or damage awards.

We may in the future become subject to claims and litigation alleging violations of the securities laws or other related claims, which could harm our business and require us to incur significant costs. Significant litigation costs could impact our ability to comply with certain financial covenants under our credit agreement. We are generally obliged, to the extent permitted by law, to indemnify our current and former directors and officers who are named as defendants in these types of lawsuits. Regardless of the outcome, litigation may require significant attention from management and could result in significant legal expenses, settlement costs or damage awards that could have a material impact on our financial position, results of operations, and cash flows.

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management.

Our restated certificate of incorporation and our restated bylaws contain provisions that could delay or prevent a change in control of our company. These provisions could also make it difficult for stockholders to elect directors who are not nominated by current members of our board of directors or take other corporate actions, including effecting changes in our management. These provisions include:

- establish a classified board of directors so that not all members of our board are elected at one time;
- permit only the board of directors to establish the number of directors and fill vacancies on the board;
- provide that directors may only be removed “for cause” and only with the approval of two-thirds of our stockholders;
- require super-majority voting to amend some provisions in our restated certificate of incorporation and restated bylaws;
- authorize the issuance of “blank check” preferred stock that our board could use to implement a stockholder rights plan;
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- prohibit cumulative voting; and
- establish advance notice requirements for nominations for election to our board or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

In addition, our restated certificate of incorporation provides that the Court of Chancery of the State of Delaware will be the exclusive forum for: any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the

Delaware General Corporation Law (“DGCL”), our restated certificate of incorporation, or our restated bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine.

Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all claims brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Our restated bylaws will provide that the federal district courts of the United States of America will, to the fullest extent permitted by law, be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act (“Federal Forum Provision”). Our decision to adopt a Federal Forum Provision followed a decision by the Supreme Court of the State of Delaware holding that such provisions are facially valid under Delaware law. While there can be no assurance that federal courts or state courts will follow the holding of the Delaware Supreme Court or determine that the Federal Forum Provision should be enforced in a particular case, application of the Federal Forum Provision means that suits brought by our stockholders to enforce any duty or liability created by the Securities Act must be brought in federal court and cannot be brought in state court. While neither the exclusive forum provision nor the Federal Forum Provision applies to suits brought to enforce any duty or liability created by the Exchange Act creates exclusive federal jurisdiction over all claims brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Accordingly, actions by our stockholders to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder also must be brought in federal court. Our stockholders will not be deemed to have waived our compliance with the federal securities laws and the regulations promulgated thereunder.

Any person or entity purchasing or otherwise acquiring or holding any interest in any of our securities shall be deemed to have notice of and consented to our exclusive forum provisions, including the Federal Forum Provision. These provisions may limit a stockholder’s ability to bring a claim in a judicial forum of their choosing for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers, and other employees.

In addition, Section 203 of the DGCL may discourage, delay or prevent a change in control of our company. Section 203 imposes certain restrictions on mergers, business combinations and other transactions between us and holders of 15% or more of our common stock.

We do not anticipate paying dividends on our common stock, and investors may lose the entire amount of their investment.

Cash dividends have never been declared or paid on our common stock, and we do not anticipate such a declaration or payment for the foreseeable future. Any future determination about the payment of dividends will be made at the discretion of our board of directors and will depend upon our earnings, if any, capital requirements, operating and financial conditions, contractual restrictions, including any loan or debt financing agreements, and on such other factors as our board of directors deems relevant. In addition, we may enter into agreements in the future that could contain restrictions on payments of cash dividends. We expect to use future earnings, if any, to fund business growth. Therefore, stockholders will not receive any funds absent a sale of their shares of common stock. If we do not pay dividends, our common stock may be less valuable because a return on your investment will only occur if our stock price appreciates. We cannot assure stockholders of a positive return on their investment when they sell their shares, nor can we assure that stockholders will not lose the entire amount of their investment.

FINRA sales practice requirements may limit a stockholder’s ability to buy and sell our stock.

The Financial Industry Regulatory Authority, Inc. (“FINRA”) has adopted rules requiring that, in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative or low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer’s financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA has indicated its belief that there is a high probability that speculative or low-priced securities will not be suitable for at least some customers. If these FINRA requirements are applicable to us or our securities, they may make it more difficult for broker-dealers to recommend that at least some of their customers buy our common stock, which may limit the ability of

our stockholders to buy and sell our common stock and could have an adverse effect on the market for and price of our common stock.

Substantial future sales of shares of our common stock could cause the market price of our common stock to decline.

Pursuant to the registration rights agreement we entered into with certain holders of our common stock issued in connection with the Securities Purchase Agreement entered into on April 19, 2023, by and among the Company and such holders (the "Registration Rights Agreement"), we agreed, at our expense, and filed a registration statement with the Securities Exchange Commission ("SEC") registering the resale of up to 9,375,342 shares of our common stock (including 4,375,272 shares underlying Pre-Funded Warrants and 1,875,069 shares underlying Breakeven Warrants). The Pre-Funded Warrants were immediately exercisable upon issuance. The Breakeven Warrants became exercisable immediately upon closing of the Company's underwritten public offering which occurred on November 20, 2023. Following declaration of the registration statement's effectiveness by the SEC on May 26, 2023 (the "Prior Registration Statement"), the Prior Registration Statement permits the resale of these shares at any time for up to three years following the effective date of such registration statement. The resale, or expected or potential resale, of a substantial number of shares of our common stock in the public market could adversely affect the market price for our common stock and make it more difficult for you to sell shares of our common stock at times and prices that you feel are appropriate. Sales of a substantial number of such shares could cause our market price to fall or make it more difficult for you to sell your common stock at a time and price that you deem appropriate. Furthermore, we expect that selling stockholders will continue to offer shares covered by the Prior Registration Statement in significant amounts and for a significant period of time, the precise duration of which cannot be predicted. Accordingly, the adverse market and price pressures may continue for an extended period of time, and continued negative pressure on the market price of our common stock could have a material adverse effect on our ability to raise additional equity capital.

A lack of research analyst coverage could materially and adversely affect the trading price and liquidity of our common stock.

We cannot assure you that research analysts will maintain research coverage of Augmedix. A lack of research could materially and adversely affect the trading price and liquidity of our common stock.

Redmile has significant influence over us.

Entities affiliated with Redmile Group LLC ("Redmile") own common stock, and warrants if cash exercised for common stock, that would bring Redmile's ownership position to approximately 40.7% of our then outstanding common stock. As long as Redmile owns or controls a significant percentage of outstanding voting power, Redmile will have the ability to significantly influence corporate actions requiring stockholder approval, including the election of directors, amendments to our certificate of incorporation or bylaws, the approval of any merger or other significant corporate transaction.

Our restated certificate of incorporation provides, subject to limited exceptions, that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for certain stockholder litigation matters, which could limit stockholders' ability to obtain a more favorable judicial forum for disputes with us or its directors, officers, employees or stockholders.

Our restated certificate of incorporation requires, to the fullest extent permitted by law, that derivative actions brought in name of the Company, actions against directors, officers and employees for breach of fiduciary duty and other similar actions may be brought in the Court of Chancery in the State of Delaware or, if that court lacks subject matter jurisdiction, another federal or state court situated in the State of Delaware. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock shall be deemed to have notice of and consented to the forum provisions in the certificate of incorporation. In addition, our restated bylaws provide that the federal district courts of the U.S. shall be the exclusive forum for the resolution of any complaint asserting a cause of action under the Securities Act and the Exchange Act.

In March 2020, the Delaware Supreme Court issued a decision in *Salzburg et al. v. Sciabacucchi*, which found that an exclusive forum provision providing for claims under the Securities Act to be brought in federal court is facially valid under Delaware law. It is unclear whether this decision will be appealed, or what the final outcome of this case will be. We intend to enforce this provision, but we do not know whether courts in other jurisdictions will agree with this decision or enforce it.

This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with the company or any of its directors, officers, other employees or stockholders, which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provision contained in the certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results and financial condition.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Managing cybersecurity risks is an important component of the Company's approach to enterprise risk management. Our enterprise risk management approach generally, and our cybersecurity practices in particular, are based upon industry standards and implemented using managed security applications. We generally approach cybersecurity threats through a cross-functional approach which endeavors to: (i) prevent and mitigate cybersecurity threats to the Company; (ii) maintain the confidence of our customers, clients and business partners; (iii) preserve the confidentiality of our employee's and customer's information; and (iv) protect our intellectual property.

Risk Management and Strategy

Our cybersecurity program focuses on the following areas:

- **Vigilance** – We maintain 24/7 cybersecurity threat operations in order to rapidly detect, contain and respond to cybersecurity threats and incidents.
- **Systems Safeguards** – We deploy technical safeguards that are designed to protect our information systems from cybersecurity threats. These safeguards include firewalls, intrusion prevention and detection systems, endpoint detection and response software that includes anti-virus and anti-malware functionality, data loss prevention mechanisms, access controls and ongoing vulnerability assessments and penetration testing.
- **Third-Party Management** – We screen vendors, service providers and other third parties that may gain access to our systems based on their expertise, reliability, reputation and industry credentials, and have implemented measures to further enable us to identify and oversee cybersecurity risks presented to users of our systems. The screening includes conducting sanctions and exclusions checks and security risk assessments.
- **Education** – We provide training at hire and annually thereafter for personnel regarding cybersecurity threats, which reinforces our information security policies, standards and practices.
- **Incident Response Planning** – We have established and continue to maintain an incident response plan that addresses our response to a cybersecurity incident. We conduct annual testing of our incident response plan to measure effectiveness to improve our plan.
- **Communication and Coordination** – We utilize a cross-functional approach to address the risk from cybersecurity threats, involving management personnel from the technology, operations, legal, risk management and other key business functions (the "Cybersecurity Oversight Team"), as well as including our board of directors in an ongoing dialogue regarding cybersecurity threats and incidents.

- Governance – Our board of directors’ oversight of cybersecurity risk management is supported by our Compliance and Risk Management Committee, which includes our Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer and interacts directly with, and is provided relevant information by, our Cybersecurity Oversight Team.

We evaluate the effectiveness of our cybersecurity threat risk management through the assessment and testing of our processes and practices. We regularly conduct vulnerability scans and penetration testing both internally and using third party vendors. We also engage consultants, auditors and other third parties to perform assessments on our cybersecurity measures on an annual basis. The assessments include information security maturity evaluations, independent environmental security control reviews, and operating effectiveness. We make adjustments to our cybersecurity processes and practices as necessary based on the information provided by the third-party assessments and reviews. We have been assessed and obtained a HITRUST r2 certification of our production environment.

Governance

Our board of directors as a whole is responsible for overseeing the management of risks pertaining to cybersecurity threats. Our information technology team oversees the day-to-day management of our cybersecurity program with regular reporting to representatives of our Cybersecurity Oversight Team. Our Cybersecurity Oversight Team has overall responsibility of our cybersecurity risk management program and procedures and reports regularly to the Audit Committee of our board of directors on cybersecurity matters. From a governance perspective, the Audit Committee as well as our Compliance and Risk Management Committee are provided with updates from the Cybersecurity Oversight Team regarding incidents as well as the policies, standards, processes and practices that the Company implements to address risks from cybersecurity threats. Additionally, to the extent we identify any cybersecurity incident that could pose a significant risk to the Company, our board of directors will receive prompt and timely information regarding the incident and ongoing updates until such incidents have been addressed.

The Cybersecurity Oversight Team, along with internal security stakeholders, are the team members principally responsible for overseeing and implementing our cybersecurity risk management program. Our Cybersecurity Oversight Team members each possess at least 5 years of cybersecurity experience, with strong educational qualifications including post-secondary education, industry certifications and other relevant developmental training. We believe this collective experience allows us to effectively manage risks emerging from cybersecurity threats.

The Cybersecurity Oversight Team works collaboratively across the Company to implement customized programs designed to protect and respond to cybersecurity threats and to promptly respond to any cybersecurity incidents. To facilitate the success of this program, multi-disciplinary teams throughout the Company are deployed to address cybersecurity threats and to respond to cybersecurity incidents in accordance with our incident response plan. Chief concerns are reported to our Compliance and Risk Management Committee when appropriate.

To date we have not experienced any cybersecurity incident that has materially affected our business, results of operation, or financial condition. We have also not identified any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, that have materially affected the Company, or are reasonably likely to materially affect the Company, including its business strategy, results of operations, or financial condition. Although we have adopted various processes and preventative measures with the objective of preventing breaches and minimizing the risks from cybersecurity matters, given the nature of cybersecurity threats which are constantly evolving over time, there is no guarantee that the Company, including its business strategy, results of operations or financial condition, will not be adversely affected by such threats or that our preventative measures and processes will be effective. For further discussion of the Company’s risk related to cybersecurity, see the risk factors “Our business and reputation may be impacted by IT system failures or other disruptions” and “If our products experience data security breaches, and there is unauthorized access to our customers’ data, we may lose current or future customers, our reputation and business may be harmed and we may incur significant liabilities” in Part I, Item 1A of this Form 10-K.

ITEM 2. PROPERTIES

We have various operating leases for office space located in the United States, Bangladesh and India. Our corporate headquarters are located in San Francisco, California, where we lease approximately 12,936 square feet of office space under a lease agreement that expires in January 2027.

We also lease various corporate office space in Dhaka, Bangladesh. This corporate office space includes 23,478 square feet of corporate office space used for our operations, 900 square feet of office space used as an additional overflow workspace for certain employees and 3,800 square feet of commercial space used for MDS training under a lease agreement which automatically renews quarterly unless notice is provided to terminate. The Company also leases 8,700 square feet of temporary office space in Dhaka, Bangladesh that is set to expire in December of 2024. On January 31, 2023, we leased 54,824 square feet of new office space in Dhaka under a lease agreement that expires in April 2028, and on November 22, 2023, we entered into lease agreements for space on two other floors within the same building. These additional floors provide 5,712 square feet of office space under a lease agreement that expires in April 2028 and 8,300 square feet of office space under a lease agreement that expires in January 2029. This new office space will eventually replace our other office space in Dhaka and be used to expand our Bangladesh operations.

Further, in Bangalore, India, we lease 13,500 square feet of corporate office space under a lease agreement that expires in December 2027.

We believe the recently leased space in Dhaka and India will accommodate our current needs and further growth.

ITEM 3. LEGAL PROCEEDINGS

We are not a party to any material pending legal proceedings. From time to time, we may become involved in lawsuits and legal proceedings that arise in the ordinary course of business.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION AND HOLDERS OF RECORD

On March 29, 2021, shares of our common stock were approved for trading on the OTCQX under the symbol "AUGX". Since October 26, 2021, our common stock has been listed for trading on Nasdaq under the symbol "AUGX." Quotations for our common stock while it was quoted on the OTCQX Best Market reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

HOLDERS OF RECORD

As of March 18, 2024, there were approximately 3,820 stockholders of record of our common stock. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street names by brokers and other nominees.

DIVIDEND POLICY

We currently intend to retain future earnings, if any, to maintain and expand our operations. We have never declared or paid cash dividends on our common stock and we do not intend to pay any cash dividends on our common stock for the foreseeable future. Any future determination related to our dividend policy will be made at the discretion of our board of directors in light of conditions then-existing, including factors such as our results of operations, financial conditions and requirements, business conditions and covenants under any applicable contractual arrangements.

RECENT SALES OF UNREGISTERED SECURITIES; USE OF PROCEEDS FROM REGISTERED SECURITIES

None.

ISSUER PURCHASES OF EQUITY SECURITIES

None.

ITEM 6. RESERVED

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and the related notes and other financial information included in this Annual Report. Some of the information contained in this discussion and analysis or set forth elsewhere in this Annual Report, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties as described under the heading "Cautionary Note Regarding Forward-Looking Statements" elsewhere in this Annual Report. You should review the disclosure under the heading "Risk Factors" in this Annual Report for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

Augmedix, Inc. was incorporated in 2013 and launched its commercial synchronous, remote documentation services in 2014.

Today, Augmedix provides industry-leading, ambient AI medical documentation technology with ambient clinical intelligence that alleviates administrative burden and gives doctors more time to focus on patient

care. Augmedix's products extract data from natural clinician-patient conversations and convert it in real time to medical notes, which are seamlessly transferred to the electronic health record ("EHR").

The medical note documentation and administrative burden in the United States is significant and is a major contributor to physician burnout. According to a 2019 study in the *Annals of Internal Medicine*, physician burnout costs the U.S. healthcare industry \$4.6 billion per year due to lost productivity and higher turnover, with the cost of replacing a single physician estimated to be between \$100,000 and \$1 million. It also is adversely impacting industry productivity because the considerable amount of time physicians spend on documentation could be better utilized seeing more patients.

Physicians and health systems in the United States often turn to 3rd party service providers and "Health IT" solutions to alleviate these swelling documentation burdens. Available solutions range in scope from in-person human scribing services, physically present at the point of care, to Health IT solutions such as single-party dictation and ambient documentation solutions. We are a provider of ambient documentation products that are able to convert the natural conversation between physicians and patients into timely and comprehensive medical notes.

Clinicians access our applications through mobile devices such as smartphones. The ambient AI platform used by our applications incorporates speech-to-text ("STT") models, which are also known as Automatic Speech Recognition ("ASR") models, proprietary natural language processing ("NLP") models, large language models ("LLM(s)") and structured data sets to generate the note. Depending upon the product, the draft note is ready for clinician review promptly or sent to one of our Medical Documentation Specialists ("MDSs") for quality assurance and edits. Completed notes are uploaded via integration or manually into the patient's chart in the EHR system. The EHR system (e.g. Epic, Cerner, MEDITECH), is third-party software licensed by the healthcare clinic or system to manage patient charts.

Importantly, Augmedix offers additional value beyond the medical note through its open ecosystem of digital health solutions, its ability to provide vital data during patient visits by delivering point-of-care notifications in real time, and its transformation of unstructured data into structured data from physician-patient interactions and upload it directly to the health system's data lake. This data can then provide health systems insights into workflow efficiencies, clinical outcomes, reimbursement issues, and readmissions data.

Patient care in the United States is principally provided via ambulatory clinics, specialty care centers, hospitals, and telemedicine platforms. We serve all these care settings, including over 50 medical specialties. Roughly 85% of the physicians who subscribe to our service are employed directly by, or are affiliated with, a healthcare enterprise. The remaining 15% consists of group practices and individual practitioners.

During the fourth quarter of 2023, we delivered approximately 70,000 notes to our customers each week. We estimate that our products save clinicians up to three hours each day, which is time that they can redeploy to see more patients or improve their work-life balance. We believe the principal return on investment ("ROI") benefits to healthcare enterprises from our products are increased productivity, optimized reimbursements, higher clinician satisfaction, and better patient care. An underlying reason for the reimbursement improvement is that our notes are comprehensive and often capture more of the services rendered during the patient encounter than when clinicians create the note themselves from memory.

The COVID-19 pandemic and resulting safety protocols served as a catalyst for the industry's adoption of virtual products such as ours. With the wide acceptance of telemedicine, remote documentation was also widely accepted, particularly as in person scribing had limitations during the pandemic.

Our technology vision is to enable clinicians to focus on their patients by relieving them of the administrative burden through our ambient AI documentation and data solutions. We will achieve this vision by automating as much of the medical note creation process as possible by combining artificial intelligence technologies, such as STT, NLP and LLMs, with structured data models. While the unstructured nature of a conversation between physician and patient creates challenges to generating a fully comprehensive and accurate note, we believe technical advances in AI and the incorporation of learnings

from the tens of thousands of notes that we generate weekly will continue to improve upon the quality of our fully automated notes and result in improved operating efficiencies and a higher ROI for the clinician and health system.

Our automation approach is to meet clinicians where they are by offering a portfolio of products, some using just AI and others combining AI and human quality assurance. For some doctors, and for many patient encounters, a AI-generated note suffices. For complex patient encounters, having a MDS edit and review an AI-generated note is what we believe many clinicians prefer. We train our MDSs to be experts at using our technology tools to consistently and efficiently deliver high-quality, structured medical notes that need minimal clinician review. Based on the level of editing and review a clinician is comfortable in providing, our product portfolio can meet those varying clinician requirements.

Equity Financings

As more fully described in "Liquidity and Capital Resources" below the Company raised a total net proceeds of \$38.1 million in two separate equity financing transactions in 2023.

Key metrics

We regularly review the following key metrics to measure our performance, identify trends affecting our business, formulate financial projections, make strategic business decisions, and assess working capital needs.

	Year ended December 31,	
	2023	2022
Key Metrics		
Average clinicians in service headcount	1,585	1,093
Average annual revenue per clinician	\$ 28,100	\$ 27,900
Dollar-based net revenue retention rate	148 %	128 %

Average Clinicians in Service Headcount: We define a clinician in service as an individual doctor, nurse practitioner or other healthcare professional using our services. We believe growth in the average number of clinicians in service is a key indicator of the performance of our business as it demonstrates our ability to penetrate the market and grow our business. Most of our customer contracts contain minimum service levels that range from a low of 60 hours per month to a high of 220 hours per month. Higher hours per month equate to higher revenue per clinician. The average number of clinicians in service grew 45% and stood at 1,585 and 1,093 for the years ended December 31, 2023 and 2022, respectively.

Average Annual Revenue Per Clinician: Average revenue per clinician is determined as total revenue, excluding Data Services revenue, recognized during the period presented divided by the average number of clinicians in service during that same period. Using the number of clinicians in service at the end of each month, we derive an average number of clinicians in service for the periods presented. The average annual revenue per clinician will vary based upon minimum hours of service requested by clinicians, pricing, and our product mix. The average annual revenue per clinician increased 1% to approximately \$28,100 in fiscal 2023 from \$27,900 in fiscal 2022 due to a mix shift to more clinicians utilizing our Live offering, which has a higher average revenue per user (ARPU).

Dollar-Based Net Revenue Retention Rate: We define a "Health Enterprise" as a company or network of doctors that have at least 50 clinicians currently employed or affiliated that could utilize our services. Dollar-based net revenue retention is determined as the revenue from Health Enterprises as of twelve months prior to such period end as compared to revenue from these same Health Enterprises as of the current period end, or current period revenue. Current period revenue includes any expansion or new products and is net of contraction or churn over the trailing twelve months but excludes revenue from new Health Enterprises in the current period. We believe growth in dollar-based net revenue retention is a key indicator of the performance of our business as it demonstrates our ability to increase revenue across

our existing customer base through expansion of users and products, as well as our ability to retain existing customers. Our annual dollar-based net revenue retention increased to 148% in fiscal 2023 from 128% in fiscal 2022 with the increase driven both by significant expansion of several health enterprises to whom we have meaningful revenue exposure. Growth from existing clients has historically represented a majority of our total revenue growth.

Components of Results of Operations

Revenues

Our revenues primarily consist of service fees we charge customers to subscribe to our remote medical documentation and clinical support products. We generate subscription fees pursuant to contracts that typically have initial terms of one year, automatically renew after the initial term, and are subject to a 30-day to 90-day cancellation notice after the initial one year term. Subscription revenue is driven primarily by the number of clinicians using our services, the minimum number of hours contracted per month, and the contracted monthly price. We typically invoice customers one to three months in advance for subscriptions to our services. For customers who consistently use more or less than their monthly contracted tier hours, we have the ability to adjust these clinicians to a higher or lower hourly tier after notification. For a select number of customers, we bill any additional hours utilized above their contracted tier in a given month, at a prescribed contractual price. We also perform upfront implementation services which includes assessing the adequacy of clinician facility Wi-Fi capabilities, shipping devices and accessories to clinicians, testing, selecting and assigning MDSs, obtaining EHR credentials for the MDSs, and clinician orientation. Revenues associated with implementation efforts are deferred and recognized over a one to two year period.

Cost of Revenues and Gross Profit

Cost of Revenues. Our cost of revenues primarily consists of the compensation related costs and third-party vendor costs of the MDSs and their direct supervisors, clinician support, and technical support. Cost of revenues also consists of infrastructure costs to operate our SaaS-based platform such as hosting fees and fees paid to various third-party partners for access to their technology, including automatic speech recognition technology and large language models, plus hardware depreciation and cost of shipping for the devices and accessories we provide to our clinicians.

Gross Profit. Our gross profit is calculated by subtracting our cost of revenues from revenues. Gross margin is expressed as a percentage of total revenues. Our gross profit may fluctuate from period to period as revenues fluctuate and as a result of the mix of MDS centers from which service is provided, operational efficiencies, product mix, and changes to our technology expenses and customer support.

Our gross profit varies by MDS center. We plan to focus on and grow the operations of the MDS centers with the best quality and highest gross margin. We intend to continue to invest additional resources in our platform infrastructure. We will also continue to invest in technology innovation to reduce the level of effort required by MDSs and the number of MDSs needed to deliver our services. We expect these optimization efforts and our investment in technology to expand the efficiency and capability of our platform, enabling us to improve our gross margin over time. The level and timing of investment in these areas, plus the mix of MDS centers and product mix, could affect our cost of revenues in the future.

General and Administrative Expenses

General and administrative expenses consist primarily of employee compensation costs for operations management, finance, accounting, information technology, compliance, legal and human resources personnel, board of director costs, and our business support team in Bangladesh, including salaries, benefits, bonuses, and share-based compensation. In addition, general and administrative expenses include non-personnel costs, such as facilities, legal, accounting, insurance premiums, and other professional fees, as well as other supporting corporate expenses not allocated to other departments. We expect our general and administrative expenses will increase in absolute dollars as our business grows, but we expect general and administrative expenses to decrease as a percent of revenues in the coming years.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of employee compensation costs related to sales and marketing, including salaries, benefits, bonuses, and share-based compensation, costs of general marketing activities and promotional activities, travel-related expenses, and allocated overhead. Sales and marketing expenses also include onboarding costs for new clinicians and costs for advertising and other marketing activities. Advertising is expensed as incurred. We expect our sales and marketing expenses will increase in absolute dollars as we expand our sales and marketing efforts and onboarding capacity.

Research and Development Expenses

Research and development expenses consist of costs for the design, development, testing, and enhancement of our products and services and are generally expensed as incurred. These costs consist primarily of personnel costs, including salaries, benefits, bonuses, and share-based compensation for our development personnel. Research and development expenses also include direct MDS training costs, product management, third-party partner fees, and third-party consulting fees. We expect our research and development expenses will increase in absolute dollars as our business grows, but as a percent of revenues, R&D expenses are expected to decrease over time.

Interest Expense and Interest Income

Interest expense, net, consists primarily of the interest incurred on our debt obligations and the non-cash interest expense associated with the amortization of debt discounts. We earn interest income on our cash balances held in interest-bearing savings accounts and money market funds.

Other Income (Expense)

Other income (expenses) consists of Bangladesh government grant income, foreign currency gains and losses due to exchange rate fluctuations on transactions denominated in a currency other than our functional currency, gains or losses on disposals, and losses on the extinguishment of our previous debt facilities.

The following table summarizes the results of our operations for the periods presented:

<i>(in thousands)</i>	Year Ended December 31,		\$ Change	% Change
	2023	2022		
Revenues	\$ 44,855	\$ 30,933	13,922	45 %
Cost of revenues	23,329	16,979	6,350	37 %
Gross profit	21,526	13,954	7,572	54 %
Operating expenses:				
General and administrative	18,442	16,893	1,549	9 %
Sales and marketing	10,687	9,283	1,404	15 %
Research and development	11,176	10,149	1,027	10 %
Total operating expenses	40,305	36,325	3,980	11 %
Loss from operations	(18,779)	(22,371)	3,592	(16) %
Other income (expenses):				
Interest expense	(2,253)	(1,675)	(578)	35 %
Interest income	1,110	245	865	353 %
Loss on debt extinguishment	—	(1,097)	1,097	(100) %
Change in fair value of warrants	(105)	— (105)	(105)	n/a
Other	1,001	560	441	79 %
Total other income (expenses), net	(247)	(1,967)	1,720	(87) %
Income tax expense (benefit)	145	111	34	31 %
Net loss	\$ (19,171)	\$ (24,449)	5,278	(22) %

Comparison for the years ended December 31, 2023 and 2022:

Revenues

Revenues increased 45%, or \$13.9 million, to \$44.9 million during the year ended December 31, 2023, as compared to \$30.9 million during the year ended December 31, 2022. The increase was primarily attributable to a 45% increase in the average number of clinicians in service and a 1% higher average ARPU. The increase in clinicians in service was driven predominantly by our existing Health Enterprises adding physicians, growth of the clinicians using the Notes product, and the growth of physician practices. Dollar-based net revenue retention for our health enterprises was 148% in the year ended December 31, 2023, and our existing Health Enterprises added \$12.6 million to revenue. The growth in the number of clinicians in service among our physician practices, new enterprises, and our Notes customers added \$1.4 million in revenue.

Cost of Revenues and Gross Margin

Cost of revenues increased \$6.4 million, or 37%, to \$23.3 million during the year ended December 31, 2023, as compared to \$17.0 million during the year ended December 31, 2022. The increase was primarily attributable to a \$5.9 million increase in MDS costs to service the growth in clinicians in service during 2023. In addition, third-party hosting costs increased by \$0.3 million due to increased usage from growth of clinicians. Hardware costs increased by \$0.2 million due to the growth of clinicians. During 2023, operating efficiencies in our MDS operations, in addition to decreasing the number of US-serviced clinicians, drove our improved gross margin of 48% during the year ended December 31, 2023, versus 45% during the year ended December 31, 2022.

General and Administrative Expenses

General and administrative expenses increased \$1.5 million to \$18.4 million during the year ended December 31, 2023, as compared to \$16.9 million during the year ended December 31, 2022. The increase was primarily attributable to a \$0.7 million increase in salaries, a \$1.6 million increase in legal fees, professional fees, compliance costs, HITRUST certification, travel, rent from a new building lease in Bangladesh, software, and bad debt. Increases were partially offset by lower recruiting and insurance fees of \$0.8 million.

Sales and Marketing Expenses

Sales and marketing expenses increased \$1.4 million to \$10.7 million during the year ended December 31, 2023, as compared to \$9.3 million during the year ended December 31, 2022. The increase was primarily attributable to \$0.5 million of additional salary-related expense due to increased headcount in our Customer Account Management, Analytics & Insight, and Sales team. The increase was also attributable to an incremental \$0.4 million investment in advertising, internal marketing headcount and expanded outsourced marketing services. Lastly, expenses grew \$0.5 million due to a larger customer onboarding team to support the growing number of clinicians launching our services.

Research and Development Expenses

Research and development expenses increased \$1.0 million to \$11.2 million during the year ended December 31, 2023, as compared to \$10.1 million during the year ended December 31, 2022. The increase was primarily attributable to a \$0.4 million investment into engineering and product headcount, and an increase of \$0.6 million in training costs in order to grow our MDS pool to keep up with the demand of the growing clinician base. Additionally, the Company capitalized \$0.7 million of compensation related costs associated with internally developed software during the year ended December 31, 2023. The Company did not capitalize any internally developed software costs during the year ended December 31, 2022.

Other Income (Expense)

Interest expense increased \$0.6 million to \$2.3 million during the year ended December 31, 2023, compared to \$1.7 million during the year ended December 31, 2022, due to a higher average debt balance, increase in amortization of debt issuance costs, and higher interest rates.

Interest income increased \$0.9 million to \$1.1 million during the year ended December 31, 2023, due to the increase in the Company's cash balance resulting from the April 2023 and November 2023 equity financings. The Company invested surplus cash balances in money market accounts and interest income was additionally helped from increases in money market interest rates experienced during the year ended December 31, 2023.

During the year ended December 31, 2022, the Company incurred a loss on extinguishment of debt resulting from an exit fee paid to a prior lender. There was no such extinguishment of debt during the year ended December 31, 2023.

During the year ended December 31, 2023, the Company recorded a charge of \$105 thousand resulting from the change in fair value of a warrant to purchase common stock that was issued to the lender of our term loan facility. This warrant was classified as a liability through July 2023, when it was reclassified to stockholders' equity. With this reclassification to stockholders' equity, the Company does not expect to record changes in the fair value of this warrant in the future.

The Other category in Other income (expense) increased \$441 thousand during the year ended December 31, 2023 compared to the year ended December 31, 2022. This increase was due to an increase in Bangladesh Government grant income of \$191 thousand and an increase in foreign exchange gains of \$218 thousand.

Liquidity and Capital Resources

The Company has historically funded its operations primarily by debt and equity financings, and revenue generated from our customers.

In April 2023, the Company raised \$11.8 million in net proceeds after direct financing costs of \$0.2 million, from the issuance of 3,125,000 shares of common stock, a warrant to purchase 4,375,273 shares of common stock at an exercise price of \$0.0001 per share, and a warrant to purchase 1,875,069 common stock at an exercise price of \$1.75 per share. Additionally, in November of 2023, the Company issued 7,187,500 shares of common stock and raised net proceeds of \$26.3 million, after underwriter's commissions and direct financing costs of \$2.5 million. As of December 31, 2023, the Company's existing sources of liquidity included cash, cash equivalents and restricted cash of \$46.3 million, plus up to \$5.0 million in incremental capital available through the SVB Loan Agreement, and an additional \$5.0 million through a security purchase agreement with Redmile Group, LLC, which may be utilized starting in the second half of 2024.

The Company has incurred negative cash flows from operating activities and loss from operations in the past as reflected in the accumulated deficit of \$145.0 million as of December 31, 2023. We have relied on debt and equity financing, and revenue generated from our customers to fund operations to date and we expect losses and negative cash flows to continue, primarily as a result of continued research, development and marketing efforts. We believe that our cash balance, along with cash from operations, will provide sufficient resources to meet working capital needs for at least 12 months from the filing date of this Annual Report. Over the longer term, if we do not generate sufficient revenue from new and existing products, additional debt or equity financing may be required along with a reduction in expenditures. Additionally, there is no assurance that if we require additional future financing that such financing will be available on terms which are acceptable to us, or at all.

The following table summarizes our sources and uses of cash for each of the periods presented:

<i>(in thousands)</i>	Year Ended December 31,	
	2023	2022
Cash (used in) provided by		
Operating activities	\$ (15,441)	\$ (16,773)
Investing activities	(3,105)	(1,408)
Financing activities	43,370	(1,237)
Effects of exchange rate changes on cash and restricted cash	(470)	(181)
Net increase (decrease) in cash and restricted cash	<u>\$ 24,354</u>	<u>\$ (19,599)</u>

Operating Activities

Cash used in operating activities was \$15.4 million and \$16.8 million for the years ended December 31, 2023 and 2022, respectively. Cash used in operating activities during the year ended December 31, 2023, principally resulted from our net loss of \$19.2 million, which includes non-cash charges of \$5.6 million, and a net increase in net operating assets of \$1.8 million. Cash used in operating activities during the year ended December 31, 2022, principally resulted from our net loss of \$24.4 million, which includes non-cash charges of \$5.5 million, and a decrease in net operating assets of \$2.2 million.

Investing Activities

Cash used in investing activities was \$3.1 million for the year ended December 31, 2023, and \$1.4 million for the year ended December 31, 2022. Cash used in investing activities resulted from capital expenditures of property and equipment for all periods presented. Cash used in investing increased in 2023 versus 2022 due to the build out of a new office in Bangladesh and due to \$0.7 million of internally developed capitalized software in 2023.

Financing Activities

Cash provided by financing activities during the year ended December 31, 2023, of \$43.4 million principally resulted from two equity financing transactions. In April of 2023, the Company raised \$11.8 million in net proceeds after direct financing costs of \$0.2 million, from the issuance of 3,125,000 shares of common stock, a warrant to purchase 4,375,273 shares of common stock at an exercise price of \$0.0001 per share, and a warrant to purchase 1,875,069 common stock at an exercise price of \$1.75 per share. Additionally, in November of 2023, the Company issued 7,187,500 shares of common stock and raised net proceeds of \$26.3 million, after underwriter's commissions and direct financing costs of \$2.5 million. The total gross proceeds raised from these equity financing transactions, after underwriter's commissions, was \$38.7 million. The Company also drew down on the remaining tranche of its term loan facility of \$5.0 during the year ended December 31, 2023.

Cash used in financing activities during the year ended December 31, 2022, of \$1.2 million principally resulted from \$16.1 million in repayment of the previous debt agreement of Eastward loan, \$0.1 million in payments for financing costs related to the new debt facility, partially offset by the \$15.0 million in debt proceeds.

Sources of Additional Liquidity

As of December 31, 2023, the Company's existing sources of liquidity included cash, cash equivalents and restricted cash of \$46.3 million, plus up to \$5.0 million in incremental capital available through the SVB Loan Agreement, and an additional \$5.0 million through a security purchase agreement with Redmile Group, LLC, which may be utilized starting in the second half of 2024.

Contractual Obligations and Commitments

The following summarizes our significant contractual obligations as of December 31, 2023:

<i>(in thousands)</i>	Payments due by period				
	Total	Less than 1 year	1-3 years	4-5 years	More than 5 years
Cloud Computing contract obligation	\$ 1,200	\$ 1,200	\$ —	\$ —	\$ —
Long-term debt obligations (excluding interest)	21,225	5,000	16,225	—	—
Operating lease obligations	6,568	1,554	4,513	501	—
Total	<u>\$ 28,993</u>	<u>\$ 7,754</u>	<u>\$ 20,738</u>	<u>\$ 501</u>	<u>\$ —</u>

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP) requires us to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the balance sheet date, as well as reported amounts of revenue and expenses during the reporting period. Our most significant estimates and judgments relate to the incremental borrowing rate used to measure operating lease liabilities and right of use assets, and share-based compensation, including expected volatility used to measure the fair value of stock options and stock appreciation rights. Actual results may differ from these estimates. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations, and cash flows will be affected.

We believe that the accounting policies described below involve a greater degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our financial condition and results of operations.

Revenue Recognition

We generate subscription fees for access to our remote medical documentation and clinical support products for telemedicine, medical offices, clinics and hospitals. Our clients are typically billed monthly or quarterly in advance. Subscription revenues are recognized ratably over the term of the contract. Implementation revenue is deferred and recognized over one to two years. We recognize revenue from data services contracts based on hours worked.

Revenues are recognized when services are delivered to our clients, in an amount that reflects the consideration we expect to be entitled to in exchange for those services. Our Augmedix Live service revenue is recognized based on the minimum amount per month, plus any additional hours delivered. For our Augmedix Notes service, revenue is recognized based on the monthly number of patient facing clinic hours and a set hourly rate, or by a fixed monthly price. Go revenue is recognized by a fixed monthly price.

Share-based Compensation

The Company measures and recognizes compensation expense for share-based awards to employees and non-employees based on the fair value of the award on the grant date. Share-based payment awards include stock options, stock appreciation rights, restricted stock units (RSU) and stock awards. The Company recognizes compensation expense on a straight-line basis over the requisite service period, which is generally four years. The Company accounts for forfeitures of stock options as they occur. The Company accounts for stock appreciation rights as equity classified awards, based on our historical and planned settlement of such awards in shares.

The determination of the fair value of stock options and stock appreciation rights requires the use of judgment and is estimated using a Black-Scholes option-pricing model. The Black-Scholes option-pricing model requires the use of subjective assumptions, including the expected life of the option or stock appreciation right, and the expected volatility of our common stock, among other required inputs. To estimate the expected life of the stock option or stock appreciation right, the Company uses the "simplified" method, as prescribed in SEC's Staff Accounting Bulletin (SAB) No. 107, whereby the expected life equals the arithmetic average of the vesting term and the original contractual term of the award due to the Company's lack of sufficient historical exercise data. Because of the Company's limited trading history, the Company estimates expected volatility for options and stock appreciation rights by reference to the average historical volatility of other publicly traded comparable companies for the period preceding the grant for a term that is equal to the option's or stock appreciation right's expected term, if available.

The fair value of RSU's is determined by the closing price of our common stock on the date of grant.

The inputs and assumptions used to estimate the fair value of share-based payment awards represent management's best estimates and involve inherent uncertainties and the application of management's judgment. As a result, if factors change and management uses different inputs and assumptions, our share-based compensation expense could be materially different for future awards.

JOBS Act Accounting Election

We are an emerging growth company, as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We have elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, these financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

Recently Issued Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 2 to our audited financial statements appearing elsewhere in this Annual Report.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company, as defined by Rule 12b-2 under the Securities and Exchange Act of 1934 and in Item 10(f)(1) of Regulation S-K, and are not required to provide the information under this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Augmedix, Inc. and Subsidiaries

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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
Augmedix, Inc.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Augmedix, Inc (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of operations and comprehensive loss, changes in stockholders' equity, and cash flows for each of the two years in the period ended December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2022.

San Jose, CA
March 26, 2024

Augmedix, Inc. and Subsidiaries
Consolidated Balance Sheets
(In thousands, except share and per share amounts)

	December 31,	
	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 46,217	\$ 21,251
Restricted cash	125	125
Accounts receivable, net of allowance for doubtful accounts of \$ 110 and \$102 at December 31, 2023 and 2022, respectively	8,572	6,354
Prepaid expenses and other current assets	1,909	1,820
Total current assets	56,823	29,550
Property and equipment, net	3,739	1,573
Operating lease right of use asset	5,220	1,567
Restricted cash, non-current	—	612
Deposits and other assets	930	339
Total assets	\$ 66,712	\$ 33,641
Liabilities, and Stockholders' Equity		
Current liabilities:		
Loan payable, current portion	\$ 5,000	\$ 3,750
Accounts payable	721	1,563
Accrued expenses and other current liabilities	6,589	5,321
Deferred revenue	8,963	7,254
Operating lease liability, current portion	1,494	872
Customer deposits	851	554
Total current liabilities	23,618	19,314
Loan payable, net of current portion	15,303	11,384
Other liabilities	421	509
Operating lease liability, net of current portion	4,049	968
Total liabilities	\$ 43,391	\$ 32,175
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred stock, \$0.0001 par value; 10,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, \$0.0001 par value; 500,000,000 shares authorized; 48,613,714 and 37,442,663 shares issued and outstanding at December 31, 2023 and 2022, respectively	5	4
Additional paid-in capital	169,197	127,693
Accumulated deficit	(144,962)	(125,791)
Accumulated other comprehensive loss	(919)	(440)
Total stockholders' equity	23,321	1,466
Total liabilities and stockholders' equity	\$ 66,712	\$ 33,641

The accompanying notes are an integral part of these consolidated financial statements.

Augmedix, Inc. and Subsidiaries
Consolidated Statements of Operations and Comprehensive Loss
(In thousands, except share and per share amounts)

	Year Ended December 31,	
	2023	2022
Revenues	\$ 44,855	\$ 30,933
Cost of revenues	23,329	16,979
Gross profit	21,526	13,954
Operating expenses:		
General and administrative	18,442	16,893
Sales and marketing	10,687	9,283
Research and development	11,176	10,149
Total operating expenses	40,305	36,325
Loss from operations	(18,779)	(22,371)
Other income (expenses):		
Interest expense	(2,253)	(1,675)
Interest income	1,110	245
Loss on debt extinguishment	—	(1,097)
Change in fair value of warrant liability	(105)	—
Other	1,001	560
Total other income (expenses)	(247)	(1,967)
Loss before income taxes	(19,026)	(24,338)
Income tax expense	145	111
Net loss	\$ (19,171)	\$ (24,449)
Other comprehensive loss:		
Foreign currency translation adjustment	(479)	(370)
Total comprehensive loss	\$ (19,650)	\$ (24,819)
Net loss per share of common stock, basic and diluted	\$ (0.44)	\$ (0.65)
Weighted average shares of common stock outstanding, basic and diluted	43,946,263	37,418,463

The accompanying notes are an integral part of these consolidated financial statements.

Augmedix, Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity
(In thousands, except share amounts)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2021	37,387,472	\$ 4	\$ 125,479	\$ (101,342)	\$ (70)	\$ 24,071
Issuance of common stock warrants	—	—	72	—	—	72
Exercise of common stock options	55,191	—	30	—	—	30
Share-based compensation expense	—	—	2,112	—	—	2,112
Foreign currency translation adjustment	—	—	—	—	(370)	(370)
Net loss	—	—	—	(24,449)	-	(24,449)
Balance at December 31, 2022	37,442,663	\$ 4	127,693	\$ (125,791)	\$ (440)	\$ 1,466
Issuance of common stock and common stock warrants	10,312,500	1	38,066	—	—	38,067
Reclassification of common stock warrants	—	—	598	—	—	598
Exercise of common stock warrants	194,031	—	—	—	—	—
Exercise of common stock options	392,256	—	355	—	—	355
Share-based compensation	—	—	2,485	—	—	2,485
Issuance of common stock for settlement of restricted stock units and stock awards	272,264	—	—	—	—	—
Foreign currency translation adjustment	—	—	—	—	(479)	(479)
Net loss	—	—	—	(19,171)	—	(19,171)
Balance at December 31, 2023	48,613,714	\$ 5	\$ 169,197	\$ (144,962)	\$ (919)	\$ 23,321

The accompanying notes are an integral part of these consolidated financial statements.

Augmedix, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,	
	2023	2022
Cash flows from operating activities:		
Net loss	\$(19,171)	\$ (24,449)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	1,098	856
Share-based compensation	2,471	2,112
Non-cash lease expense	1,042	672
Non-cash interest expense	698	494
Non-cash advertising expense	—	200
Non-cash portion of loss on debt extinguishment	—	1,087
Change in fair value of warrant liability	105	—
(Gain) loss on disposal of property and equipment	(41)	5
Provision for bad debt	180	38
Changes in operating assets and liabilities:		
Accounts receivable	(2,398)	786
Prepaid expenses and other current assets	(177)	153
Deposits and other assets	(515)	(170)
Accounts payable	(947)	88
Accrued expenses and other liabilities	1,200	1,175
Deferred revenue	1,709	1,016
Operating lease liability	(992)	(758)
Customer deposits	297	(78)
Net cash used in operating activities	(15,441)	(16,773)
Cash flows from investing activities:		
Purchase of property and equipment	(3,105)	(1,408)
Net cash used in investing activities	(3,105)	(1,408)
Cash flows from financing activities:		
Proceeds from sale of common stock	38,735	—
Payment of offering costs in relation to common stock issuance	(669)	—
Proceeds from exercise of stock options	355	30
Proceeds from loan payable	5,000	15,000
Repayment of Eastward Loan	—	(16,125)
Payment of financing costs	(51)	(142)
Net cash provided by (used in) financing activities	43,370	(1,237)
Effect of exchange rate changes on cash and restricted cash	(470)	(181)
Net increase (decrease) in cash and restricted cash	24,354	(19,599)
Cash and restricted cash at beginning of year	21,988	41,587
Cash and restricted cash at end of year	\$46,342	\$ 21,988

Supplemental disclosure of cash flow information:

Cash paid during the year for interest	\$ 1,524	\$ 1,242
Cash paid during the year for taxes	\$ 51	\$ 34
Cash paid for operating lease liabilities	\$ 1,199	\$ 849

Supplemental schedule of non-cash investing and financing activities:

Fair value of warrants issued in connection with loan	\$ 492	\$ 72
Purchases of property, plant, and equipment in accounts payable and accrued expenses and other liabilities	\$ 320	\$ 137
Operating lease right-of-use asset exchanged for operating lease liability	4,687	\$ —

	Years Ended December 31,	
	2023	2022
Cash and cash equivalents	\$ 46,217	\$ 21,251
Restricted cash	125	125
Restricted cash, non-current	—	612
Total cash, cash equivalents and restricted cash	\$ 46,342	\$ 21,988

The accompanying notes are an integral part of these consolidated financial statements.

Augmedix, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)

1. Overview and Basis of Presentation

Augmedix, Inc. (the “Company”, “we” or “our”) was incorporated in 2013 and launched its commercial real-time, remote documentation services in 2014. Augmedix delivers ambient AI medical documentation and data solutions to healthcare systems, physician practices, hospitals, and telemedicine clinicians. Clinicians access our applications through mobile devices.

Augmedix is headquartered in San Francisco, CA, with additional offices in Dhaka, Bangladesh and Bangalore, India.

Liquidity

The Company has historically funded its operations primarily by debt and equity financings, and revenue earned from our customers.

In April of 2023, the Company raised \$ 11.8 million in net proceeds after direct financing costs of \$ 191 thousand, from the issuance of 3,125,000 shares of common stock, a warrant to purchase 4,375,273 shares of common stock at an exercise price of \$ 0.0001 per share, and a warrant to purchase 1,875,069 common stock at an exercise price of \$1.75 per share. Additionally, in November of 2023, the Company issued 7,187,500 shares of common stock and raised net proceeds of \$26.3 million, after underwriter's commissions and direct financing costs of \$ 2.5 million. As of December 31, 2023, the Company's existing sources of liquidity included cash, cash equivalents and restricted cash of \$46.3 million, plus up to \$5.0 million in incremental capital available through the SVB Loan Agreement, and an additional \$5.0 million through a security purchase agreement with Redmile Group, LLC, which may be utilized starting in the second half of 2024.

The Company has incurred negative cash flows from operating activities and loss from operations in the past as reflected in the accumulated deficit of \$145.0 million as of December 31, 2023. We have relied on debt and equity financing, and revenue earned from our customers, to fund operations to date. We expect losses and negative cash flows to continue, primarily as a result of continued research, development and marketing efforts. Our cash balance will provide sufficient resources to meet working capital needs for over twelve months from the filing date of the December 31, 2023 Form 10-K. Over the longer term, if we do not generate sufficient revenue from new and existing products, additional debt or equity financing may be required along with a reduction in expenditures. Additionally, there is no assurance that if we require additional future financing that such financing will be available on terms which are acceptable to us, or at all.

Risks and Uncertainties

The Company is subject to a number of risks associated with companies at a similar stage with international operations, including dependence on key personnel, competition from similar products and larger companies, ongoing changes within the industry, ability to obtain adequate financing to support growth, the ability to attract and retain additional qualified personnel to manage the anticipated growth of the Company, the ability to manage international operations including changes in regulations, and general economic conditions, including economic volatility caused by the uncertain direction of interest rates.

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The accompanying consolidated financial statements include the accounts of Augmedix, Inc. and its wholly-owned subsidiaries, Augmedix Operating Corporation, Augmedix BD Limited, and Augmedix Solutions Pvt. Ltd. All intercompany accounts and transactions have been eliminated in consolidation.

Augmedix, Inc. and Subsidiaries
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Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the consolidated financial statements, and reported amounts of revenue and expenses during the reporting period. The Company's significant estimates and judgments relate to the incremental borrowing rate used to measure operating lease liabilities and right of use assets, and share-based compensation, including expected volatility used to measure the fair value of stock options and stock appreciation rights. Actual results could differ from those estimates.

2. Summary of significant accounting policies

Segment Information

The Company operates as a single operating segment. The Company's chief operating decision maker is its Chief Executive Officer, who reviews financial information presented on a consolidated basis for purposes of making operating decisions, assessing financial performance, allocating resources and evaluating the Company's financial performance.

Foreign Currency Transactions, Translations and Foreign Operations

The functional currency of the Bangladesh and India subsidiaries are the Bangladeshi Taka and Indian Rupee, respectively. All assets and liabilities denominated in each entity's functional currency are translated into the United States Dollar using the exchange rate in effect as of the balance sheet date. Expenses are translated using the weighted average exchange rate for the reporting period. The resulting translation gains and losses are recorded within the consolidated statements of operations and comprehensive loss and as a separate component of stockholders' equity. Foreign currency transaction gains and losses are recorded within other income (expenses) in the accompanying consolidated statements of operations and comprehensive loss. Transaction gains were \$482 thousand and \$263 thousand for the years ended December 31, 2023 and 2022, respectively.

Operations outside the United States are subject to risks inherent in operating under different legal systems and various political and economic environments. Among the risks are changes in existing tax laws, changes in regulations, possible limitations on foreign investment and income repatriation, government price or foreign exchange controls, and restrictions on currency exchange.

Concentrations of Credit Risk

Financial instruments at December 31, 2023 and 2022 that potentially subject the Company to concentration of credit risk consist primarily of cash and accounts receivable.

The Company's cash is deposited with major financial institutions in the U.S., Bangladesh and India. At times, deposits in financial institutions located in the U.S. may be in excess of the amount of insurance provided on such deposits by the Federal Deposit Insurance Corporation (FDIC). Cash deposits at foreign financial institutions are not insured by government agencies of Bangladesh or India. To date, the Company has not experienced any losses on its cash deposits.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash on deposit and money market accounts. Cash equivalents are all highly-liquid investments with original maturities of three months or less.

Augmedix, Inc. and Subsidiaries
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Restricted Cash

Restricted cash represents amounts held on deposit at a commercial bank used to secure the Company's credit card facility. Additionally, restricted cash as of December 31, 2022 included cash on deposit with a financial institution in Bangladesh for a post-employment savings fund (the Gratuity Fund) established for the benefit of eligible Bangladesh employees. As of December 31, 2023, this cash deposit is presented as an offset to the Gratuity Fund liability included in other liabilities. Commencing December 31, 2023, the Gratuity Fund liability is shown net of any amounts the Company contributes to the deposit account.

Accounts receivable and allowance for doubtful accounts

Accounts receivable represent amounts due from customers, which are typically due within 25 to 60 days from the invoice date and are presented net of an allowance for doubtful accounts. The Company provides credit to its customers in the normal course of business and maintains allowances for expected credit losses. To reduce customer credit risk, invoices to customers are due in advance of the month the Company provides the service. The Company also performs periodic evaluations of its customers' financial condition.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. The Company depreciates computer hardware, purchased and internally developed software, mobile devices and equipment using the straight-line method over their estimated useful lives, ranging from one year to three years. The Company depreciates furniture and fixtures using the straight-line method over their estimated useful lives, ranging from five years to seven years. Leasehold improvements are amortized over the shorter of the asset's useful life or the remaining lease term.

The Company capitalizes internal and external direct costs incurred related to obtaining or developing internal-use software. Costs incurred during the application development stage are capitalized and are amortized using the straight-line method over the estimated useful lives of the software, generally three years commencing on the first day of the month following when the software is ready for its intended use. Costs related to planning and other preliminary project activities and post-implementation activities are expensed as incurred.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets, less costs to sell. The Company did not record any asset impairment expense in 2023 or 2022.

Fair Value of Financial Instruments

Fair value is an exit price, representing the price that would be received to sell the financial asset or paid to transfer the financial liability in an orderly transaction between market participants at the measurement date. The Company uses a three-level hierarchy, which prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information for fair value measurements based on the nature of inputs used in the valuation of an asset or liability as of the measurement date. An asset or liability's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

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The three-level hierarchy for fair value measurements is defined as follows:

Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company's financial instruments consist of cash equivalents, accounts receivable, unbilled customers' receivable, accounts payable, and accrued liabilities. Cash equivalents are stated at amortized cost, which approximates fair value at the balance sheet dates, due to the short period of time to maturity. Accounts receivable, unbilled customers' receivable, accounts payable, and accrued liabilities are stated at their carrying value, which approximates fair value due to the short time to the expected receipt or payment date.

Revenue Recognition

ASC Topic 606, *Revenue from Contracts with Customers*, outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers. The core principle, involving a five-step process, of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Company derives its revenue through a recurring subscription model. The Company enters into contracts with its customers with an initial term of one year. Most customers are invoiced in advance and must generally pay an upfront implementation fee. The upfront implementation fee is deferred and recognized over the initial contract term and any customer prepayments are deferred and included in the accompanying consolidated balance sheet in deferred revenue. Revenues are recognized over time as we provide our services to our customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services.

Our services include fixed and variable fee subscriptions, which relate to a single performance obligation consisting of a series of distinct services. Fixed fees are recognized ratably over the contract terms as this method best depicts the pattern of the services we perform. Variable fees are recognized in the month in which they are earned because the variable payments relate specifically to the outcome from transferring the distinct time increment (month) of service and because such amounts reflect the fees to which we expect to be entitled for providing the services for that period, consistent with the allocation objective. The Company records a refund reserve for customers service credits based on an historical analysis of prior refunds. The refund reserve is recorded in accrued expenses and other current liabilities and any change in this refund reserve is recorded as an adjustment to revenue.

As permitted under the practical expedient available under ASU 2014-09, the Company does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less, (ii) contracts with variable consideration that is allocated entirely to unsatisfied performance obligations or to a wholly unsatisfied promised accounted for under the series guidance, and (iii) contracts for which the Company recognizes revenue for the amount at which the Company has the right to invoice for services performed.

The Company's revenues are earned from customers located only in the U.S. After the initial term, contracts are cancellable by both the customer and The Company at either party's discretion with a 30 to 90-day notice.

Augmedix, Inc. and Subsidiaries
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Costs Capitalized to Obtain Revenue Contracts

Sales commissions earned by the Company's sales force are considered incremental and recoverable costs of obtaining a contract with a customer. Sales commissions for new revenue contracts are capitalized and then amortized on a straight line basis over 12 to 24 months. The Company periodically evaluates whether there have been any changes in its business, market conditions, or other events which would indicate that its amortization period should be changed, or if there are potential indicators of impairment. The current portion of capitalized sales commissions are included in prepaid expenses and other current assets and the non-current portion is included in deposits and other assets on the consolidated balance sheets. Amortization expense is included in sales and marketing expenses on the consolidated statements of operations and comprehensive loss.

Customer Deposits

Customer deposits consist of deposits received by the Company, as required on certain contracts and agreements, which are refundable at the termination of the contract.

Cost of Revenues

The Company's cost of revenues consists primarily of salaries and related expenses, overhead, contract labor and third-party services from third-party medical documentation specialist vendors, depreciation expense related to hardware equipment, mobile devices, and information technology costs incurred directly in the Company's revenue-generating activities.

Share-based Compensation

The Company measures and recognizes compensation expense for share-based awards to employees and non-employees based on the fair value of the award on the grant date. Share-based payment awards include stock options, stock appreciation rights, restricted stock units (RSU) and stock awards. The Company recognizes compensation expense on a straight-line basis over the requisite service period, which is generally four years. The Company accounts for forfeitures of stock options as they occur. The Company accounts for stock appreciation rights as equity classified awards, based on our historical and planned settlement such awards in shares.

The determination of the fair value of stock options and stock appreciation rights requires the use of judgement and is estimated using a Black-Scholes option-pricing model. The Black-Scholes option-pricing model requires the use of subjective assumptions, including the expected life of the option or stock appreciation right, and the expected volatility of our common stock, among the use of other required inputs. To estimate the expected life of the stock option or stock appreciation right, the Company uses the "simplified" method whereby the expected life equals the arithmetic average of the vesting term and the original contractual term of the award due to the Company's lack of sufficient historical exercise data. The Company estimates expected volatility for options and stock appreciation rights by reference to the average historical volatility of other publicly traded comparable companies for the period preceding the grant for a term that is equal to the option's or stock appreciation right's expected term, if available.

The fair value of RSU's is determined by the closing price of our common stock on the date of grant.

Research and Development Costs

Research and development costs are expensed as incurred and consist primarily of personnel-related expenses, licensing costs and other direct expenses. In 2023 the Company capitalized \$0.7 million of internally developed software related to the specific development of Augmedix Go that did not have benefits for our other products, Augmedix Live and Augmedix Notes, that are already commercially available.

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(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)

Government Grant Income

From time to time, the Company may receive grant income from the Bangladesh Government related to our operations in Bangladesh. The Company records this grant income when received and the grants are recorded in other income (expenses) on the consolidated statement of operations. The Company recorded grant income of \$459 thousand and \$267 thousand during the year ended December 31, 2023 and 2022, respectively.

Advertising Costs

All advertising costs are expensed as incurred and included in sales and marketing expenses. In April 2021, the Company issued 120,000 shares of common stock with a fair value of \$0.6 million to a service provider as payment for advertising services to be performed over a one-year period. The Company recognized \$0 and \$0.2 million of these shares during the year ended December 31, 2023 and 2022, respectively. Advertising costs incurred by the Company are in the sales and marketing expense on the consolidated statements of operations and comprehensive loss and were \$0.8 million and \$0.8 million for the years ended December 31, 2023, and 2022, respectively.

Comprehensive Loss

The Company reports comprehensive loss, which includes the Company's net loss as well as changes in equity from non-stockholder sources, as a separate component of stockholders' equity. In the Company's case, the changes in equity included in comprehensive loss are the cumulative foreign currency translation adjustments.

Income Taxes

Income taxes are accounted for under the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period corresponding to the enactment date.

The Company recognizes deferred tax assets to the extent that it believes these assets are more likely than not to be realized. In making such a determination, the Company considers the available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts that are more likely than not expected to be realized. If the Company determines that it is able to realize its deferred tax assets in the future in excess of the net recorded amount, the Company decreases the deferred tax asset valuation allowance, which reduces the income tax expense.

Uncertain tax positions are recognized only when the Company believes it is more likely than not that the tax position will be upheld on examination by the taxing authorities based on the merits of the position. The Company recognizes interest and penalties, if any, related to uncertain tax positions in income tax expense (benefit) in the consolidated statements of operations and comprehensive loss.

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(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)

Lease Obligations

The Company measures operating lease liabilities at the inception of the lease based on the present value of the total lease payments not yet paid, discounted based on the Company's incremental borrowing rate, which is the estimated rate the Company would be required to pay for a collateralized borrowing equal to the total lease payments over the term of the lease.

The Company measures right-of-use assets based on the corresponding lease liability adjusted for (i) payments made to the lessor at or before the commencement date, (ii) initial direct costs the Company incurs and (iii) tenant incentives under the lease. The Company begins to recognize rent expense when the lessor makes the underlying asset available to the Company.

For short-term leases, the Company records rent expense in the consolidated statements of operations and comprehensive loss on a straight-line basis over the lease term and records variable lease payments as incurred. The Company elected the practical expedient to recognize leases less than one year under the short term lease exemption under ASC 842 - *Leases*.

Recently Adopted Accounting Standards

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, Financial Instruments – Credit Losses, which requires financial assets measured at amortized cost basis to be presented at the net amount expected to be collected. This standard is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company adopted this standard on January 1, 2023 and it did not have a material impact on its financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In August 2020, the FASB issued ASU 2020-06, *Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. The goal of the standard is to simplify the complexity associated with applying GAAP for certain financial instruments with characteristics of liabilities and equity. More specifically, the amendments focus on the guidance for convertible instruments and derivative scope exception for contracts in an entity's own equity. The new standard is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. The Company does not expect the adoption of this standard will have a material impact on its consolidated financial statements.

In November 2023, the FASB issued ASU No. 2023-07, *Improvements to Reportable Segment Disclosures ("ASU 2023-07")*. The amendments expand segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker, the amount and description of other segment items, permits companies to disclose more than one measure of segment profit or loss, and requires all annual segment disclosures to be included in the interim periods. The amendments do not change how an entity identifies its operating segments, aggregates those operating segments, or applies quantitative thresholds to determine its reportable segments. The amendments are effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the potential impact of adopting this new guidance on the consolidated financial statements and related disclosures.

In December 2023, the FASB issued Accounting Standards Update No. 2023-09, *"Income Taxes (Topic 740): Improvements to Income Tax Disclosures"* ("ASU 2023-09"), which modifies the rules on income tax disclosures to require entities to disclose (1) specific categories in the rate reconciliation, (2) the income or loss from continuing operations before income tax expense or benefit (separated between domestic and foreign) and (3) income tax expense or benefit from continuing operations (separated by federal, state and foreign). ASU 2023-09 also requires entities to disclose their income tax payments to international, federal, state and local jurisdictions, among other changes. The guidance is effective for annual periods beginning

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after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. ASU 2023-09 should be applied on a prospective basis, but retrospective application is permitted. The Company is currently evaluating the potential impact of adopting this new guidance on the consolidated financial statements and related disclosures.

3. Revenue, Accounts Receivable and Significant Customers

The Company derives nearly all of its revenue through a recurring subscription model. The Company enters into contracts with its customers typically with an initial term of one year. Most customers are invoiced in advance and must generally pay an upfront implementation fee. The upfront implementation fee is deferred and recognized over the initial contract term and any customer prepayments are deferred and included in the accompanying consolidated balance sheets in deferred revenue. Revenues are recognized over time as we provide our services to our customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services.

Changes in the contract liability, which solely includes deferred revenue, were as follows:

	Years Ended December 31,	
	2023	2022
Balance, beginning of year	\$ 7,254	\$ 6,238
Deferral of revenue	\$ 42,846	31,949
Recognition of unearned revenue	\$ (41,137)	(30,933)
Balance, end of year	\$ 8,963	\$ 7,254

Accounts receivable, net from customers was \$8.6 million and \$6.4 million as of December 31, 2023 and 2022, respectively.

Deferred revenues consist of billings or payments received in advance of revenue recognized for the Company's services, as described above, and are recognized as revenue when earned. The Company has an unconditional right to payment under a non-cancellable contract before it transfers services to its customer.

The Company's accounts receivable are derived from contracts with customers located in the U.S. Significant customers generating more than 10% of the Company's revenue during the period indicated or for which accounts receivable balance was more than 10% of the total accounts receivable balance were as follows:

	Percent of Revenue for year ended December 31,	
	2023	2022
Customer A	23 %	18 %
Customer B	11 %	16 %
Customer C	13 %	12 %

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	Percent of Accounts Receivable as of December 31,	
	2023	2022
Customer A	35 %	19 %
Customer C	11 %	n/a
Customer D	n/a	10 %
Customer E	10 %	n/a

The Company capitalizes sales commission costs to obtain a revenue contract and amortizes such costs over 12 to 24 months. The Company amortized \$601 thousand and \$277 thousand of sales commissions in sales and marketing expense during the years ended December 31, 2023 and 2022, respectively. The unamortized capitalized sales commission included in other current asset was \$494 thousand and \$462 thousand as of December 31, 2023 and 2022, respectively. The unamortized capitalized sales commission included in other asset was \$153 thousand and \$68 thousand as of December 31, 2023 and 2022, respectively.

4. Property and Equipment

Property and equipment consist of the following:

	December 31,	
	2023	2022
Computer hardware, software and equipment	\$ 4,730	\$ 7,229
Leasehold improvements	716	460
Internally developed software	698	-
Furniture and fixtures	693	73
Construction in progress	393	163
Total cost	7,230	7,925
Less: accumulated depreciation	(3,491)	(6,352)
Property and equipment, net	\$ 3,739	\$ 1,573

The Company recorded depreciation expense of \$ 1.1 million and \$0.9 million during the years ended December 31, 2023 and 2022, respectively. During the year ended December 31, 2023, the Company disposed of computer hardware, software and equipment with a cost and accumulated depreciation balance of \$3.8 million, and recognized a gain on this disposal of \$ 41 thousand.

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5. Accrued expenses and other current liabilities

Accrued expenses and other current liabilities consists of the following:

	December 31,	
	2023	2022
Accrued compensation	\$ 3,860	\$ 3,587
Accrued vendor partner liabilities	1,285	871
Accrued other	913	466
Accrued indirect taxes	393	279
Accrued professional fees	138	118
Total accrued expenses and other current liabilities	<u>\$ 6,589</u>	<u>\$ 5,321</u>

6. Debt**Eastward Loan and Security Agreement**

On March 25, 2021, the Company entered into the Loan and Security Agreement (the "Eastward Loan Agreement") with Eastward Capital Partners ("Eastward") to establish a loan facility that provided for borrowings in the aggregate principal amount of up to \$17.0 million, which were available to be drawn in two tranches. The first and only tranche of \$15.0 million was funded on March 31, 2021.

Borrowings under the Eastward Loan Agreement were repaid in full in May 2022 with the proceeds from the SVB Loan Agreement. The Company recorded a loss on extinguishment of debt of \$1.1 million during the year ended December 31, 2022.

SVB Loan Agreement

On May 4, 2022 (the "Effective Date"), the Company and its subsidiary (individually and collectively, "Borrower") entered into a loan and security agreement (the "SVB Loan Agreement") with Silicon Valley Bank, a California corporation, as lender ("SVB"). The SVB Loan Agreement provides the Borrower with a revolving credit facility in an aggregate principal amount of the lesser of (i) \$5.0 million or (ii) 80% of eligible accounts (the "Revolving Credit Facility") and two tranches of term loan advances, comprised of a term loan advance under Tranche A in an aggregate principal amount of up to \$15.0 million and additional term loan advances under Tranche B in an aggregate principal amount of up to \$5.0 million (the "Term Loan Facility" and, together with the Revolving Credit Facility, the "Facilities"). Borrower's obligations under the SVB Loan Agreement are secured by first-priority liens on substantially all assets of Borrower. The proceeds of the initial draw under the Term Loan Facility, together with a portion of Borrower's balance sheet cash, have been used to repay all of Borrower's outstanding obligations under the Eastward Loan Agreement.

In connection with the SVB Loan Agreement, the Company issued to SVB a warrant to purchase stock, dated as of the Effective Date (the "Warrant"), to purchase up to 48,295 shares of the Company's common stock, \$0.0001 par value per share, exercisable at any time for a period of approximately seven years from the Effective Date, at an exercise price of \$2.38 per share, payable in cash or on a cashless basis according to the formula set forth in the Warrant.

On June 12, 2023, the Borrower entered into a First Amendment to Loan and Security Agreement ("Amendment") with SVB, which amends certain provisions of the SVB Loan Agreement. Under the SVB Loan Agreement, the term loan facility's initial stated maturity date was June 1, 2025, which was automatically extended to December 1, 2025 as the Company achieved certain performance milestones that were a condition to such extension. The Amendment provides for further automatic extensions of the term loan facility's maturity date, with the possibility of automatic extension to June 1, 2027, if the

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Company achieves certain equity milestones as set forth in the Amendment and certain performance milestones with respect to revenue and net income (loss) as set forth in the Amendment. The Amendment also extended the stated maturity date of the Revolving Credit Facility from May 4, 2024 to November 4, 2024.

The Amendment provides that interest on the borrowings under the Term Loan Facility is payable at a floating rate per annum equal to the greater of (a) 6.00% and (b) the prime rate plus 0.00%. Additionally, the Amendment provides that interest on the borrowings under the Revolving Credit Facility is payable at a floating rate per annum equal to the greater of (a) 6.50% and (b) the prime rate plus 0.50%.

The Amendment also reduced the prepayment fees payable on the condition The Company prepays all borrowings under the Term Loan Facility. The prepayment fee depends on when the term loan is prepaid and equals 2.50%, 1.50%, and 0.50% of the outstanding principal amount of the Term Loan Facility, if the prepayment occurs during the first, second or third year following of the effective date of the amendment. There is no prepayment fee if the Term Loan Facility is replaced with another facility with the SVB.

In connection with the Amendment, the Company also issued to SVB a warrant to purchase up to 190,330 shares of the Company's common stock, \$ 0.0001 par value per share, exercisable at any time for a period of approximately seven years from the date of issuance, at an exercise price of \$ 4.25 per share, payable in cashless basis according to the formula set forth in the warrant. The exercise price of the warrant was adjusted to \$3.01 per share upon approval of the Company's shareholders at the Company's Annual Meeting of stockholders held on July 13, 2023.

The SVB Loan Agreement contains customary restrictions and covenants applicable to Borrower and its subsidiaries. In particular, the SVB Loan Agreement contains a financial covenant that provides that if Borrower fails to maintain minimum cash and cash equivalents in an amount of (a) no less than \$25.0 million (prior to any Tranche B advance) and (b) \$30.0 million (following any Tranche B advance), Borrower is then required to maintain certain minimum revenue requirements as set forth in the SVB Loan Agreement, which will be measured on a trailing 3-month basis and tested quarterly. If Borrower has failed to maintain the minimum cash and cash equivalents set forth in the preceding sentence, in lieu of being subject to the minimum revenue requirements, Borrower has the ability to cure such failure to maintain minimum cash and cash equivalents by delivering evidence satisfactory to SVB that Borrower has raised at least \$10.0 million in net cash proceeds from the sale of Borrower's equity interests.

At December 31, 2023, the future minimum payments required under the Term Loan Facility of the Loan Agreement, including the final payment, are as follows:

Years ending December 31:

2024	\$	5,000
2025		10,000
2026		6,225
		<u>21,225</u>
Less unamortized debt discount		(922)
Loan payable, net of discount		20,303
Less current portion		(5,000)
Loan payable, non-current portion	\$	<u>15,303</u>

The Term Loan Facility includes an end of term payment of \$ 1.23 million, which has been recorded as both a discount and an increase to the principal amount of the debt. The original discount of \$1.78 million is being amortized to interest expense over the repayment term of the SVB Loan Agreement using the effective interest method. The Company amortized \$596 thousand and \$265 thousand of the discount to interest expense during the years ended December 31, 2023 and 2022, respectively.

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There were no borrowings under the Revolving Credit Facility in the years ended December 31, 2023 or December 31, 2022. The Company was in compliance with all covenants in the SVB Loan Agreement at December 31, 2023.

7. Leases

The Company leases office facilities for its corporate headquarters in San Francisco, California under a non-cancelable operating lease agreement that was originally set to end in February 2025. This lease was amended in October 2023 to extend the term for approximately 2 years to February 2027. This amendment was accounted for as a lease modification in which the Company remeasured the operating lease liability and the operating lease right of use asset. As a result, the Company recorded an additional operating lease liability of \$785 thousand with a corresponding increase in the operating lease right of use asset.

During the year ended December 31, 2023, the Company's Bangladesh subsidiary entered into a 5-year non-cancelable lease for office facilities which ends in July 2028. The Company recorded an initial operating lease right-of-use asset and corresponding operating lease liability of \$3.3 million for this lease. The Company intends to take possession of one additional floor under this lease in 2024. Additionally, in May 2023, the Company entered into 20-month lease for additional office space in Bangladesh and recorded an initial right-of-use asset and operating lease liability of \$130 thousand.

During the year ended December 31, 2023, the Company's India subsidiary entered into a 5-year non-cancelable lease for office space that ends in December of 2027. The Company recorded an initial operating lease right of use asset and corresponding operating lease liability of \$485 thousand for this lease.

The Company also enters into short-term leases for additional office space with terms of 1 year or less, or in which the Company has the right to terminate with notice. The Company does not record an operating lease liability or operating lease right of use asset for these leases.

The following table summarizes activity related to our leases:

Lease Cost	Year Ended December 31,	
	2023	2022
Operating lease cost	1,270	762
Short-term lease expense	433	365
Total operating lease cost	\$ 1,703	\$ 1,127

Other information related to the operating lease where the Company is the lessee is as follows:

	Year ended	
	December 31,	
	2023	2022
Weighted-average remaining lease term (years)	4.0	2.2
Weighted-average discount rate	8.3 %	4.0 %

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As of December 31, 2023, the maturities of the Company's operating lease liability (excluding short-term leases) is as follows:

2024		1,554
2025		1,687
2026		1,749
2027		1,077
2028		490
2029	\$	11
Total	\$	6,568
Less: imputed interest		(1,024)
Operating lease liability		5,543
Less: operating lease liability, current portion		1,494
Operating lease liability, net of current portion	\$	4,049

8. Common Stock and Preferred Stock

Common Stock

The Company is authorized to issue 500,000,000 shares of common stock with a par value of \$ 0.0001 per share. Each share of common stock entitles the holder to one vote on all matters submitted to a vote of the Company's stockholders. Subject to preferences that may apply to any outstanding preferred stock, holders of common stock are entitled to receive ratably any dividends that the Company's board of directors may declare out of funds legally available for that purpose on a non-cumulative basis. No dividends had been declared through December 31, 2023.

On April 19, 2023, the Company entered into a Securities Purchase Agreement with RedCo II Master Fund, L.P. ("Redmile") and HINSIGHT-AUGX HOLDINGS, LLC, a wholly owned indirect subsidiary of HCA Healthcare, Inc. (the "Purchasers"), pursuant to which the Company sold to the Purchasers for aggregate consideration of approximately \$12.0 million an aggregate of 3,125,000 shares of the Company's common stock at a purchase price of \$ 1.60 per share, pre-funded warrants to purchase up to 4,375,273 shares of common stock, at a price per pre-funded warrant equal to the purchase price per share, less \$0.0001, and breakeven warrants to purchase up to 1,875,069 shares of common stock, at an exercise price of \$ 1.75 per share. The breakeven warrants became exercisable pursuant to their terms on November 20, 2023, upon the closing of the Company's equity financing on the same date (discussed below) and expire seven years following the date of issuance. The pre-funded warrants have an exercise price of \$ 0.0001 per warrant share, became exercisable upon issuance and remain exercisable until exercised in full.

On May 19, 2023, the Company filed a registration statement on Form S-3 (File No. 333-272081), which was declared effective by the SEC on May 26, 2023, which registered for resale 9,375,342 shares of the Company's common stock.

On June 13, 2023, the Company and Redmile entered into a separate securities purchase agreement, which was subsequently approved by the Company's stockholders on July 13, 2023. Under this securities purchase agreement, the Company has the right, but not the obligation, to sell up to 3,125,000 shares of common stock to Redmile at a purchase price of \$1.60 per share, or an aggregate purchase price of \$ 5.0 million. If the closing market price of the Company's common stock is less than \$1.60 per share for five consecutive trading days at any time after the one-year anniversary of the securities purchase agreement, Redmile will have the option to elect not to purchase such shares.

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On November 20, 2023, the Company closed a public offering in which the Company issued 7,187,500 shares of common stock and raised net proceeds of \$26.3 million, after underwriter's commissions and direct financing costs of \$ 2.5 million.

Common Stock Warrants

At December 31, 2023, the Company had the following warrants outstanding to acquire shares of its common stock:

Expiration Date	Shares of Common Stock Issuable upon Exercise of Warrants	Exercise Price Per Warrant
October 25, 2024	346,500	\$3.00
June 11, 2025	234	\$96.24
November 13, 2025	84,964	\$3.00
July 28, 2027	91	\$106.17
August 28, 2028	1,052	\$39.76
May 4, 2029	48,295	\$4.00
September 2, 2029	1,826,222	\$2.88
April 30, 2030	1,875,069	\$1.75
June 13, 2030	190,330	\$3.01
Perpetual	4,375,273	\$0.0001
	<u>8,748,030</u>	

The perpetual common stock warrants in the table above are included in the weighted average shares outstanding for purpose of calculating earning per share since the issuance date of April 19, 2023 given the nominal exercise price, but are not considered outstanding common shares as of December 31, 2023.

Preferred Stock

The Company is authorized to issue 10,000,000 shares of preferred stock with a par value of \$ 0.0001 per share. The Company's board of directors are authorized, subject to limitations prescribed by Delaware law, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series, and to fix the designation, powers, preferences, and rights of the shares of each series. As of December 31, 2023 and 2022, there were no shares of preferred stock issued or outstanding.

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9. Loss Per Share

Basic net loss per share of common stock is computed by dividing net loss by the weighted average number of common stock outstanding during each period. Diluted net loss per common stock includes the effect, if any, from the potential exercise or conversion of securities, such as options and warrants which would result in the issuance of incremental common stock. In computing basic and diluted net loss per share, the weighted average number of shares is the same for both calculations due to the fact that a net loss existed for the years ended December 31, 2023 and 2022.

The Company calculated basic and diluted net loss per share as follows:

	Year Ended December 31,	
	2023	2022
Numerator		
Net Loss	\$ (19,171)	\$ (24,449)
Denominator		
Weighted average shares, basic and diluted	43,946,263	37,418,463
Net loss per share	\$ (0.44)	\$ (0.65)

The following potentially dilutive securities have been excluded from the computation of diluted weighted-average shares of common stock outstanding, as they would be anti-dilutive:

	December 31,	
	2023	2022
Common stock warrants	4,372,757	2,801,703
Stock options	9,342,589	8,234,823
Restricted stock units	303,688	263,155
	14,019,034	11,299,681

10. Equity Incentive Plan

The Company has granted share-based payment awards to employees, non-employee directors and service providers of the Company under the Augmedix, Inc. 2020 Equity Incentive Plan ("2020 Plan").

The 2020 Plan authorizes the award of stock options, restricted stock awards ("RSAs"), stock appreciation rights ("SARs"), restricted stock units ("RSUs"), performance awards, cash awards, and stock awards. Certain awards provide for accelerated vesting in the event of a change in control. Options issued may have a contractual life of up to 10 years and may be exercisable in cash or as otherwise determined by the Board of Directors. Vesting generally occurs over a period of not greater than four years.

The number of shares reserved for issuance under the 2020 Plan did increase on January 1, 2022 and 2023 and will increase each year thereafter through 2030 by the number of shares equal to the lesser of 5% of the total number of outstanding shares of the Company's common stock as of the immediately

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preceding December 31st, or a number as may be determined by the Board of Directors. As of December 31, 2023, 326,495 shares remained available for grant under the 2020 Plan.

The Company recorded share-based compensation expense in the following expense categories in the consolidated statements of operations and comprehensive loss for the years ended December 31, 2023 and 2022:

	Year ended December 31,	
	2023	2022
General and administrative	\$ 1,655	\$ 1,527
Sales and marketing	259	173
Research and development	432	323
Cost of revenues	125	89
Total	<u>\$ 2,471</u>	<u>\$ 2,112</u>

No income tax benefits have been recognized in the consolidated statements of operations and comprehensive loss for share-based compensation arrangements and \$14 thousand of share-based compensation costs have been capitalized as property and equipment during the year ended December 31, 2023.

The grant date fair value of stock options and stock appreciation rights was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions:

	Year ended December 31,	
	2023	2022
Expected term (in years)	5.9	5.9
Expected Volatility	57.1 %	54.8 %
Risk-free rate	4.0 %	2.2 %
Dividend rate	—	—

The weighted average grant date fair value of stock option awards granted was \$ 1.24 and \$1.19 during the years ended December 31, 2023 and 2022, respectively.

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The following table summarizes stock option and SARs activity for the year ended December 31, 2023:

Stock Options and Stock Appreciation Rights	Number of Shares under Option Plan	Weighted-Average Exercise Price per Option	Weighted-Average Remaining Contractual Life (in years)
Outstanding at December 31, 2022	8,234,823	\$ 1.82	7.7
Granted	1,784,446	2.19	
Exercised	(442,573)	\$ 1.32	
Forfeited and expired	(234,107)	\$ 2.49	
Outstanding at December 31, 2023	<u>9,342,589</u>	\$ 1.94	7.2
Exercisable at December 31, 2023	<u>6,028,787</u>	\$ 1.64	6.6
Vested and expected to vest at December 31, 2023	<u>9,342,589</u>	\$ 1.94	7.2

The options exercised during the years ended December 31, 2023 and 2022 had an intrinsic value of \$ 1.2 million and \$0.1 million, respectively. The aggregate intrinsic value of options outstanding and options exercisable as of December 31, 2023 were \$36.5 million and \$25.4 million, respectively. At December 31, 2023, future share-based compensation for options granted and outstanding of \$3.0 million will be recognized over a remaining weighted-average requisite service period of 2.2 years.

RSUs and Stock Awards	Number of Shares under Option Plan	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2022	263,155	\$ 1.90
Granted	320,097	\$ 4.91
Vested	(272,264)	\$ 2.02
Forfeited and expired	(7,300)	\$ 4.15
Outstanding at December 31, 2023	<u>303,688</u>	\$ 4.91

The aggregate intrinsic value of RSU's outstanding as of December 31, 2023 were \$ 1.8 million. At December 31, 2023, future share-based compensation for RSU's granted and outstanding of \$1.1 million will be recognized over a remaining weighted-average requisite service period of 2.7 years.

Performance and Market-Based Options

In March 2021, the Company granted 727,922 stock options to the Chief Executive Officer ("CEO") under the 2020 Plan with an exercise price of \$ 3.00 per share. The options vest based on the CEO's continued service in addition to the following terms:

- 317,688 options vest in full when the closing price of the Company's common stock reaches or exceeds \$ 9.00 per share for a minimum of 20 out of 30 trading days after the Company becomes listed on the New York Stock Exchange or Nasdaq. These options expire on March 3, 2031.
- 46,273 options vest in full when the closing price of the Company's common stock reaches or exceeds \$ 9.00 per share for 20 out of 30 trading days after the Company becomes listed on the New York Stock Exchange or Nasdaq. Since the listing on Nasdaq, these options expire on March 22, 2031, instead of 2026.

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- 363,961 options vest in full when the closing price of the Company's common stock reaches or exceeds \$ 13.50 per share for 20 out of 30 trading days after the Company becomes listed on the New York Stock Exchange or Nasdaq. Since the listing on Nasdaq, these options expire on March 22, 2031, instead of 2026.

As of December 31, 2023, the unamortized share-based compensation expense was \$ 30 thousand which the Company will plans to recognize over a weighted average period of 0.62 years. If the market conditions are achieved, any remaining unrecognized compensation cost associated with those options will be immediately recognized.

11. Employee Benefit Plans

The Company has a 401(k) plan to provide defined contribution retirement benefits for all eligible U.S. employees. Participants may contribute a portion of their compensation to the plan, subject to the limitations under the Internal Revenue Code. The Company's contributions to the plan are at the discretion of the Board of Directors. During the years ended December 31, 2023 and 2022, the Company made contributions of \$150 thousand and \$145 thousand to the plan, respectively.

The Company provides a savings fund for permanent employees of the Bangladesh subsidiary named Augmedix BD Limited Employees' Gratuity Fund ("Gratuity Fund"), in accordance with Bangladesh employment requirements. Employees are entitled to a cash benefit after completion of five years of service with the company. The payment amount is calculated on the employee's basic pay and is payable at the rate of one month's basic pay for every completed year of service. The Company has accrued a Gratuity Fund liability totaling of \$421 thousand and \$509 thousand as of December 31, 2023 and December 31, 2022, respectively, which is included in other liabilities in the accompanying consolidated balance sheet. The Gratuity Fund liability is presented net of value of the cash balance that the Company has funded into the Gratuity Fund.

12. Income Taxes

The components of income (loss) before income taxes by tax jurisdiction were as follows:

	Year Ended December 31,	
	2023	2022
United States	\$(20,812)	\$(25,426)
Foreign	1,786	1,088
Loss before income tax expense	<u>\$(19,026)</u>	<u>\$(24,338)</u>

Income tax expense for the years ended December 31, 2023, and 2022, consisted entirely of current tax expense as follows:

Current:	2023	2022
Federal	\$—	\$—
State	—	—
Foreign	145	111
Income tax expense	<u>\$145</u>	<u>\$111</u>

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A reconciliation of the Company's effective tax rate to the statutory federal income tax rate is as follows:

	December 31,	
	2023	2022
Rate reconciliation:		
Federal tax benefit at statutory rate	(21.0) %	(21.0) %
State tax, net of federal benefit	(6.1) %	(4.9) %
Permanent differences	1.7 %	1.5 %
Research & development credits	(3.8) %	(2.0) %
Foreign rate differential	(1.2) %	— %
Change in tax rate	(0.5) %	0.1 %
Other	(0.7) %	(5.8) %
Change in valuation allowance	32.4 %	32.5 %
Effective tax rate	0.8 %	0.4 %

Deferred tax assets and liabilities consisted of the following:

	December 31,	
	2023	2022
Deferred tax assets:		
Net operating losses	\$ 42,899	\$ 40,397
Capitalized research and development costs	3,876	1,598
Credits	2,066	1,347
Accruals and other	934	492
Share-based compensation	657	467
Lease liabilities	533	482
Fixed assets	86	82
Total deferred tax assets	51,051	44,865
Valuation allowance	(50,595)	(44,454)
Deferred tax assets, net of valuation allowance	\$ 456	\$ 411
Deferred tax liability:		
Right-of-use assets	(456)	(411)
Net deferred tax assets	\$ —	\$ —

Based on all available evidence on a jurisdictional basis, the Company believes that it is more likely than not that its U.S. deferred tax assets will not be utilized and has recorded a full valuation allowance against its net deferred tax assets in the U.S. jurisdiction. The Company assesses on a periodic basis the likelihood that it will be able to recover its deferred tax assets. The Company considers all available evidence, both positive and negative, including historical levels of income or losses and expectations and risks associated with estimates of future taxable income in assessing the need for the valuation allowance. If it is not more likely than not that the Company expects to recover its deferred tax assets, the Company will increase its provision for taxes by recording a valuation allowance against the deferred tax assets that it estimates will not ultimately be recoverable. The available negative evidence at December 31, 2023 and 2022 included historical and projected future operating losses. Accordingly, a full valuation allowance has been recorded against the Company's net deferred tax assets as of December 31, 2023 and 2022. The valuation allowance increased by \$6.1 million and \$7.9 million during the years ended December 31, 2023 and 2022, respectively.

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The Company did not have unrecognized tax benefits as of December 31, 2023 or 2022. The Company recognizes interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense.

The Company had net operating loss carryforwards (“NOL”) for federal and state income tax purposes of \$167.4 million and \$120.1 million at December 31, 2023, respectively. The net operating loss carryforwards generated prior to 2018 begin expiring in 2033 for federal and 2030 for state income tax purposes. Federal and many state net operating losses generated in 2018 and thereafter have an indefinite life.

The Company had federal and state research and development credit carryforwards of \$1.3 million and \$1.0 million at December 31, 2023, respectively. The federal credit carryforwards begin expiring in 2038 and the state credits can be carryforward indefinitely.

The NOL and tax credit carryforwards are subject to review and possible adjustment by the Internal Revenue Service and state tax authorities. NOL and tax credit carryforwards may become subject to an annual limitation in the event of certain cumulative changes in the ownership interest of significant stockholders over a three-year period in excess of 50%, as defined under Sections 382 and 383 of the Internal Revenue Code, respectively, as well as similar state provisions. This could limit the amount of tax attributes that can be utilized annually to offset future taxable income or tax liabilities. The amount of the annual limitation is determined based on the value of the Company immediately prior to the ownership change. Subsequent ownership changes may further affect the limitation in future years. To date, the Company has not performed an analysis to determine whether or not ownership changes have occurred since inception.

The Company files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. The Company’s 2018 to 2022 tax years remain open and subject to examination; carryforward amounts from all tax years remain subject to adjustment.

13. Commitments and Contingencies

Cloud Computing Services

In June 2021, the Company entered into a non-cancelable three-year contract to obtain cloud computing services. The minimum contractual spend over the three-year term is \$1.8 million. As of December 31, 2023, the Company has spent approximately \$0.6 million against this contract.

Legal

In the normal course of business, the Company may receive inquiries or become involved in legal disputes regarding various litigation matters. In the opinion of management, any potential liabilities resulting from such claims would not have a material adverse effect on the Company’s consolidated financial position, results of operations or cash flows. As a result, no liability related to such claims has been recorded at December 31, 2023 or 2022.

Indemnification Agreements

From time to time, in the normal course of business, the Company may indemnify other parties when it enters into contractual relationships, including members of the Board of Directors, employees, customers, lessors and parties to other transactions with the Company. The Company may agree to hold other parties harmless against specific losses, such as those that could arise from a breach of representation, covenant or third-party infringement claims. It may not be possible to determine the maximum potential amount of liability under such indemnification agreements due to the unique facts and circumstances that are likely to be involved in each particular claim and indemnification provision. Management believes any liability arising from these agreements will not be material to the consolidated financial statements. As a result, no liability for these agreements has been recorded at December 31, 2023 or 2022.

Augmedix, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)

14. Fair Value Measurements

The carrying amounts of cash, cash equivalents, restricted cash, accounts receivable, prepaid expenses, accounts payable, and customer deposits approximate fair value due to their short-term nature. Cash equivalents of \$43.1 million are currently held in money market funds which are classified as Level 1 because they are valued using quoted market prices in active markets for identical assets. As of December 31, 2022, the fair value of the Company's loan payable was \$15.1 million. As of December 31, 2023, the carrying value of the Company's loan payable was \$20.3 million. The estimated fair value for the Company's loan payable was based on discounted expected future cash flows using prevailing interest rates which are Level 2 inputs under the fair value hierarchy.

The following tables present information about our financial instruments that have been measured at fair value as of December 31, 2023 and 2022:

	December 31, 2023	(Level 1)	(Level 2)	(Level 3)
Financial Assets				
Money market funds	\$ 43,104	\$ 43,104	\$ —	\$ —
Total	\$ 43,104	\$ 43,104	\$ —	\$ —

Financial Liabilities				
Loan payable	\$ 20,303	\$ —	\$ —	\$ 20,303
Total	\$ 20,303	\$ —	\$ —	\$ 20,303

	December 31, 2022	(Level 1)	(Level 2)	(Level 3)
Financial Assets				
Money market funds	\$ 18,974	\$ 18,974	\$ —	\$ —
Total	\$ 18,974	\$ 18,974	\$ —	\$ —

Financial Liabilities				
Loan payable	\$ 15,134	\$ —	\$ —	\$ 15,134
Total	\$ 15,134	\$ —	\$ —	\$ 15,134

15. Related Party Transactions**Lease Transaction**

In 2015, the Bangladesh subsidiary entered into agreements to rent office facilities under 10-year operating lease agreements (Note 7), with a company owned by relatives of the Company's Director and Chief Strategy Officer. The Company paid \$300 thousand to the related party during each of the years ended December 31, 2023 and 2022, which is included as rent expense. At December 31, 2023, the amounts owed to the related party were \$8 thousand and included in accounts payable in the accompanying consolidated balance sheet. At December 31, 2022, the amounts owed to the related party were \$4 thousand and included in accounts payable in the accompanying consolidated balance sheet.

Transactions with Entities Affiliated with Redmile Group, LLC

Augmedix, Inc. and Subsidiaries
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(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)

Redmile Group, LLC is a healthcare-focused investment firm which is the investment manager/advisor to certain private investment vehicles, including RedCo I, L.P. and Redmile Private Investments II, L.P. (collectively, "Redmile") which hold more than 5% of Augmedix's outstanding capital stock. Robert Faulkner, a member of our board of directors since April 2023, currently serves as a Managing Director at Redmile. Described below are all transactions between Augmedix and Redmile completed during the fiscal year ended December 31, 2023. There were no transactions between Augmedix and Redmile for the fiscal year ended December 31, 2022.

- On April 19, 2023, Augmedix entered into a Securities Purchase Agreement with RedCo II Master Fund, L.P., an affiliate of Redmile, and certain other purchasers, pursuant to which Augmedix sold to Redmile for consideration of approximately \$7 million an aggregate of 1,250,000 shares of the Augmedix's common stock at a purchase price of \$1.60 per share, pre-funded warrants to purchase up to 3,125,195 shares of common stock, at a price per pre-funded warrant equal to the purchase price per share, less \$0.0001, and breakeven warrants to purchase up to 1,093,799 shares of common stock, at an exercise price of \$1.75 per share, that will become exercisable on the earliest of (1) the date on which Augmedix closes an equity or debt financing prior to December 31, 2025, (2) December 31, 2025, if Augmedix cannot provide written certification that it has achieved cash flow break even from operations, excluding interest payments, for two out of three consecutive quarters between April 19, 2023 and December 31, 2025, on such date, (3) immediately prior to a change of control that occurs prior to December 31, 2025, and (4) the date on which a specified Regulatory Event (as defined in the break-even warrants) occurs; provided, however, that the breakeven warrants shall terminate on December 31, 2025 if none of the foregoing events have occurred on or prior to December 31, 2025.
- On May 19, 2023, Augmedix filed a registration statement on Form S-3 (File No. 333-272081), which was declared effective by the SEC on May 26, 2023, which registered for resale 9,375,342 shares of Augmedix's common stock covering 5,468,884 shares and warrants owned by Redmile.
- On June 13, 2023, Augmedix entered into a Securities Purchase Agreement (the "Purchase Agreement") with RedCo II Master Fund, L.P., an affiliate of Redmile, pursuant to which Augmedix has the right, but not the obligation, to sell to Redmile, and Redmile is obligated to purchase, up to an aggregate of \$5.0 million (the "Equity Line of Credit") of: (i) newly issued shares (the "Shares") of Common Stock, at a purchase price of \$ 1.60 per share (the "Purchase Price per Share") and (ii) non-voting pre-funded warrants (the "ELOC Warrants," and together with the Shares, the "ELOC Securities") exercisable for the Company's common stock (the "ELOC Warrant Shares") at a price per ELOC Warrant equal to the Purchase Price per Share, less \$0.0001, from time to time during the term of the agreement, subject to certain limitations and conditions. The ELOC Warrants, if issued, would have an exercise price of \$0.0001 per ELOC Warrant Share, become exercisable upon issuance and remain exercisable until exercised in full. The Equity Line of Credit was subsequently approved by Augmedix's stockholders on July 13, 2023.
- On November 20, 2023, in an underwritten public offering (the "Offering") Augmedix sold an aggregate of 6,250,000 shares of its common stock at a public offering price of \$4.00 per share and granted to the underwriters an option to purchase up to an additional 937,500 shares of common stock at the public offering price less the underwriting discounts and commissions, which option was exercised in full prior to the closing of the Offering. RedCo II Master Fund, L.P., an affiliate of Redmile, purchased 750,000 shares of common stock in the Offering at the public offering price.

16. Subsequent Events

The automatic employee option pool replenishment of 5%, effective January 1, 2024, was ratified by the Compensation Committee on February 22, 2024. This increases the available pool by 2,429,587 shares.

On February 22, 2024, the Compensation Committee granted of 585,673 RSUs and stock awards to certain new hires, existing employees and our AI Advisory Council members.

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On February 22, 2024, the Compensation Committee granted of 118,050 SARs to certain new hires and existing employees. The exercise price of the SARs is \$4.39.

On February 23, 2024, the Compensation Committee granted 650,000 RSUs to certain new hires and executives of the Company.

On March 1, 2024, the Board granted of 150,000 RSUs for our CEO.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Management's Evaluation of our Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in company reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

We do not expect that our disclosure controls and procedures will prevent all errors and all instances of fraud. Disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable assurance of achieving the desired control objectives. Further, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and the benefits must be considered relative to their costs. The design of disclosure controls and procedures also is based partly on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

As of December 31, 2023, as required by Rules 13a-15 and 15d-15 under the Exchange Act, our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were not effective at the reasonable assurance level as of such date, due to the material weakness in our internal control over technical accounting analyses, and the regular review and application of accounting policies, as the company grew and its operations changed. Notwithstanding the identified material weakness, management has concluded that the consolidated financial statements included in this Form 10-K present fairly, in all material respects, the Company's financial position, results of operations, and cash flows for the periods disclosed in accordance with GAAP.

Remediation Efforts to Address the Material Weakness

A material weakness in our internal control over the application of accounting policies was identified as of September 30, 2022. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our consolidated financial statements will not be prevented or detected on a timely basis. The material weakness identified was a lack of sufficient resources in our finance function to meet our financial reporting requirements. This material weakness resulted in insufficient management review of accounting policies as our company grew. Management continues to review and make necessary changes to the overall design of our internal control environment, including implementing additional internal controls over the annual review of all relevant accounting policies, particularly in areas where our operations have changed. To address this material weakness we added additional resources during the year ended December 31, 2023, including engaging a third-party technical accounting expert to assist the Company in applying Generally Accepted Accounting Principles to the Company's transactions. The Company is additionally modifying its management review controls over significant and unusual transactions and is working to enhance its documentation around accounting policy determinations. The material weakness will not be considered remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are designed and operating effectively. Although we plan to complete this remediation process as quickly as possible, we cannot estimate at this time how long it will take.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with GAAP. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions; providing reasonable assurance that transactions are recorded as necessary for preparation of our consolidated financial statements; providing reasonable assurance that receipts and expenditures of company assets are made in accordance with management authorization; and providing reasonable assurance that unauthorized acquisition, use or disposition of company assets that could have a material effect on our consolidated financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our consolidated financial statements would be prevented or detected.

As a result of becoming a public company, we are required, under Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting beginning with this Annual Report. This assessment includes disclosure of any material weaknesses identified by our management in our internal control over financial reporting. The SEC defines a material weakness as a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of a company's annual or interim consolidated financial statements will not be detected or prevented on a timely basis. Management conducted an evaluation of the effectiveness, as of December 31, 2023, of our internal control over financial reporting based on the framework in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013). Based on this evaluation, management concluded that our internal control over financial reporting was not effective at the reasonable assurance level as of such date due to the material weakness in our internal control over the regular review and application of accounting policies, as necessitated by the growth of the company and its changing operations. Notwithstanding the identified material weakness, management has concluded that the consolidated financial statements included in this Form 10-K present fairly, in all material respects, the Company's financial position, results of operations, and cash flows for the periods disclosed in accordance with GAAP.

As an "emerging growth company" under the JOBS Act, we are exempt from the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002. As a result, our independent registered public accounting firm has not audited or issued an attestation report with respect to the effectiveness of our internal control over financial reporting as of December 31, 2023.

Changes in Internal Control over Financial Reporting

Except for the identification of the material weaknesses and related remediation efforts to date discussed above, there have been no changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(d) and 15d-15(d) under the Exchange Act) during the fourth quarter of fiscal 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Rule 10b5-1 Plans

During the three months ended December 31, 2023, no director or officer of the Company adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" as defined in Item 408(c) of Regulation S-K of the Exchange Act, except as follows:

On November 28, 2023, Ian Shakil, the Company's Chief Strategy Officer and a member of the Company's Board of Directors, adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative

defense conditions of Rule 10b5-1(c) for the sale of up to 900,000 shares of our common stock through August 15, 2024.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not Applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The information required by this Item is included in the Company's 2024 Proxy Statement to be filed with the SEC within 120 days from December 31, 2023, and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is included in the Company's 2024 Proxy Statement to be filed with the SEC within 120 days from December 31, 2023, and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is included in the Company's 2024 Proxy Statement to be filed with the SEC within 120 days from December 31, 2023, and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is included in the Company's 2024 Proxy Statement to be filed with the SEC within 120 days from December 31, 2023, and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is included in the Company's 2024 Proxy Statement to be filed with the SEC within 120 days from December 31, 2023, and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

1. Financial Statements

The financial statements required by Item 15(a) are filed in Item 8 of this Annual Report on Form 10-K

2. Financial Statement Schedules

None, as all information required in these schedules is included in the Notes to the Consolidated Financial Statements.

3. Exhibits

Exhibit	Description
2.1	Agreement and Plan of Merger and Reorganization among Malo Holdings Corporation, a Delaware corporation, August Acquisition Corp, a Delaware corporation, and Augmedix, Inc., a Delaware corporation (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed with the SEC on October 9, 2020).
3.1	Certificate of Merger relating to the merger of Acquisition Sub with and into Augmedix, Inc., filed with the Secretary of State of the State of Delaware on October 5, 2020 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on October 9, 2020).
3.2	Restated certificate of incorporation, filed with the Secretary of State of the State of Delaware on October 5, 2020 (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed with the SEC on October 9, 2020)
3.3	Restated Bylaws (incorporated by reference to Exhibit 3.3 to the Current Report on Form 8-K filed with the SEC on October 9, 2020).
4.1	Warrant Agreement dated June 11, 2015, by and between Augmedix, Inc. and Comerica Bank (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on October 9, 2020).
4.2	Warrant Agreement dated July 28, 2017, by and between Augmedix, Inc. and Comerica Bank (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed with the SEC on October 9, 2020).
4.3	Warrant Agreement dated August 28, 2018, by and between Augmedix, Inc. and Dignity Health (incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K filed with the SEC on October 9, 2020).
4.4	Form of 2019 Series B Warrant Agreement (incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K filed with the SEC on October 9, 2020).
4.5	Warrant Agreement dated August 7, 2019, by and between Augmedix, Inc. and Partap Krishan Aggarwal (incorporated by reference to Exhibit 4.5 to the Current Report on Form 8-K filed with the SEC on October 9, 2020).
4.6	Warrant Agreement dated September 3, 2019, by and between Augmedix, Inc. and Trinity Capital Fund III, L.P. (incorporated by reference to Exhibit 4.6 to the Current Report on Form 8-K filed with the SEC on October 9, 2020).
4.7	Form of Placement Agent Warrant Agreement (incorporated by reference to Exhibit 4.7 to the Current Report on Form 8-K filed with the SEC on October 9, 2020).
4.8	Description of Registrant's Securities (incorporated by reference to Exhibit 4.8 to the Annual Report on Form 10-K filed with the SEC on April 17, 2023).
4.9	Warrant Agreement dated effective March 24, 2021, by and between Augmedix, Inc. and Eastward Fund Management, LLC (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on March 30, 2021).

4.10	Warrant to Purchase Stock by and between Augmedix, Inc. and Silicon Valley Bank dated May 4, 2022 (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on May 5, 2022).
4.11	Form of Pre-Funded Warrant (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on April 20, 2023).
4.12	Form of Breakeven Warrant (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed with the SEC on April 20, 2023).
4.13	Form of SVB Warrant (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on June 14, 2023).
4.14	Form of ELOC Warrant (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed with the SEC on June 14, 2023).
10.1*	2013 Equity Incentive Plan and form of award agreements (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on October 9, 2020).
10.2*	2020 Equity Incentive Plan, as amended and restated effective July 1, 2021, and form of award agreements (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on July 8, 2021).
10.3*	Offer letter, dated October 12, 2018, by and between Emmanuel Krakaris and Augmedix, Inc. (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed with the SEC on October 9, 2020).
10.4*	Offer letter, dated March 7, 2019, by and between Sandra Breber and Augmedix, Inc. (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed with the SEC on October 9, 2020).
10.5*	Offer letter, dated March 22, 2019, by and between Jonathan Hawkins and Augmedix, Inc. (incorporated by reference to Exhibit 10.5 to the Amendment No. 1 to Form S-1 filed with the SEC on February 2, 2021).
10.6*	Offer letter, dated October 23, 2020, by and between Saurav Chatterjee and Augmedix, Inc. (incorporated by reference to Exhibit 10.5 to the Amendment No.1 to the Annual Report on Form 10-K/A filed with the SEC on May 1, 2023).
10.7*	Form of Indemnity Agreement (directors and executive officers) (incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K filed with the SEC on October 9, 2020).
10.8	Form of Pre-Merger Indemnification Agreement (directors and executive officers) (incorporated by reference to Exhibit 10.7 to the Current Report on Form 8-K filed with the SEC on October 9, 2020).
10.9	Subscription Agreement, dated October 5, 2020, by and between Augmedix, Inc. and the parties thereto (incorporated by reference to Exhibit 10.9 to the Current Report on Form 8-K filed with the SEC on October 9, 2020).
10.10**	Master Services Agreement, dated October 1, 2019, by and between Augmedix, Inc. and IDS Infotech Limited, an Indian limited company, as amended (incorporated by reference to Exhibit 10.10 to the Current Report on Form 8-K filed with the SEC on October 9, 2020).
10.11**	Master Services Agreement, dated February 1, 2018, by and between Augmedix, Inc. and Infosense Technologies, Pvt. Ltd. (dba OG Healthcare), an Indian limited company, as amended (incorporated by reference to Exhibit 10.11 to the Current Report on Form 8-K filed with the SEC on October 9, 2020).
10.12**	Master Services Agreement, dated April 15, 2015, by and between Augmedix, Inc. and Sutter Health, a California nonprofit public benefit corporation, as amended (incorporated by reference to Exhibit 10.12 to the Current Report on Form 8-K filed with the SEC on October 9, 2020).
10.13**	Services Agreement, dated September 1, 2015, by and between Augmedix, Inc. and Dignity Health, a California nonprofit public benefit corporation, as amended (incorporated by reference to Exhibit 10.13 to the Current Report on Form 8-K filed with the SEC on October 9, 2020).

10.14	<u>Sublease Agreement, dated December 15, 2020, by and between Augmedix, Inc., and Turo Inc. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on December 21, 2020).</u>
10.15**	<u>Statement of Work No. 3 to the Master Service Agreement by and between Augmedix Operating corp. and IDS Infotech Limited (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on August 16, 2021).</u>
10.16**	<u>Second Omnibus Amendment by and between Augmedix Operating corp. and Dignity Health, Dignity Health Medical Foundation, and Pacific Central Coast Health Centers (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on August 16, 2021).</u>
10.17**	<u>Augmedix Notes – Statement of Work No. 2, as a supplement to the Master Services Agreement by and between Augmedix Operating Corp., f/k/a Augmedix, Inc. and Sutter Health (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on September 16, 2021).</u>
10.18**	<u>Addendum to Statement of Work No. 3 by and between Augmedix Operating Corp. f/k/a Augmedix, Inc. and IDS Infotech Limited, (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on October 15, 2021).</u>
10.19	<u>Loan and Security Agreement by and among Augmedix, Inc., Augmedix Operating Corporation and Silicon Valley Bank dated as of May 4, 2022 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on May 5, 2022).</u>
10.20	<u>Third Omnibus Amendment by and among Augmedix Operating Corp. f/k/a Augmedix, Inc. Dignity Health, Dignity Health Medical Foundation, and Pacific Central Coast Health Centers dated June 9, 2022 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on June 10, 2022).</u>
10.21**	<u>Statement of Work No. 4 by and between Augmedix Operating Corp. and IDS Infotech Ltd. dated June 1, 2022 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on July 13, 2022).</u>
10.22**	<u>Statement of Work No. 3 by and between Augmedix Operating Corp. and Infosense Technologies, Pvt. Ltd. (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on July 13, 2022).</u>
10.23	<u>Assignment Amendment by and between Dignity Health and Common Spirit Health (f/k/a Catholic Health Initiative) and Augmedix Operating Corp. f/k/a Augmedix, Inc. effective as of October 20, 2022 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on November 2, 2022).</u>
10.24**	<u>Statement of Work by and between Augmedix Operating Corp. and St. Joseph Physician Associates, d/b/a St. Joseph Medical Group, effective as of October 31, 2022 (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on November 2, 2022).</u>
10.25	<u>Agreement to Lease by and among Augmedix Solutions Pvt. Ltd., Shukoor Habib Trust and Rafeeq Trust, dated December 21, 2022 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on December 28, 2022).</u>
10.26**	<u>Statement of Work No. 3 by and between Augmedix Operation Corp. and Sutter Health, dated January 9, 2023 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on January 12, 2023).</u>
10.27	<u>Lease Agreement by and between Augmedix Bangladesh Ltd. and Sony Chocolate Industries Ltd., dated January 31, 2023 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on February 6, 2023).</u>
10.28**	<u>Ninth Amendment to the Master Service Agreement by and between Augmedix Operating Corp. , f/k/a Augmedix, Inc. and Sutter Health, dated February 15, 2023 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on February 21, 2023).</u>

10.29	Non-Executive Chairman Agreement between Augmedix, Inc. and Rod O'Reilly, dated February 28, 2023 (incorporated by reference to Exhibit 10.1 to the Current Report on Form-8K filed with the SEC on March 6, 2023).
10.30	Form of Securities Purchase Agreement (incorporated by reference to Exhibit 10.2 to the Current Report on Form-8K filed with the SEC on April 20, 2023).
10.31	Form of Registration Rights Agreement (incorporated by reference to Exhibit 10.2 to the Current Report on Form-8K filed with the SEC on April 20, 2023).
10.32**	Statement of Work No.2 by and between Augmedix Operating Corp. f/k/a Augmedix, Inc. and DHMF (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on May 9, 2023).
10.33**	Statement of Work by and between Augmedix Operating Corp. and Baylor St. Luke's Medical Group, dated May 12, 2023 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on May 18, 2023).
10.34	First Amendment to Loan and Security Agreement (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on June 14, 2023).
10.35	Securities Purchase Agreement (incorporated by reference to Exhibit 10. 2 to the Current Report on Form 8-K filed with the SEC on June 14, 2023).
10.36	Registration Rights Agreement (incorporated by reference to Exhibit 10. 3 to the Current Report on Form 8-K filed with the SEC on June 14, 2023).
10.37**	Fourth Omnibus Amendment by and among Augmedix Operating Corp. f/k/a Augmedix, Inc., Dignity Health, Dignity Health Medical Foundation, and Pacific Central Coast Health Centers, dated July 11, 2023 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on July 14, 2023).
10.38	Fifth Omnibus Amendment by and among Augmedix Operating Corp. f/k/a Augmedix, Inc., Dignity Health, Dignity Health Medical Foundation, and Pacific Central Coast Health Centers, dated October 10, 2023 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on October 13, 2023).
10.39	Amendment to Sublease by and between Augmedix Operating Corp. and Turo Inc., dated October 31, 2023 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on November 6, 2023).
10.40+	Lease Agreement (8th Floor) by and between Augmedix Bangladesh Ltd. and Sony Chocolate Industries Ltd., dated November 22, 2023 .
10.41+	Lease Agreement (17th Floor) by and between Augmedix Bangladesh Ltd. and Sony Chocolate Industries Ltd., dated November 22, 2023.
16.1	Letter of Frank, Rimerman + Co. LLP to the Securities and Exchange Commission dated August 22, 2022 (incorporated by reference to Exhibit 16.1 to the Current Report on Form 8-K filed with the SEC on August 23, 2022).
21.1	Subsidiaries of the Registrant (incorporated by reference to Exhibit 21.1 to the Current Report on Form 8-K filed with the SEC on October 9, 2020).
23.1	Consent of Grant Thornton LLP, independent registered public accounting firm
31.1	Certification of Emmanuel Krakaris, Chief Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Paul Ginocchio, Chief Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1#	Certification of Emmanuel Krakaris, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2#	Certification of Paul Ginocchio, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97.1+	Compensation Recoupment Policy
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File - the cover page from the Registrant's Annual Report on Form 10-K for the year ended December 31, 2023 is formatted in Inline XBRL.

* Indicates a management contract or any compensatory plan, contract or arrangement.

** Portions of this exhibit (indicated by asterisks) have been omitted in accordance with the rules of the SEC.

This certification is deemed not filed for purposes of section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

+ Filed herewith.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AUGMEDIX, INC.

Date: March 26, 2024

By: /s/ Emmanuel Krakaris
 Emmanuel Krakaris
 President, Chief Executive Officer and Secretary
 (principal executive officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Emmanuel Krakaris</u> Emmanuel Krakaris	President, Chief Executive Officer, Secretary and Director (<i>Principal Executive Officer</i>)	March 26, 2024
<u>/s/ Paul Ginocchio</u> Paul Ginocchio	Chief Financial Officer (<i>Principal Accounting and Financial Officer</i>)	March 26, 2024
<u>/s/ William J. Febbo</u> William J. Febbo	Director	March 26, 2024
<u>/s/ Jason Krikorian</u> Jason Krikorian	Director	March 26, 2024
<u>/s/ Laurie McGraw</u> Laurie McGraw	Director	March 26, 2024
<u>/s/ Ian Shakil</u> Ian Shakil	Director	March 26, 2024
<u>/s/ Margie L. Traylor</u> Margie L. Traylor	Director	March 26, 2024
<u>/s/ Roderick H. O'Reilly</u> Roderick H. O'Reilly	Director	March 26, 2024
<u>/s/ Robert Faulkner</u> Robert Faulkner	Director	March 26, 2024

LEASE AGREEMENT

This LEASE AGREEMENT for lease of Commercial Space # A & B-8 at the 8th floor of the Commercial Complex of **Sony Chocolate Industries Ltd.** at Rahman's Regnum Centre, 191/1, Tejgaon-Gulshan Link Road, Tejgaon C/A, Dhaka-1208 is made on this **22 November, 2023** to be effective from **1st January, 2024** (hereinafter the "Lease Agreement").

BETWEEN

Sony Chocolate Industries Ltd. a registered private company represented by its Managing Director **Mohammad Hossain Jony S/O-** Late Al-Haj Abdur Rahman Sikder of Rahman's Regnum Centre, Suite # A-12 & B-12 (12th Floor), plot # 191/1, Tejgaon-Gulshan Link Road, Tejgaon, C/A, Dhaka-1208 (hereinafter referred to as the "**LESSOR**", which expression shall, unless repugnant contrary to the context, shall mean and include its heirs, legal representatives, executors, successors-in- interest, assigns and nominees wherever the context so permits) of the.....**FIRST PARTY.**

AND

Augmedix Bangladesh Ltd. incorporated under the appropriate laws of Bangladesh, represented by **Rashed Mujib Noman**, Country Director, Bangladesh, having its registered office at Augmedix Building, Suite 203, 17/C, Panthapath, Dhaka Bangladesh (hereinafter referred to as the "**LESSEE**" which expression shall unless excluded by or repugnant to the context be deemed to include its successors, legal representatives, administrators and assigns) of the**SECOND PARTY.**

(The LESSOR and the LESSEE are hereinafter collectively referred to as the "Parties" and individually as a "Party")

WHEREAS, the LESSOR is desirous of leasing the Commercial Space # A & B-8 at the 8th Floor of the Commercial Complex of **Sony Chocolate Industries Ltd.** at Rahman's Regnum Centre, 191/1, Tejgaon-Gulshan link Road, Tejgaon C/A, Dhaka-1208 and the LESSEE, has agreed to take lease of the same for its business purposes in Dhaka.

NOW THEREFORE, AND SUBJECT TO THE MUTUAL COVENANTS HEREIN AFTER, THE PARTIES HERE TO AGREE AS FOLLOWS:

DEMISED PREMISES:

The DEMISED PREMISES is a space measuring approximately 8,300 sq. ft. including front stairways and their respective landing area, lift lobby area, fire exit, toilet zone and common space, at the 8th floor of the commercial complex of **Sony Chocolate Industries Ltd.** at Rahman's Regnum Centre, 191/1, Tejgaon-Gulshan Link Road, Tejgaon C/A, Dhaka-1208 along with the facilities attached thereto, fully described in the schedule below (hereinafter referred to as the DEMISED PREMISES).

DEMISED PREMISES 8th Floor layout attached and duly signed by both the parties.

1. TENURE:

- a) The tenure of the lease of the DEMISED PREMISES will be for 05 (Five) years (" **Lease Term**"), commencing on **1st January, 2024** ("**Commencement Date**") and ending on **31st December, 2029** (the "**Expiration Date**"), unless terminated earlier as per provision in this Lease Agreement or such date as may be extended by mutual agreement.
- b) In the event of extension of the Lease period by mutual agreement, the Advance Rent, Rent, Service Charge and other terms and conditions shall be reviewed, re-fixed and decided on the basis of market rates for the lease of commercial spaces of adjacent areas of the Tejgaon-Gulshan link Road, Dhaka-1208 on mutual understanding.
- c) For the purposes of extending the Lease Term, the Parties shall initiate the discussions 6 (six) months prior to the expiry of the Lease Term or any extended Lease Term; as applicable.

2. RENT:

- a) Commencing on the Commencement Date and continuing up to the Expiration Date, the LESSEE agrees to pay the LESSOR monthly rent for the DEMISED PREMISES (the "**Rent**") in the following amounts and for the following periods, beginning either on the date set forth below or the date LESSOR delivers possession of the DEMISED PREMISES.

Floor 8					
Handover Date	Rent Effective Date	Total space (8,300 Sq. Ft.)	% of Rent Increase	Rent Per Sq. ft.	Monthly Rent (Tk.)
1 January 2024	1 Feb 2024 to 31 Jan 2026	8,300	<i>Initial Rate</i>	110.00	9,13,000.00
	1 Feb 2026 to 31 Jan 2028	8,300	@10%	121.00	10,04,300.00
	1 Feb 2028 to 31 Jan 2029	8,300	@10%	133.10	11,04,730.00

- b) The Rent for each month shall be paid by the 21st day of the same month.
- c) The Rent is subject to deduction of the income tax at source as per Income Tax Ordinance, unless a tax exemption certificate issued by the National Board of Revenue is produced by the LESSOR.
- d) If the LESSOR has more vacant space available for lease at any time during the Lease Term, then the LESSOR shall first offer such space for lease to the LESSEE at the prevailing market rate, provided, however, rent, advance rent and others terms and conditions of such lease shall be reviewed, fixed and decided on the basis of the then-current market rate for the lease of commercial spaces with equivalent standards & facilities of adjacent areas of the Tejgaon-

Gulshan link Road, Dhaka-1208 on mutual understanding.

Notwithstanding the Rent schedules set forth in Section 2.a above, the Rent shall be abated for a period of 1 (one) month from the date LESSOR delivers possession of the DEMISED PREMISES to the LESSEE for the purpose of interior works within the DEMISED PREMISES. If the LESSEE fails to complete the interior works within the 1 (one) month of LESSOR's delivery of possession of the DEMISED PREMISES to the LESSEE, the LESSOR will not consider any extension of the Rent-free period.

3. LEASE AND HANDOVER OF DEMISED PREMISES BY LESSOR:

- a) **Subject to the terms and conditions of this Lease Agreement, the LESSOR hereby leases to LESSEE the DEMISED PREMISES on the terms set forth herein.**
- b) The LESSOR shall handover possession the DEMISED PREMISES to the LESSEE according to the schedule set forth below:

Sl. No	Floor No.	Space Area Sq. Ft.	Signing date	Hand over date	Rent start date
1.	8 th floor	8,300	22 November 2023	1 January 2024	1 Feb 2024

- c) The LESSOR will hand over the DEMISED PREMISES to the LESSEE in broom clean condition after completing the floor tiles, lift lobby marble tiles finishing works, water connection, back-up generator of 50 KW, three (3) working elevators, common bathroom zones, electric connection up to Sub Distribution Board. The LESSEE'S obligation to take possession of the DEMISED PREMISES shall be subject to a satisfactory joint inspection by the LESSEE and the LESSOR. If any incompleteness, damage, or deficiencies are identified during the joint inspection, LESSOR shall be responsible for repair and/or correcting such deficiencies.
- d) Notwithstanding the Rent schedule set forth in Section 2.a above, or any other provision of this Agreement, if for any reason the LESSOR is unable to deliver possession of the DEMISED PREMISES in accordance with the conditions stated in clause 3(c), on the dates set forth in Section 3.b above, all of LESSEE's obligations, including the obligation to pay Rent, for the DEMISED PREMISES, shall be suspended until the date on which the LESSOR is able to deliver possession of the DEMISED PREMISES to the LESSEE, as per terms of this Lease Agreement and to the satisfaction of the LESSEE. Moreover, in the event LESSOR fails to handover the DEMISED PREMISES, as per clause 3(b) above, the LESSOR shall be allowed a grace period of 14 calendar days (hereinafter "Grace Period") to complete the handover. After expiry of the Grace Period, the LESSOR shall be liable to pay a penalty charge of Tk.25,000 (Taka Twenty Five Thousand) only for each day of delay of handover in accordance with the terms and conditions of this Agreement.

The obligation to pay the delay penalty shall be without prejudice to any other rights of LESSEE under this Lease Agreement. Further, without prejudice to any other rights under this Lease Agreement, if for any reason the LESSOR is unable to deliver possession of each floor(s) of the DEMISED PREMISES to LESSEE within 3 (three) months of the handover dates set forth in Section 3.b above, LESSEE may, at its option, by written notice to LESSOR terminate this Lease Agreement, and upon such termination, LESSOR shall refund any and all amounts paid by the LESSEE in connection with this Lease Agreement.

4. SERVICE AND MAINTENANCE CHARGES:

a) The monthly service and maintenance charge for the DEMISED PREMISES is as follows (the "Service and Maintenance Fee Schedule"):

Floor 8					
Handover Date	Service Charge Effective Date	Total space Sq. Ft.	% of Service Charge Increase	Service Charge per Sq. Ft.	Monthly Service Charge (Tk.)
1 Jan 2024	1 Feb 2024 to 30 Apr 2024	8,300	<i>Initial Rate</i>	10.00	30% discount on 83,000.00
	1 May 2024 to 31 Jan 2026	8,300	<i>Initial Rate</i>	10.00	83,000.00
	1 Feb 2026 to 31 Jan 2028	8,300	@10%	11.00	91,300.00
	1 Feb 2028 to 31 Jan 2029	8,300	@10%	12.10	1,00,430.00

b) The charge specified in clause 4(a) above includes, without limitation to the LESSEE's proportionate cost of **building security, common area electricity, cleaning/housekeeping/maintenance of front stairways and their respective landing area, lift lobby area, fire exit and common space of the DEMISED PREMISES, and common area utilities. Advance Income TAX (AIT) & Value Added TAX (VAT) is not applicable for Utilities (Water, GAS and Electricity); any other Service & Maintenance charge is subject to 5% AIT and 15% VAT according to Govt. rules.** Seventy Five Percent (75%) of the Service Charge will be allocated for common services charge in which the wages of services staff, festival bonus for staff, extra duty allowance during Eid and other festival holidays, communication & coordination charges, common electric bill, etc. will be covered. The remaining Twenty-Five (25%) of the Service Charge will be preserved as the Reserve Fund by the LESSOR to cover emergency expenses i.e. emergency heavy equipment, spare replacement etc.

c) The service level agreement (SLA) in respect of the services to be provided by the LESSOR against the Service Charge payable under this clause no. 4 is specified in Annexure-2 of this Lease Agreement.

d) Notwithstanding the Service and Maintenance Fee Schedule set forth in Section 4.a above, if for any reason the LESSOR is unable to deliver possession of the DEMISED PREMISES on the dates set forth in Section 3.b above, all of LESSEE's obligations, including the obligation to pay service and maintenance charges, for the DEMISED PREMISES shall be suspended and tolled for the period of delay in LESSOR's handover of the DEMISED PREMISES.

1. ADVANCE RENT:

a) The LESSEE shall pay advance rent for DEMISED PREMISES equivalent to 3 (three) month's rent, amounting to **Tk. 27,39,000.00 BDT** (Twenty seven lacs thirty nine thousand) only to the LESSOR on handover of the DEMISED PREMISES ("Advance Rent"). If the handover date is delayed (as set forth in Section 3.b above), the advance payment shall be delayed until handover of the DEMISED PREMISES occurs.

b) Notwithstanding Section 5.a above, if for any reason the LESSOR is unable to deliver possession of the DEMISED PREMISES on the dates set forth in Section 3.b above, all of LESSEE's obligations, including the obligation to pay Advance Rent, for the DEMISED Premises, shall be suspended and tolled for the period of delay in LESSOR's handover of the DEMISED PREMISES.

c) Advance Rent being **27,39,000.00 BDT** (Twenty seven lacs thirty nine thousand) only paid to the Lessor, shall be fully adjusted in 12 monthly installments at the rate of **Taka 2,28,250.00 (Two**

lacs twenty eight thousand two hundred fifty) only per month from monthly rent payable by the LESSEE.

2. SECURITY DEPOSIT:

- a) The LESSEE shall pay a security deposit to the LESSOR equivalent of 6 months' rent amounting to **Tk. 54,78,000.00** (Fifty four lacs seventy eight thousand) only (the "Security Deposit"), which shall be payable in installments in the following manner:

Sl. No.	Milestone	Amount
1.	1 st Installment of the Security Deposit shall be paid Upon execution of this Lease Agreement on 22 Nov 2023.	Tk.27,39,000.00
1.	2 nd Installment of the Security Deposit shall be paid on 15 th December, 2023.	Tk.27,39,000.00
Total		Tk.54,78,000.00

- a) This Security Deposit shall be refunded to LESSEE within 30 (thirty) days following the Lease Term or upon earlier termination of this Lease Agreement, subject to any mutually agreed deductions for any damage in the DEMISED PREMISES with the exception of reasonable wear and tear occurring from use following a joint inspection of the DEMISED PREMISES by both LESSOR and LESSEE. In the event that the Parties are unable to agree on the deduction or quantum of damages, then the Parties shall be required to jointly appoint an independent surveyor to inspect the damage. The decision/report of the independent surveyor shall (save for manifest error) be final and binding upon the Parties and the costs of the independent surveyor shall be borne wholly by the Party against whom the independent and reputed surveyor decides or proportionately as determined by the independent and reputed surveyor, as applicable. No deductions can be enforced until the decision/report is served upon the LESSOR and LESSEE. In case of renewal of the Lease Term however, this amount may be adjusted with the advance amount to be paid for renewed period at the sole discretion of the LESSEE. In case the Lease Term is not extended for a further period, then the LESSEE shall have the option to set-off the last 6 (six) month's Rent with the Security Deposit amount.
- b) Notwithstanding the Security Deposit pay schedule set forth in Section 6.a above, if for any reason the LESSOR is unable to deliver possession of the DEMISED PREMISES by **1 January 2024**, Lessee's obligation to pay the advanced deposit shall be suspended until such date on which the LESSOR is able to deliver possession of the DEMISED PREMISES to the LESSEE, as per terms of this Lease Agreement.

Rent, Advance Rent, Security Deposit, Service & Maintenance charge payable shall be in account payee Cheque/BFTN/RTGS issued in the name of "**Sony Chocolate Industries Ltd.**"

5. COVENANTS OF THE LESSEE:

The LESSEE covenants and represents:

- a) To pay the Rent, advance Rent and Security Deposit to the LESSOR at the time and in the manner set forth in this Lease Agreement.
- b) To pay AIT deducted from the Rent, if any, to the income tax authority and submit payment receipt thereof to the LESSOR. VAT is not applicable on Rent.
- c) To pay the power consumption bills for the DEMISED PREMISES in accordance with the reading of the sub-meter installed by the LESSOR, after receiving the pertinent bill from the electric supply authority.
- d) To pay standby generator electricity used in case of normal utility supply failure as per the rate and bill prepared/served on the basis of provision of clause 8(bb) below.
- e) To keep the DEMISED PREMISES clean and to carry out all minor repairs and day-to-day maintenance of the DEMISED PREMISES at the cost of the LESSEE.
- f) Subject to the terms and conditions of this Lease Agreement, not to make any structural alteration or additions in or to the DEMISED PREMISES without prior permission of the LESSOR.
- g) To complete the interior decoration at its expense (if necessary) in accordance with its specifications, without causing any structural changes or damage (such as drilling holes in beams or columns, breaking marble floor tiles, or designing the feature wall and ceiling of a typical floor, lift, lobby, etc.).
- h) Air Conditioning: The LESSEE is required to install VRF air conditioning system in the DEMISED PREMISES at its own expense, and it must provide documentation that details the cost of the system components installed. The air conditioning system must be of VRF brand from Samsung, Mitsubishi, or York, or an equivalent. The LESSOR shall have the option to retain the air conditioning system installed, by reimbursement of the depreciated value of the same @ 8% per year over the length of usage after the Lease Term has expired or in case the Lease Agreement is terminated for any reason in accordance with the terms and conditions of this Lease Agreement. The LESSEE

shall be allowed to uninstall the VRF at any time, if there is any disagreement regarding the price/value of the air conditioning or for any other reason, as determined by the LESSEE in its sole discretion.

- i) The modern firefighting (NAFCO, U.A.E) system of the building common spaces, and each floor lift-lobby spaces shall be installed by LESSOR at standard design and its own cost. Notwithstanding, the LESSEE will install, at its own cost, the internal firefighting system of the DEMISED PREMISES as per its own layout plan compatible with the master layout plan.
- j) For structural safety and security of the building, no holes, drilling and fixing of any other structures shall be done on the concrete columns and beams.
- k) Common spaces, especially the lift lobby in front of the DEMISED PREMISES, shall be kept clean as per this building's standards.
- l) For safety and security of the building against fire, no "Dipterocarps turbinatus" or "Gorjon" wood is allowed for decoration purposes. Recommend using any material which is not of fire hazard.

3. COVENANTS OF THE LESSOR:

The LESSOR covenants and represents:

- a) To ensure 24 hours' access to the DEMISED PREMISES by staffing a building attendant/ security personnel 24 hours' a day and lighting the DEMISED PREMISES at all times.
- b) To complete handover of the DEMISED PREMISES as per the schedule contained in clause 3 of this Lease Agreement.
- c) To install double-glazed glasses on exterior façade of the DEMISED PREMISES for noise reduction and increased insulation.
- d) To allow the LESSEE to install and pass/run the LESSEE'S required quantity of cables/wires (Power+LAN+Fiber+etc.) from floor to floor and from the server room to other floors of the DEMISED PREMISES. The LESSOR shall arrange to mitigate and resolve any hindrance and obstruction, if any, caused to the LESSEE by other tenants of the building in the process of installing and passing cables/wires.
- e) To allow the LESSEE to install an ISP fiber drop point and wall-mounted network switch box as per the LESSEE'S required specifications (height, weight, dimensions etc.) in an appropriate location at the basement, as deemed by the LESSEE, from where the LESSEE shall be able to use the cable ducts to pass/run the cables/wires toward the server room of the LESSEE.
- f) To allow the LESSEE to set up a third radio tower including dedicated plant, machinery and equipment, as per the LESSEE'S required specifications (height, weight, dimensions etc.) on roof top of the building, if required, without any hindrance/obstructions and any further rent and/or charges. The approximate technical specifications of the radio and tower, including but not limited to height, weight, dimensions, etc., shall be as provided under Annexure-3.
The LESSEE shall not be required to pay any additional rent to the LESSORS for the space to be provided by the LESSORS on the roof top of the building.
- g) To arrange, at the LESSOR'S cost, a supply of 400 volts, 3 (three) phase, at least 50 KW electricity for the DEMISED PREMISES (up to Sub Distribution Board) with separate Electric Meter for the LESSEE which can be amended based on mutual discussion.
- h) To obtain and provide a resolution of the Board of Directors of the LESSOR's company in accordance with law and the Articles of Association of the LESSOR, confirming the terms and condition of this Lease Agreement and authorizing the signing of this Lease Agreement granting the lease to the LESSEE.
- i) To maintain regular water and electricity supply for the DEMISED PREMISES at its own cost.
- j) To pay any utility bills, including electricity, water charges etc., to the concerned authority or authorities for the DEMISED PREMISES for the period prior to the date LESSEE takes possession of the DEMISED PREMISES, and in the event of failure of the LESSOR to pay such bill, if any, LESSEE shall have the right to pay such bills to the authority or authorities concerned and to recover the said amount from the LESSOR, provided that the LESSEE provides the LESSOR with receipts for the bills so paid as evidence of such payment.
- k) To pay the land tax, urban tax, City Corporation taxes and any other taxes in connection with the land and the DEMISED PREMISES.
- l) To install marble/granite tiles in the lift lobby floors, common space and stairs of the DEMISED PREMISES.
- m) To complete the main entrance door to the DEMISED PREMISES with full height 12mm double shutter glass fitted with protector bit.
- n) The LESSOR shall allot 5 washrooms (Male) specifically for the LESSEE to use (which are already built).

- o) The LESSOR shall construct 2 additional LESSOR's standard toilets within the DEMISED PREMISES as per lay out plan and architectural drawings (BRAND KOHLER) at its own cost for the LESSEE, and the toilet facilities including fittings at its cost.
- p) To ensure the DEMISED PREMISES is built in accordance and in adherence to all safety regulations as per the relevant authorities of the Dhaka City Corporation.
- q) To furnish the main floor of the DEMISED PREMISES with Akij Brand 48" x 24" Oxford Ivory tiles, and wooden/marble texture tiles for balcony as already existing.
- r) To allow the LESSEE to use the DEMISED PREMISES peacefully during the Lease Term, subject to the terms and covenants herein contained, without any interruption or eviction by the LESSOR or any person claiming under or in trust for them or any other persons whatsoever.
- s) To allow the LESSEE to affix its own name plate or signboard on the entrance of the DEMISED PREMISES, and to display its signage at the said place of the DEMISED PREMISES.
- t) To upon request from the LESSEE, provide to the LESSEE documentary proof of all the necessary clearance and permission for the DEMISED PREMISES from the Government and other relevant authorities.
- u) To in the event of a sale, assignment, bequeath, mortgage or any other transfer of ownership or interest in or to the DEMISED PREMISES, ensure and require that any purchaser agrees in writing to be bound by all the terms and conditions of this Lease Agreement.
- v) To comply with all regulations issued from time to time by local authorities in connection with the DEMISED PREMISES.
- w) To provide space for 6 (Six) car parking spaces. Parking spots will be provided effective from the hand over date.
- x) To supply, install and provide annual maintenance for 3 (three) brand new high-speed elevators with all modern options for passengers (Lift supply, installation and annual maintenance will be provided by MITSUBISHI (AG MELCO Elevator Company Bangladesh Ltd.), or other equivalent leading and reliable company of the country in the business). All three elevators as specified in this clause 8(w) will be accessible by the employees/staff and guests of the LESSEE.
- y) To fix and fit all outer window glasses with double low-e double glazed curtain wall glass.
- z) To allow the LESSEE to install an extra power backup strategy, at its own costs, as the current back-up power provided by LESSOR is not sufficient to meet LESSEE'S 24/7 power needs, and to provide full cooperation to the LESSEE for its requisite implementation.
- aa) The LESSOR shall allocate a suitable space for the LESSEE to place one generator owned by the LESSEE inside the building premises. The LESSOR shall allow the LESSEE to synchronize their generator with the LESSOR's generator.
- ab) To ensure a continuous power supply by providing a standby generator power supply for full load (50 KW) backup in cases of main utility supply failure. The load amount can be amended based on mutual agreement. Unit cost of standby supply shall be Tk.41.00 per KWh, (based on current diesel cost of Tk.109.00 per litre), payable in addition to the normal cost of regular electricity consumption. Unit cost of standby generation shall be adjusted in future i.e. increased or decreased depending on diesel cost fluctuation.
- ac) Standby generator service consumption shall be calculated in proportion of allocated standby capacity (50 KW) to the full capacity of standby generator multiplied by the operating hours. The standby operating hours shall be recorded in a logbook at the basement substation room which may be viewed and approved by the authorized representative of the LESSEE. The LESSOR shall generate a monthly invoice for the costs of the backup power at the rates stipulated in clause 8(bb) of the Lease Agreement at the end of the month for each month. No invoice can be generated unless and until the logbook is viewed, cross-matched and approved by the LESSEE'S authorized representative.
- ad) The LESSOR will construct toilets with fittings inside the DEMISED PREMISES at its own cost for the LESSEE. Unless otherwise agree, the toilets shall be located and installed per the architectural drawings and design (if set forth therein).

Lessor's non-compliance with the representations and covenants as stipulated in this clause 8 shall be notified to the LESSOR by LESSEE in writing and in case of continued non-compliance for a period of one month after notice is served, may be considered material breach of this Lease Agreement allowing the LESSEE to terminate this Lease Agreement pursuant to clause 15 (e) of this Lease Agreement.

9. COVENANTS OF THE LESSOR ON TITLE:

The LESSOR covenants and represents that:

- a) The LESSOR has complete power and absolute authority to lease out the DEMISED PREMISES and is in actual physical ownership of the DEMISED PREMISES. The LESSOR can lease the

DEMISED PREMISES free from any adverse claim or demand and any legal barrier or hindrance whatsoever.

- b) The LESSOR has full right and authority to lease the DEMISED PREMISES to the LESSEE and to execute and deliver this Lease Agreement on the terms and conditions set forth herein.
- c) The DEMISED PREMISES is not affected by any easements, restrictions, covenants, or encumbrances that would prevent or restrict the LESSEE from using the DEMISED PREMISES for the purposes stated herein, would reduce any rights the LESSEE is granted herein, or would increase any obligations or liabilities under this lease.
- d) The LESSOR will complete all legal and statutory requirements necessary to enable the LESSEE to use and occupy the DEMISED PREMISES in the manner contemplated herein.
- e) No proceedings before any court, tribunal and/or authority have been initiated or may directly or indirectly affect the rights of the LESSEE herein.
- f) Throughout the terms of the Lease Agreement, the LESSOR will not permit or allow or do or omit to be done any act or deed that may cause the revocation or amendment of any sanctioned permit relating to the DEMISED PREMISES or the use hereof.
- g) The LESSOR will abide by all laws, by-laws and rules, regulations, orders and notifications of the government, including all presently concerned authorities and those from time to time concerned with the DEMISED PREMISES.

10. JOINT COVENANTS:

- a) Both the LESSOR and the LESSEE agree that the DEMISED PREMISES shall be used for commercial purposes only and the LESSEE shall not use it for any illegal or immoral purpose or for any purpose that may become a nuisance for the neighbors.
- b) The LESSOR agrees to allow the LESSEE to construct, fix, erect in or fasten to the DEMISED PREMISES temporary wooden partitions, counters, office fixtures and fittings without making any alteration to the original structure of the DEMISED PREMISES.
- c) The LESSEE may remove any fitting from the DEMISED PREMISES upon termination or upon expiry of the Lease Term. The LESSEE may, upon termination or expiration of the Lease Term, remove any fixtures which it has placed/installed in the DEMISED PREMISES based on mutual discussion provided that removal can be accomplished without any material damage to the DEMISED PREMISES.
- d) Upon expiry of the Lease Term (unless the same is renewed), the LESSEE will hand over the possession of the DEMISED PREMISES to the LESSOR.

11. HOLD OVER:

Notwithstanding anything contained elsewhere in this Lease Agreement, in the event that the parties are unable to agree on the terms and conditions in relation to an extension of the Lease Term then if the LESSEE should be desirous of continuing to occupy the DEMISED PREMISES upon the expiry of the Lease Term, the LESSORS shall, on the written request of the LESSEE before the Expiration Date of the Lease Term, allow the LESSEE to continue occupying the DEMISED PREMISES for a further period of up to 3 (Three) months after the Expiration Date at the same prevailing Rent and upon the same terms and conditions as this Lease Agreement.

12. BILLS AND UTILITIES:

Bills, other than Rent, shall be determined as follows:

- a) Water bill is to be paid on actual consumption of water.
- b) Electricity/WASA bill is to be paid within 30 (thirty) days from the date of physical receipt of such bill by the LESSEE.
- c) The LESSEE shall not take electric connection from any other tenant, nor shall the LESSEE provide electric connection from its supply to any other tenant of the building.

13. INSPECTION AND QUIET AND PEACEFUL ENVIRONMENT:

The LESSOR, or the authorized representative of the LESSOR, shall be entitled to inspect the Demised Premises during daytime hours (between 9am to 5pm), by giving 48 (forty-eight) hours' prior notice in writing to the LESSEE. Subject to such inspection, the LESSEE shall have the right to peacefully hold and enjoy the DEMISED PREMISES during the Lease Term upon performance of the covenants herein contained without interruption or threat of eviction by the LESSOR or any person on its behalf.

14. APPROVAL/CONSENTS:

- a) The LESSOR shall, at its own cost, obtain all necessary permissions/approvals for the lease of the DEMISED PREMISES and procure and install all requisite utility facilities for the DEMISED PREMISES.
- b) The LESSEE, if possible and necessary, shall provide commercially reasonable assistance to the LESSOR in obtaining the approval(s) or the renewal/extension of such approval(s) from the concerned authorities.
- c) Each Party to this Lease Agreement shall continue to maintain in full force and effect consents, approvals, and other authorizations necessary for the performance of that party's obligations under this Lease Agreement or for the validity or enforceability of the Lease Agreement.

15. TERMINATION:

- a) The Parties acknowledge and agree that the lease is not terminable by the LESSOR before expiry of the Lease Term unless there is a material breach on the part of the LESSEE in complying with the terms of this Lease Agreement, in which case the LESSOR shall give 6 (six) months prior notice in writing to the LESSEE to rectify any such breach. In the event of failure on the part of the LESSEE to rectify the breach within the period of 6 (six) months, the LESSOR shall have the right to terminate this Lease Agreement by giving 3 (three) months' prior written notice to the LESSEE, provided that the LESSOR shall return all outstanding Security Money and any unadjusted Advanced Rent to the LESSEE at the time of termination of this Lease Agreement, after deduction of amount as per this Lease Agreement, due to any loss/damage caused by the LESSEE, with the exception of reasonable wear and tear occurring from use.
- b) With the exception of conditions prevailing as per clause 3 (d) and 16 of this Agreement, the non-payment of lease rent for a period of 3 (three) months shall be considered as one of the material breaches of agreement on the part of the LESSEE. In case the LESSEE however, fails to pay the monthly rent for 3 (three) consecutive months, then the LESSOR shall have the option to terminate the Lease Agreement by serving 30 days' prior written notice. The Lessee's objection or move including any legal action against termination by the Lessor in compliance of this clause shall not be acceptable, unless otherwise provided under the law.
- c) Upon termination of this Lease Agreement, no Party shall be relieved from any obligation already accrued prior to the date of such termination, nor from any liability for a breach of this Lease Agreement occurring prior to the date of such termination.
- d) The LESSEE may terminate the lease for convenience, without assigning any reason, at any time, by serving to the LESSOR 6 (six) months' prior notice in writing.
- e) If the LESSOR is in material breach of its covenants as per this Lease Agreement, and/or if due to the LESSOR's own negligence and/or willful omission, e.g., severe internal architectural defects within the DEMISED PREMISES, or if LESSOR has otherwise rendered the DEMISED PREMISES no longer habitable/safe for the LESSEE to use for its intended purpose, the LESSEE shall have the right to terminate the lease upon 30 (thirty) days' notice in writing and the Lessor shall refund any unadjusted Advance Rent and Security Deposit to the Lessee without deduction or adjustment.

16. FORCE MAJEURE:

- a) In the event the DEMISED PREMISES or any part thereof is wholly or partially destroyed by earthquake, tempest, flood, civil commotion, enemies of the State or other irresistible force beyond reasonable human control, so as to render the same or any part thereof substantially unfit for LESSEE's purposes as solely determined by the LESSEE, LESSEE will have the following options:
 - (i) To terminate the lease either immediately or upon giving 1 (one) months' notice in writing to the LESSOR; or
 - (ii) To continue the lease with notice to the LESSOR, requiring the LESSOR to repair the damaged portion of the DEMISED PREMISES within the time stipulated in the notice, where upon the LESSOR shall complete the repairing work within the time, which is reasonably required for completion of such repair to ensure that the DEMISED PREMISES shall have been again rendered fit for occupation and use. Proportionate Rent for the unaffected/fit for use portion of the DEMISED PREMISES shall be payable by the LESSEE to the LESSOR during the period required for such repairs.
- b) In the event the DEMISED PREMISES or any part thereof is requisitioned or appropriated by the government under any law, this lease shall forthwith be terminated (but without prejudice to the

rights and remedies of either party against the other with respect to any claim or breach of covenant arising prior to the requisition or appropriate of the DEMISED PREMISES).

17. FIRE SAFETY SYSTEM:

- a) As per BNBC, 2006 (Bangladesh National Building Code), the LESSOR shall arrange, at its own cost, all necessary fire prevention/extinguishment equipment and tools within 06 (six) months from the date of signing of this Lease Agreement.
- b) The LESSOR shall be responsible to take required insurance, including fire insurance, in relation to the building, and the LESSEE shall be responsible to take required insurance, including fire insurance, in relation to the DEMISED PREMISES within the 06 (six) months from the date of signing of this Lease Agreement.
- c) Under the regulation of Bangladesh Fire Service & Civil Defense, the LESSOR shall carry out a yearly audit and assign the Bangladesh Fire Service & Civil Defense, or any other competent/authorized third party, to carry out such audit and inspection. The cost of the audit and inspection shall be borne by the LESSOR. Upon successful completion of the audit and inspection of the fire equipment, the LESSOR and/or LESSEE (if applicable) must comply with any directions issued by the Bangladesh Fire Service & Civil Defense, or the competent/authorized third party, in the manner and timeline specified in such directions.

18. REFUND OF SECURITY DEPOSIT AND ADVANCE RENT:

Upon termination or expiry of the lease, the LESSOR hereby undertakes to refund the Security Deposit and any unadjusted Advance Rent as paid under this Lease Agreement, to the LESSEE within 30 (thirty) days of termination and/or expiry of the lease, after deduction of amount as per this Lease Agreement, due to any loss/damage caused by the LESSEE, with the exception of reasonable wear and tear occurring from use. In the event of a dispute between the Parties on the loss/damage amount, then the Parties shall follow the procedure outlined in clause 6(b) of this Agreement.

19. TAXES:

- a) The LESSOR will be responsible for, and shall pay, all taxes, rates, ground rent, house tax, property tax and any other levies or charges that may be levied or payable to any municipality, corporations, or the government with respect to the DEMISED PREMISES.
- b) In the event the LESSOR fails or neglects to comply with clause 19(a) above, the LESSEE shall be entitled to make such payment on LESSOR'S behalf and to deduct the same from the Rent payable by the LESSEE to the LESSOR or, alternatively, claim such payment as a debit against the LESSOR.
- c) The LESSOR agrees to indemnify the LESSEE if any claim is made against, or imposed on, the LESSEE with respect to any fees, taxes or other charges of a public nature that are, or may be, assessed against the DEMISED PREMISES from time to time.

20. ASSIGNMENT OR SUB-LEASE:

The LESSEE shall not rent or sub-rent/sub-let the DEMISED PREMISES, in whole or in part, to any third party without prior written permission of the LESSOR. Notwithstanding the foregoing, LESSEE may rent or sublet the Demised Premises to its subsidiary and/or affiliated company as necessary to accommodate its needs in the DEMISED PREMISES.

21. NOTICE:

Any notice required by this Lease Agreement shall be given in writing and shall be served by personal delivery or by registered mail addressed to the party concerned at the following address.

For the LESSEE: **Rashed Mujib Noman**
Country Director,
Augmedix Bangladesh

Augmedix Building, Suite 203,
17/C, Panthapath, Dhaka.

For the LESSOR: **Mohammad Hossain Jony**

Managing Director

Sony Chocolate Industries Ltd.

Rahman's Regnum Centre, Suite # 301/A (3rd Floor)

191/1, Tejgaon-Gulshan Link Road, Tejgaon C/A, Dhaka-1208.

22. AMENDMENT:

This Lease Agreement may at any time be amended by mutual agreement in writing between the parties hereto.

23. GOVERNING LAW:

This Lease Agreement shall be governed by and construed in accordance with the laws of Bangladesh.

24. RESOLUTION OF DISPUTES:

If there is any dispute between the Parties, they shall try to settle it amicably between themselves. If the Parties fail to resolve the dispute between themselves within a period of 30 (thirty) days, then the matter may be referred to a Court having jurisdiction.

25. MAINTENANCE AND RENOVATION OF DEMISED PREMISES:

- a) The LESSORS shall be responsible for carrying out repair/replacement work for any major damage to the common area of the DEMISED PREMISES within the time stipulated in the written notice by the LESSEE to ensure that the common area of DEMISED PREMISES shall be rendered fit for occupation and use as determined by the LESSEE. The LESSORS shall also be responsible for carrying out all minor repairs and routine maintenance to the DEMISED PREMISES resulting from ordinary wear and tear within the time stipulated in the written notice by the LESSEE. In the event that the LESSOR fails to carry out the necessary major/minor repair works in the manner stated above, then the LESSEE may carry out such works/repairs/replacements whereupon the LESSOR shall upon request by the LESSEE reimburse the LESSEE for the full cost including any consultant fees. If such payment is not received by the LESSEE within 30 days then the LESSEE shall have the right to deduct such amount from the Rent with notice to the LESSORS in writing.
- b) The LESSEE shall not make any additions, alternation or improvements to the DEMISED PREMISES or any fixture without prior consent of the LESSORS. The LESSEE will be entitled to construct or erect such additional fixtures as may be reasonably required for the renovation and decoration of the DEMISED PREMISES. On expiry or sooner termination of the Lease Term, LESSEE shall remove any fittings and return the DEMISED PREMISES to broom clean condition, subject to ordinary wear and tear.

26. INDEMNITY:

Each Party shall indemnify, defend and hold harmless the other party from any claim, action, demand, loss, damage, expenses or any other liabilities whatsoever which may arise due to, as a result of or consequence of its breach, failure, willful negligence or misconduct or omission to fulfill its obligations and covenants under this Lease Agreement and/or under any terms of any applicable law or regulation.

27. SEVERABILITY:

If any part of this Lease Agreement is determined to be illegal, invalid, frustrated or unenforceable, for any reason, then, insofar as is practical and feasible, the remaining portions of the Lease Agreement shall be deemed to be in full force and effect as if such invalid portions were not contained herein.

28. MISCELLANEOUS:

- a) Nothing herein expressed or implied is intended or shall be construed to give any person other than the Parties hereto any rights or remedies under this Lease Agreement.
- b) This Lease Agreement shall be deemed to have been prepared jointly by the Parties hereto. Any ambiguity herein shall not be interpreted against any Party hereto and shall be interpreted as if each of the Parties hereto had prepared this Lease Agreement.
- c) No failure or delay (whether express or implied) on the part of one party in exercising nor any omission to exercise any right power privilege or remedy accruing to the aforementioned party upon any default or breach of any covenant condition or duty on the part of the other party shall impair any such right power privilege or remedy or be construed as a waiver thereof or any acquiescence in any such default or breach affect or impair any right power privilege or remedy of the first mentioned party in respect of any other or subsequent default.

29. WHOLE AGREEMENT:

This Lease Agreement including the Annexure appended hereto supersedes all previous negotiation and any representation or understandings written or otherwise between the parties hereto and this Lease Agreement shall constitute the entire agreement between the parties hereto with respect to the DEMISED PREMISES.

30. EFFECT OF HEADINGS:

The subject of headings of this Lease Agreement is included for the purpose of convenience only and shall not affect the construction or interpretation of any of its provisions.

31. SUCCESSORS BOUND:

This Lease Agreement shall be binding upon the successor-in-interest, legal representatives, assigns, administration and assigns of the parties hereto.

32. COUNTER PART:

This Lease Agreement is made in 2 (two) sets in original, each of the parties shall get a set of original of the Agreement.

SCHEDULE OF THE DEMISED PREMISES

All the piece and parcel of floor space measuring 8,300sqft. (Including common space) Located at the Business suite # A & B-8 at 8th floor of Commercial Complex of **Sony Chocolate Industries Ltd** with the amenities listed in the lease agreement at Rahman's Regnum Centre, 191/1, Tejgaon-Gulshan Link Road, Tejgaon C/A, Word No-37, PS-Tejgaon I/A, Tejgaon, Dhaka-1208.

IN WITNESS WHEREOF, the parties hereto mutually agree to subscribe their names on the day, month and year mentioned above.

(Rashed Mujib Noman) (Mohammad Hossain Jony) Country Director Managing Director
Augmedix Bangladesh Sony Chocolate Industries Ltd

Witness: Witness:

1. Name: 1. Name:

2. Name: 2. Name:

ANNEXURE-1 FLOOR LAYOUT

ANNEXURE-2 SERVICE LEVEL AGREEMENT

Service Level Agreement (SLA)

for

Augmedix Bangladesh Ltd.

(Hereinafter called as Customer)

By

Sony Chocolate Industries Ltd.

(Hereinafter called Service Provider)

Effective Date: (1 January 2024)

Scope of Service

The following detailed service parameters are the responsibility of the Service Provider in the ongoing support of this Agreement.

1.1 **Human Recourses Services:** "Service Provider" will provide the following personnel for the Building:

A. Services Supervisor (Full time):

- To supervise day to day activities of the building staff
- Arrange emergency support
- Coordinate with the Clients
- Keeping records & maintain various registers
- Attend to the guests of the building.

B. CC TV Operator/ Control person:

To check & operate CCTV as per requirement and ensure no unauthorized persons enter the building.

C. Electrician:

To check all electric lines regularly and provide service as per requirement. Maintain work-registers etc.

D. Security Guards: (24 x 7):

1. Ensure security for the overall building premises.
2. Monitor CCTV for the overall building premises.

E. Cleaner:

To ensure hygiene cleaning of common areas, stairwells, lift lobbies, rooftop, parking area, garden/garden area, void areas, security post and usable areas outside of the complex

1.2 **Documentary Services:** The following documentary services will be maintained:

#	Name of Registers	Quantity
01	Generator Using Register	01 Number
02	Utility Meter Reading Register	01 Number
03	Observation/Complaint/Occurrence Register	01 Number
04	Documents & Utility Dispatch Register	01 Number
05	Visitor/ Outsider Register	01 Number

#	Name of Files	Quantity
01	Utility Bill Copy File	01 Number
02	Tenant Documents File	01 Number
03	Duty Roster File	01 Number
04	Form – Formats File	01 Number
05	Meeting File	01 Number
06	Office Circular File	01 Number
07	Policy File	01 Number

1.3 Electro-Mechanical & Heavy Equipment Maintenance Support Services: The Service Provider shall be responsible for the monitoring, periodical servicing and maintenance of electro-mechanical and heavy equipment including but not limited to lift, generator, sub-station, fire extinguisher, water lifting pump, PABX, CCTV, electrical lines/wiring/switch and power points maintenance services, power points, ventilation system and firefighting system, the annual test of the fire alarm system according to the BNBC codes.

Any cost related to maintenance support services will not be borne by the Customer. It is further agreed that any heavy equipment replacement, equipment parts replacement, any other building asset replacement or any equipment installation the associate cost will not be borne by the Customer. The cost shall be borne from the Reserve Fund. However, if the associated cost exceeds the limit of the Reserve Fund, the owners of the building shall carry out the necessary work at their own cost.

1.4 Cleaning materials with tools, bulbs/tube lights, utilities for common area: Cleaning materials with tools, necessary bulbs/ tube lights for common areas will be provided by the Service Provider to ensure the proper cleanliness and lighting of common areas. Common utilities shall be borne by the Service Provider. Cleaning services shall be carried out in the following manner and schedules.

- i. Daily cleaning of the interior of the building, including major cleaning to be done following all events, official and otherwise that have taken place in the building premises.
- ii. Daily cleaning and sanitization of common restrooms on work days.
- iii. Monthly cleaning of all window glasses and door glasses.
- iv. Half Yearly cleaning of all external glass work of the premises.
- v. Cleaning of the car parking area and driveway in all the basement floors and the ground floor as needed.

2. Customer's Covenants

Customer responsibilities and/or requirements in support of this Agreement include:

- a. Payment of the Service Charge as it becomes due.
- b. Reasonable availability of customer representative(s) when resolving a service-related incident or request.

3. Service Provider's Covenants

The **Service Provider** hereby covenants as follows:

- i. To maintain all common utility bills and charges paid up to date with the funds given by the Customer.
- ii. To ensure that none of its employees use any intellectual property of the Customer.
- iii. To provide all personnel with uniforms, materials, tools, equipment required for carrying out the services and the Service Provider shall also provide identity cards with photograph to all personnel, and shall ensure that the personnel at all times carry the identity cards.
- iv. To ensure that the personnel appointed under and for the purpose of this Agreement do not have a criminal conviction, which includes crimes involving breach of trust or dishonesty or any history of illegal, unlawful or subversive activities.

- v. The Customer shall have no liability whatsoever for any injury or death to the personnel suffered while on duty or not, and including, without limitation, for any damages suffered which results from any other reason whatsoever. The Service Provider shall arrange adequate insurance coverage for its personnel for personal injury and death whilst performing the services.
- vi. The Service Provider shall be responsible for all its acts and omissions and those of its personnel and for health, safety and security of its personnel and their property.
- vii. Without prejudice to the foregoing provision, in case of any loss or damage caused to the office premises, properties, assets and employees of the Customer for any reason whatsoever due to the act, omission, negligence or misconduct by the personnel of the Service Provider, the Service Provider shall be liable to compensate the fully against such damage or loss.
- viii. To ensure and oversee that the works of its personnel are being carried out competently and efficiently and this shall not absolve the Service Provider of its liabilities and responsibilities.
- ix. It is clearly agreed and understood by both the Parties that the responsibility for employment of any resources by the Service Provider and any or all forms of compensation in whatsoever term called including salary and payment of their remuneration shall be the sole responsibility of the Service Provider. The Customer shall not be responsible or liable in any manner whatsoever, directly or indirectly for such employment or expenses incurred thereof, and the employees are and shall be exclusively considered as employees of the Service Provider and are never to be treated or considered as employees or agents of the Customer. It is expressly agreed between the Parties that any statutory liabilities arising out of employment, non-employment (including accidents) of resources deployed by the Service Provider shall be on account of the Service Provider.

4. Subcontract:

The services to be provided by the Service Provider, as described in this Agreement, shall not be subcontracted by the Service Provider to any other individual or entity, and the Service Provider shall not engage any subcontractor or agent to carry out any of the services and obligations pursuant to this Agreement.

5. Service Availability

Coverage parameters specific to the service(s) covered in this Agreement are as follows:

- a. Telephone support: 24/7 hrs.
Calls received out of office hours will be forwarded to a mobile phone and best efforts will be made to answer / action the call, whatsoever there will be a backup answer phone service.
- b. Email support: Monitored 9:00 A.M. to 6:00 P.M. Saturday – Thursday
Emails received outside of office hours will be collected, however, no action can be guaranteed until the next working day.
- c. Onsite assistance, if needed guaranteed within 24 hours during the business week.

6. Miscellaneous:

- a. Emergency/Special Support Services: During long-term vacations such as Eid-ul-Fitre, Eid-ul-Azha & any Governmental Holidays/Hartals days the Service Provider will ensure strong and special services at their own cost.
- b. Logistics/Utility Services: The Service Provider through its Premises' staff will collect and ensure monthly payment for electricity, WASA, Generator fuel.
- c. Surprise visit: Surprise visit will be arranged by the Service Provider for strong supervision over the Premises staff in any working or holidays to ensure the quality services to the building Premises.
- d. Co-ordination Meeting: The Service Provider will arrange a coordination meeting with the Customer for the betterment of the service.
- e. Training Program: The Service Provider will arrange a special training program to upgrade the building premises staffs' service quality and to train them to deal with the Customer in proper manner and attitude.
- f. Others Special/Technical Services: Following technical service shall also be provided by the Service Provider on a mutual cost basis which is as follows:

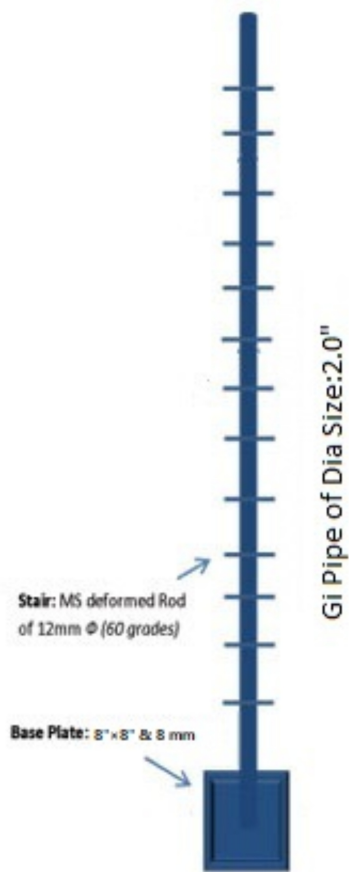
i. Underground & Overhead Water Reservoir Cleaning: A well-equipped professional team engaged by the Service Provider will provide hygienic cleaning services for underground & overhead water reservoirs.

ANNEXURE -3

SPECIFICATION OF THE RADIO AND TOWER

Radio Dimension: 280 x 470 x 470 mm (approx.)

Tower Specification: Attached (approx.)



Stair: MS deformed Rod of 12mm Φ (60 grades)

Base Plate: 8" x 8" & 8 mm

Gi Pipe of Dia Size: 2.0"

10 Feet Pole Tower

LEASE AGREEMENT

This LEASE AGREEMENT for lease of Commercial Space # C-17 at the 17th floor of the Commercial Complex of **Sony Chocolate Industries Ltd.** at Rahman's Regnum Centre, 191/1, Tejgaon-Gulshan Link Road, Tejgaon C/A, Dhaka-1208 is made on this **22 November, 2023** to be effective from **1st March, 2024** (hereinafter the "Lease Agreement").

BETWEEN

Sony Chocolate Industries Ltd. a registered private company represented by its Managing Director **Mohammad Hossain Jony S/O-** Late Al-Haj Abdur Rahman Sikder of Rahman's Regnum Centre, Suite # A-12 & B-12 (12th Floor), plot # 191/1, Tejgaon-Gulshan Link Road, Tejgaon, C/A, Dhaka-1208 (hereinafter referred to as the "**LESSOR**", which expression shall, unless repugnant contrary to the context, shall mean and include its heirs, legal representatives, executors, successors-in- interest, assigns and nominees wherever the context so permits) of the.....**FIRST PARTY.**

AND

Augmedix Bangladesh Ltd. incorporated under the appropriate laws of Bangladesh, represented by **Rashed Mujib Noman**, Country Director, Bangladesh, having its registered office at Augmedix Building, Suite 203, 17/C, Panthapath, Dhaka Bangladesh (hereinafter referred to as the "**LESSEE**" which expression shall unless excluded by or repugnant to the context be deemed to include its successors, legal representatives, administrators and assigns) of the**SECOND PARTY.**

(The LESSOR and the LESSEE are hereinafter collectively referred to as the "Parties" and individually as a "Party")

WHEREAS, the LESSOR is desirous of leasing the Commercial Space # C-17 at the 17th Floor of the Commercial Complex of **Sony Chocolate Industries Ltd.** at Rahman's Regnum Centre, 191/1, Tejgaon-Gulshan link Road, Tejgaon C/A, Dhaka-1208 and the LESSEE, has agreed to take lease of the same for its business purposes in Dhaka.

NOW THEREFORE, AND SUBJECT TO THE MUTUAL COVENANTS HEREIN AFTER, THE PARTIES HERE TO AGREE AS FOLLOWS:

DEMISED PREMISES:

The DEMISED PREMISES is a space measuring approximately 5,712 sq. ft. including front stairways and their respective landing area, lift lobby area, fire exit, toilet zone and common space, at the 17th floor of the commercial complex of **Sony Chocolate Industries Ltd.** at Rahman's Regnum Centre, 191/1, Tejgaon-Gulshan Link Road, Tejgaon C/A, Dhaka-1208 along with the facilities attached thereto, fully described in the schedule below (hereinafter referred to as the DEMISED PREMISES).

DEMISED PREMISES 17th Floor layout attached and duly signed by both the parties.

1. TENURE:

- a) The tenure of the lease of the DEMISED PREMISES will be for 05 (Five) years ("**Lease Term**"), commencing on **1st March, 2024** ("**Commencement Date**") and ending on **31 March 2029** (the "**Expiration Date**"), unless terminated earlier as per provision in this Lease Agreement or such date as may be extended by mutual agreement.
- b) In the event of extension of the Lease period by mutual agreement, the Advance Rent, Rent, Service Charge and other terms and conditions shall be reviewed, re-fixed and decided on the basis of market rates for the lease of commercial spaces of adjacent areas of the Tejgaon-Gulshan link Road, Dhaka-1208 on mutual understanding.
- c) For the purposes of extending the Lease Term, the Parties shall initiate the discussions 6 (six) months prior to the expiry of the Lease Term or any extended Lease Term; as applicable.

2. RENT:

- a) Commencing on the Commencement Date and continuing up to the Expiration Date, the LESSEE agrees to pay the LESSOR monthly rent for the DEMISED PREMISES (the "**Rent**") in the following amounts and for the following periods, beginning either on the date set forth below or the date LESSOR delivers possession of the DEMISED PREMISES.

Floor 17					
Handover Date	Rent Effective Date	Total space (5,712 Sq. Ft.)	% of Rent Increase	Rent Per Sq. ft.	Monthly Rent (Tk.)
1 March 2024	1 April 2024 to 31 March 2026	5,712	<i>Initial Rate</i>	120.00	6,85,440.00
	1 April 2026 to 31 March 2028	5,712	@10%	132.00	7,53,984.00
	1 April 2028 to 31 March 2029	5,712	@10%	145.20	8,29,382.00

- b) The Rent for each month shall be paid by the 21st day of the same month.
- c) The Rent is subject to deduction of the income tax at source as per Income Tax Ordinance, unless a tax exemption certificate issued by the National Board of Revenue is produced by the LESSOR.
- d) If the LESSOR has more vacant space available for lease at any time during the Lease Term, then the LESSOR shall first offer such space for lease to the LESSEE at the prevailing market

rate, provided, however, rent, advance rent and others terms and conditions of such lease shall be reviewed, fixed and decided on the basis of the then-current market rate for the lease of commercial spaces with equivalent standards & facilities of adjacent areas of the Tejgaon-Gulshan link Road, Dhaka-1208 on mutual understanding.

Notwithstanding the Rent schedules set forth in Section 2.a above, the Rent shall be abated for a period of 1 (one) month from the date LESSOR delivers possession of the DEMISED PREMISES to the LESSEE for the purpose of interior works within the DEMISED PREMISES. If the LESSEE fails to complete the interior works within the 1 (one) month of LESSOR's delivery of possession of the DEMISED PREMISES to the LESSEE, the LESSOR will not consider any extension of the Rent-free period.

3. LEASE AND HANDOVER OF DEMISED PREMISES BY LESSOR:

- a) **Subject to the terms and conditions of this Lease Agreement, the LESSOR hereby leases to LESSEE the DEMISED PREMISES on the terms set forth herein.**
- b) The LESSOR shall handover possession the DEMISED PREMISES to the LESSEE according to the schedule set forth below:

Sl. No	Floor No.	Space Area Sq. Ft.	Signing date	Hand over date	Rent start date
1.	17 th floor	5,712	22 Nov 2023	1 March 2024	1 April 2024

- c) The LESSOR will hand over the DEMISED PREMISES to the LESSEE in broom clean condition after completing the floor tiles, lift lobby marble tiles finishing works, water connection, back-up generator of 50 KW, three (3) working elevators, common bathroom zones, electric connection up to Sub Distribution Board. The LESSEE'S obligation to take possession of the DEMISED PREMISES shall be subject to a satisfactory joint inspection by the LESSEE and the LESSOR. If any incompleteness, damage, or deficiencies are identified during the joint inspection, LESSOR shall be responsible for repair and/or correcting such deficiencies.
- d) Notwithstanding the Rent schedule set forth in Section 2.a above, or any other provision of this Agreement, if for any reason the LESSOR is unable to deliver possession of the DEMISED PREMISES in accordance with the conditions stated in clause 3(c), on the dates set forth in Section 3.b above, all of LESSEE's obligations, including the obligation to pay Rent, for the DEMISED PREMISES, shall be suspended until the date on which the LESSOR is able to deliver possession of the DEMISED PREMISES, as per terms of this Lease Agreement and to

the satisfaction of the LESSEE. Moreover, in the event LESSOR fails to handover the DEMISED PREMISES, as per clause 3(b) above, the LESSOR shall be allowed a grace period of 14 calendar days (hereinafter "Grace Period") to complete the handover. After expiry of the Grace Period, the LESSOR shall be liable to pay a penalty charge of Tk. 25,000 (Taka Twenty Five Thousand) only for each day of delay of handover in accordance with the terms and conditions of this Agreement.

The obligation to pay the delay penalty shall be without prejudice to any other rights of LESSEE under this Lease Agreement. Further, without prejudice to any other rights under this Lease Agreement, if for any reason the LESSOR is unable to deliver possession of each floor(s) of the DEMISED PREMISES to LESSEE within 3 (three) months of the handover dates set forth in Section 3.b above, LESSEE may, at its option, by written notice to LESSOR terminate this Lease Agreement, and upon such termination, LESSOR shall refund any and all amounts paid by the LESSEE in connection with this Lease Agreement.

4. SERVICE AND MAINTENANCE CHARGES:

a) The monthly service and maintenance charge for the DEMISED PREMISES is as follows (the "Service and Maintenance Fee Schedule"):

Floor 17					
Handover Date	Service Charge Effective Date	Total space Sq. Ft.	% of Service Charge Increase	Service Charge per Sq. Ft.	Monthly Service Charge (Tk.)
1 March 2024	1 April 2024 to 30 June 2024	5,712	<i>Initial Rate</i>	10.00	<i>30% discount on 57,120.00</i>
	1 July 2024 to 31 March 2026	5,712	<i>Initial Rate</i>	10.00	57,120.00
	1 April 2026 to 31 March 2028	5,712	@10%	11.00	62,832.00
	1 April 2028 to 31 March 2029	5,712	@10%	12.10	69,115.00

b) The charge specified in clause 4(a) above includes, without limitation to the LESSEE's proportionate cost of **building security, common area electricity, cleaning/housekeeping/maintenance** of front stairways and their respective landing area, lift lobby area, fire exit and common space of the DEMISED PREMISES, and **common area utilities. Advance Income TAX (AIT) & Value Added TAX (VAT) is not applicable for Utilities (Water, GAS and Electricity); any other Service & Maintenance charge is subject to 5% AIT and 15% VAT according to Govt. rules.** Seventy Five Percent (75%) of the Service Charge will be allocated for common services charge in which the wages of services staff, festival bonus for staff, extra duty allowance during Eid and other festival holidays, communication & coordination charges, common electric bill, etc. will be covered. The remaining Twenty-Five (25%) of the Service Charge will be preserved as the Reserve Fund by the LESSOR to cover emergency expenses i.e. emergency heavy equipment, spare replacement etc.

c) The service level agreement (SLA) in respect of the services to be provided by the LESSOR against the Service Charge payable under this clause no. 4 is specified in Annexure-2 of this Lease Agreement.

d) Notwithstanding the Service and Maintenance Fee Schedule set forth in Section 4.a above, if for any reason the LESSOR is unable to deliver possession of the DEMISED PREMISES on the dates set forth in Section 3.b above, all of LESSEE's obligations, including the obligation to pay service and maintenance charges, for the DEMISED PREMISES shall be suspended and tolled for the period of delay in LESSOR's handover of the DEMISED PREMISES.

1. ADVANCE RENT:

a) The LESSEE shall pay advance rent for DEMISED PREMISES equivalent to 3 (three) month's rent, amounting to **Tk. 20,56,320.00 BDT** (Twenty lacs fifty six thousand three hundred twenty) only to the LESSOR on handover of the DEMISED PREMISES ("Advance Rent"). If the handover date is delayed (as set forth in Section 3.b above), the payment for the advance payment shall be delayed until handover of the DEMISED PREMISES.

b) Notwithstanding Section 5.a above, if for any reason the LESSOR is unable to deliver possession of the DEMISED PREMISES on the dates set forth in Section 3.b above, all of

LESSEE's obligations, including the obligation to pay advanced rent, for the DEMISED Premises, shall be suspended and tolled for the period of delay in LESSOR's handover of the DEMISED PREMISES.

- c) Advance Rent being **20,56,320.00 BDT** (Twenty lacs fifty six thousand three hundred twenty) only paid to the Lessor, shall be fully adjusted in 12 monthly installments at the rate of **Taka 1,71,360.00 (One lac seventy one thousand three hundred sixty) only per month** from monthly rent payable by the LESSEE.

2. SECURITY DEPOSIT:

- a) The LESSEE shall pay a security deposit to the LESSOR equivalent of 6 month's rent amounting to **Tk. 41,12,640.00** (Forty one lac twelve thousand six hundred forty) only (the "Security Deposit"), which shall be payable in installments in the following manner:

Sl. No.	Milestone	Amount
1.	1 st Installment of Security Deposit shall be paid Upon execution of this Lease Agreement on 22 November 2023	Tk.20,56,320.00
1.	2 nd Installment of Security Deposit shall be paid on 15 December 2023 based on work progress at the DEMISED PREMISES. (If the work progress is not satisfactory to LESSEE, 2 nd installment payment for the security deposit shall be delayed until LESSEE is satisfied with the progress of the work)	Tk.20,56,320.00
	Total	Tk.41,12,640.00

- a) This Security Deposit shall be refunded to LESSEE within 30 (thirty) days following the Lease Term or upon earlier termination of this Lease Agreement, subject to any mutually agreed deductions for any damage in the DEMISED PREMISES with the exception of reasonable wear and tear occurring from use following a joint inspection of the DEMISED PREMISES by both LESSOR and LESSEE. In the event that the Parties are unable to agree on the deduction or

quantum of damages then the Parties shall be required to jointly appoint an independent surveyor to inspect the damage. The decision/report of the independent surveyor shall (save for manifest error) be final and binding upon the Parties and the costs of the independent surveyor shall be borne wholly by the Party against whom the independent and reputed surveyor decides or proportionately as determined by the independent and reputed surveyor, as applicable. No deductions can be enforced until the decision/report is served upon the LESSOR and LESSEE. In case of renewal of the Lease Term however, this amount may be adjusted with the advance amount to be paid for renewed period at the sole discretion of the LESSEE. In case the Lease Term is not extended for a further period, then the LESSEE shall have the option to set-off the last 6 (six) month's Rent with the Security Deposit amount.

- b) Notwithstanding the Security Deposit pay schedule set forth in Section 6.a above, if for any reason the LESSOR is unable to deliver possession of the *DEMISED PREMISES* on 1 March 2024, Lessee's obligation to pay the advanced deposit shall be suspended until such date on which the LESSOR is able to deliver possession of the DEMISED PREMISES to the LESSEE, or parts thereof, as per terms of this Lease Agreement.

Rent, Advance Rent, Security Deposit, Service & Maintenance charge payable shall be in account payee Cheque/BFTN/RTGS issued in the name of "**Sony Chocolate Industries Ltd.**"

5. COVENANTS OF THE LESSEE:

The LESSEE covenants and represents:

- To pay the Rent, advance Rent and Security Deposit to the LESSOR at the time and in the manner set forth in this Lease Agreement.
- To pay AIT deducted from the Rent, if any, to the income tax authority and submit payment receipt thereof to the LESSOR. VAT is not applicable on Rent.
- To pay the power consumption bills for the DEMISED PREMISES in accordance with the reading of the sub-meter installed by the LESSOR, after receiving the pertinent bill from the electric supply authority.
- To pay standby generator electricity used in case of normal utility supply failure as per the rate and bill prepared / served on the basis of provision of clause 8(bb) below.
- To keep the DEMISED PREMISES clean and to carry out all minor repairs and day-to-day maintenance of the DEMISED PREMISES at the cost of the LESSEE.
- Subject to the terms and conditions of this Lease Agreement, not to make any structural alteration or additions in or to the DEMISED PREMISES without prior permission of the LESSOR.

- g) To complete the interior decoration at its expense (if necessary) in accordance with its specifications, without causing any structural changes or damage (such as drilling holes in beams or columns, breaking marble floor tiles, or designing the feature wall and ceiling of a typical floor, lift, lobby, etc.).
- h) **Air Conditioning:** The LESSEE is required to install VRF air conditioning system in the DEMISED PREMISES at its own expense, and it must provide documentation that details the cost of the system components installed. The air conditioning system must be of VRF brand from Samsung, Mitsubishi, or York, or an equivalent. The LESSOR shall have the option to retain the air conditioning system installed, by reimbursement of the depreciated value of the same @ 8% per year over the length of usage after the Lease Term has expired or in case the Lease Agreement is terminated for any reason in accordance with the terms and conditions of this Lease Agreement.
- i) The LESSEE shall be allowed to uninstall the VRF at any time, if there is any disagreement regarding the price/value of the air conditioning or for any other reason, as determined by the LESSEE in its sole discretion.
- j) The modern firefighting (NAFCO, U.A.E) system of the building common spaces, and each floor lift-lobby spaces shall be installed by LESSOR at standard design and its own cost. Notwithstanding, the LESSEE will install, at its own cost, the internal firefighting system of the DEMISED PREMISES as per its own layout plan compatible with the master layout plan.
- k) For structural safety and security of the building, no holes, drilling and fixing of any other structures shall be done on the concrete columns and beams.
- l) Common spaces, especially the lift lobby in front of the DEMISED PREMISES, shall be kept clean as per this building's standards.
- m) For safety and security of the building against fire, no "Dipterocarps turbinatus" or "Gorjon" wood is allowed for decoration purposes. Recommend using any material which is not of fire hazard.

3. COVENANTS OF THE LESSOR:

The LESSOR covenants and represents:

- a) To ensure 24 hours' access to the DEMISED PREMISES by staffing a building attendant/ security personnel 24 hours' a day and lighting the DEMISED PREMISES at all times.
- b) To complete handover of the DEMISED PREMISES as per the schedule contained in clause 3 of this Lease Agreement.
- c) To install double-glazed glasses on exterior façade of the DEMISED PREMISES for noise reduction and increased insulation.
- d) To allow the LESSEE to install and pass/run the LESSEE'S required quantity of cables/wires (Power+LAN+Fiber+etc.) from floor to floor and from the server room to other floors of the DEMISED PREMISES. The LESSOR shall arrange to mitigate and resolve any hindrance and obstruction, if any, caused to the LESSEE by other tenants of the building in the process of installing and passing cables/wires.
- e) To allow the LESSEE to install an ISP fiber drop point and wall-mounted network switch box as per the LESSEE'S required specifications (height, weight, dimensions etc.) in an appropriate location at the basement, as deemed by the LESSEE, from where the LESSEE shall be able to use the cable ducts to pass/run the cables/wires toward the server room of the LESSEE.
- f) To allow the LESSEE to set up a 3rd radio tower including dedicated plant, machinery and equipment, as per the LESSEE'S required specifications (height, weight, dimensions etc.) on roof top of the building, if required, without any hindrance/obstructions and any further rent and/or charges. The approximate technical specifications of the radio and tower, including but not limited to height, weight, dimensions, etc., shall be as provided under Annexure-3.

The LESSEE shall not be required to pay any additional rent to the LESSORS for the space to be provided by the LESSORS on the roof top of the building.

- g) To arrange, at the LESSOR'S cost, a supply of 400 volts, 3 (three) phase, at least 200 KW (+/-) (Each floor 50 KW) electricity for the DEMISED PREMISES (up to Sub Distribution Board) with separate Electric Meter for the LESSEE which can be amended based on mutual discussion.
- h) To obtain and provide a resolution of the Board of Directors of the LESSOR's company in accordance with law and the Articles of Association of the LESSOR, confirming the terms and condition of this Lease Agreement and authorizing the signing of this Lease Agreement granting the lease to the LESSEE.
- i) To maintain regular water and electricity supply for the DEMISED PREMISES at its own cost.
- j) To pay any utility bills, including electricity, water charges etc., to the concerned authority or authorities for the DEMISED PREMISES for the period prior to the date LESSEE takes possession of the DEMISED PREMISES, and in the event of failure of the LESSOR to pay such bill, if any, LESSEE shall have the right to pay such bills to the authority or authorities concerned and to recover the said amount from the LESSOR, provided that the LESSEE provides the LESSOR with receipts for the bills so paid as evidence of such payment.
- k) To pay the land tax, urban tax, City Corporation taxes and any other taxes in connection with the land and the DEMISED PREMISES.
- l) To install marble/granite tiles in the lift lobby floors, common space and stairs of the DEMISED PREMISES.
- m) To complete the main entrance door to the DEMISED PREMISES with full height 12mm double shutter glass fitted with protector bit.
- n) The LESSOR shall allot 2 washrooms (female) specifically for the LESSEE to use (which are already built).
- o) The LESSOR shall construct 3 additional high standard common toilets including fittings within the DEMISED PREMISES as per lay out plan and architectural drawings (BRAND: KOHLER) from its own cost for the LESSEE.
- p) To ensure the DEMISED PREMISES is built in accordance and in adherence to all safety regulations as per the relevant authorities of the Dhaka City Corporation.
- q) To furnish the main floor of the DEMISED PREMISES with Akij/RAK Brand 32" x 32" or 48" x 24" Homogeneous/Antiskid tiles, and wooden/marble texture tiles for balcony.
- r) To allow the LESSEE to use the DEMISED PREMISES peacefully during the Lease Term, subject to the terms and covenants herein contained, without any interruption or eviction by the LESSOR or any person claiming under or in trust for them or any other persons whatsoever.
- s) To allow the LESSEE to affix its own name plate or signboard on the entrance of the DEMISED PREMISES, and to display its signage at the said place of the DEMISED PREMISES.
- t) To upon request from the LESSEE, provide to the LESSEE documentary proof of all the necessary clearance and permission for the DEMISED PREMISES from the Government and other relevant authorities.
- u) To in the event of a sale, assignment, bequeath, mortgage or any other transfer of ownership or interest in or to the DEMISED PREMISES, ensure and require that any purchaser agrees in writing to be bound by all the terms and conditions of this Lease Agreement.
- v) To comply with all regulations issued from time to time by local authorities in connection with the DEMISED PREMISES.
- w) To provide space for 4 (four) car parking spaces. Parking spots will be provided effective from the hand over date.
- x) To supply, install and provide annual maintenance for 3 (three) brand new high-speed elevators with all modern options for passengers (Lift supply, installation and annual maintenance will be provided by MITSUBISHI (AG MELCO Elevator Company Bangladesh Ltd.), or other equivalent leading and reliable company of the country in the business). All three elevators as specified in this clause 8(w) will be accessible by the employees/staff and guests of the LESSEE.
- y) To fix and fit all outer window glasses with double low-e double glazed curtain wall glass.

- z) To allow the LESSEE to install an extra power backup strategy, at its own costs, as the current back-up power provided by LESSOR is not sufficient to meet LESSEE'S 24/7 power needs, and to provide full cooperation to the LESSEE for its requisite implementation.
- aa) The LESSOR shall allocate a space for the LESSEE to place the generator owned by the LESSEE inside the building premises and allow the LESSEE to synchronize their generator with the LESSOR's generator.
- ab) To ensure a continuous power supply by providing a standby generator power supply for full load (50 KW) backup in cases of main utility supply failure. The load amount can be amended based on mutual agreement. Unit cost of standby supply shall be Tk.41.00 per KWh, (based on current diesel cost of Tk.109.00 per litre), payable in addition to the normal cost of regular electricity consumption. The unit cost of standby generation shall be adjusted in future i.e. increased or decreased in case there is any fluctuation of fuel cost.
- ac) Standby generator service consumption shall be calculated in proportion of allocated standby capacity (50 KW) to the full capacity of standby generator multiplied by the operating hours. The standby operating hours shall be recorded in a logbook at the basement substation room which may be viewed and approved by the authorized representative of the LESSEE. The LESSOR shall generate a monthly invoice for the costs of the backup power at the rates stipulated in clause 8(z) of the Lease Agreement at the end of the month for each month. No invoice can be generated unless and until the logbook is viewed, cross-matched and approved by the LESSEE'S authorized representative.

Lessor's non-compliance with the representations and covenants as stipulated in this clause 8 shall be notified to the LESSOR by LESSEE in writing and in case of continued non-compliance for a period of one month after notice is served, may be considered material breach of this Lease Agreement allowing the LESSEE to terminate this Lease Agreement pursuant to clause 15 (e) of this Lease Agreement.

9. COVENANTS OF THE LESSOR ON TITLE:

The LESSOR covenants and represents that:

- a) The LESSOR has complete power and absolute authority to lease out the DEMISED PREMISES and is in actual physical ownership of the DEMISED PREMISES. The LESSOR can lease the DEMISED PREMISES free from any adverse claim or demand and any legal barrier or hindrance whatsoever.
- b) The LESSOR has full right and authority to lease the DEMISED PREMISES to the LESSEE and to execute and deliver this Lease Agreement on the terms and conditions set forth herein.
- c) The DEMISED PREMISES is not affected by any easements, restrictions, covenants, or encumbrances that would prevent or restrict the LESSEE from using the DEMISED PREMISES for the purposes stated herein, would reduce any rights the LESSEE is granted herein, or would increase any obligations or liabilities under this lease.
- d) The LESSOR will complete all legal and statutory requirements necessary to enable the LESSEE to use and occupy the DEMISED PREMISES in the manner contemplated herein.
- e) No proceedings before any court, tribunal and/or authority have been initiated or may directly or indirectly affect the rights of the LESSEE herein.
- f) Throughout the terms of the Lease Agreement, the LESSOR will not permit or allow or do or omit to be done any act or deed that may cause the revocation or amendment of any sanctioned permit relating to the DEMISED PREMISES or the use hereof.
- g) The LESSOR will abide by all laws, by-laws and rules, regulations, orders and notifications of the government, including all presently concerned authorities and those from time to time concerned with the DEMISED PREMISES.

10. JOINT COVENANTS:

- a) Both the LESSOR and the LESSEE agree that the DEMISED PREMISES shall be used for commercial purposes only and the LESSEE shall not use it for any illegal or immoral purpose or for any purpose that may become a nuisance for the neighbors.
- b) The LESSOR agrees to allow the LESSEE to construct, fix, erect in or fasten to the DEMISED PREMISES temporary wooden partitions, counters, and office fixtures and fittings without making any alteration to the original structure of the DEMISED PREMISES.
- c) The LESSEE may remove any fitting from the DEMISED PREMISES upon termination or upon expiry of the Lease Term. The LESSEE may, upon termination or expiration of the Lease Term, remove any fixtures which it has placed/installed in the DEMISED PREMISES based on mutual discussion provided that removal can be accomplished without any material damage to the DEMISED PREMISES.
- d) Upon expiry of the Lease Term (unless the same is renewed), the LESSEE will hand over the possession of the DEMISED PREMISES to the LESSOR.

11. HOLD OVER:

Notwithstanding anything contained elsewhere in this Lease Agreement, in the event that the parties are unable to agree on the terms and conditions in relation to an extension of the Lease Term then if the LESSEE should be desirous of continuing to occupy the DEMISED PREMISES upon the expiry of the Lease Term, the LESSORS shall, on the written request of the LESSEE before the Expiration Date of the Lease Term, allow the LESSEE to continue occupying the DEMISED PREMISES for a further period of up to 3 (Three) months after the Expiration Date at the same prevailing Rent and upon the same terms and conditions as this Lease Agreement.

12. BILLS AND UTILITIES:

Bills, other than Rent, shall be determined as follows:

- a) Water bill is to be paid on actual consummation of water.
- b) Electricity/WASA bill is to be paid within 30 (thirty) days from the date of physical receipt of such bill by the LESSEE.
- c) The LESSEE shall not take electric connection from any other tenant, nor shall the LESSEE provide electric connection from its supply to any other tenant of the building.

13. INSPECTION AND QUIET AND PEACEFUL ENVIRONMENT:

The LESSOR, or the authorized representative of the LESSOR, shall be entitled to inspect the Demised Premises during daytime hours (between 9am to 5pm), by giving 48 (forty-eight) hours' prior notice in writing to the LESSEE. Subject to such inspection, the LESSEE shall have the right to peacefully hold and enjoy the DEMISED PREMISES during the Lease Term upon performance of the covenants herein contained without interruption or threat of eviction by the LESSOR or any person on its behalf.

14. APPROVAL/CONSENTS:

- a) The LESSOR shall, at its own cost, obtain all necessary permissions/approvals for the lease of the DEMISED PREMISES and procure and install all requisite utility facilities for the DEMISED PREMISES.

- b) The LESSEE, if possible and necessary, shall provide commercially reasonable assistance to the LESSOR in obtaining the approval(s) or the renewal/extension of such approval(s) from the concerned authorities.
- c) Each Party to this Lease Agreement shall continue to maintain in full force and effect consents, approvals, and other authorizations necessary for the performance of that party's obligations under this Lease Agreement or for the validity or enforceability of the Lease Agreement.

15. TERMINATION:

- a) The Parties acknowledge and agree that the lease is not terminable by the LESSOR before expiry of the Lease Term unless there is a material breach on the part of the LESSEE in complying with the terms of this Lease Agreement, in which case the LESSOR shall give 6 (six) months prior notice in writing to the LESSEE to rectify any such breach. In the event of failure on the part of the LESSEE to rectify the breach within the period of 6 (six) months, the LESSOR shall have the right to terminate this Lease Agreement by giving 3 (three) months' prior written notice to the LESSEE, provided that the LESSOR shall return all outstanding Security Money and any unadjusted Advanced Rent to the LESSEE at the time of termination of this Lease Agreement, after deduction of amount as per this Lease Agreement, due to any loss/damage caused by the LESSEE, with the exception of reasonable wear and tear occurring from use.
- b) With the exception of conditions prevailing as per clause 3 (d) and 16 of this Agreement, the non-payment of lease rent for a period of 3 (three) months shall be considered as one of the material breaches of agreement on the part of the LESSEE. In case the LESSEE however, fails to pay the monthly rent for 3 (three) consecutive months, then the LESSOR shall have the option to terminate the Lease Agreement by serving 30 days' prior written notice. The Lessee's objection or move including any legal action against termination by the Lessor in compliance of this clause shall not be acceptable, unless otherwise provided under the law.
- c) Upon termination of this Lease Agreement, no Party shall be relieved from any obligation already accrued prior to the date of such termination, nor from any liability for a breach of this Lease Agreement occurring prior to the date of such termination.
- d) The LESSEE may terminate the lease for convenience, without assigning any reason, at any time, by serving to the LESSOR 6 (six) months' prior notice in writing.
- e) If the LESSOR is in material breach of its covenants as per this Lease Agreement, and/or if due to the LESSOR's own negligence and/or willful omission, e.g., severe internal architectural defects within the DEMISED PREMISES, or if LESSOR has otherwise rendered the DEMISED PREMISES no longer habitable/safe for the LESSEE to use for its intended purpose, the LESSEE shall have the right to terminate the lease upon 30 (thirty) days' notice in writing and the Lessor shall refund any unadjusted Advance Rent and Security Deposit to the Lessee without deduction or adjustment.

16. FORCE MAJEURE:

- a) In the event the DEMISED PREMISES or any part thereof is wholly or partially destroyed by earthquake, tempest, flood, civil commotion, enemies of the State or other irresistible force beyond reasonable human control, so as to render the same or any part thereof substantially unfit for LESSEE's purposes as solely determined by the LESSEE, LESSEE will have the following options:

- (i) To terminate the lease either immediately or upon giving 1 (one) months' notice in writing to the LESSOR; or
 - (ii) To continue the lease with notice to the LESSOR, requiring the LESSOR to repair the damaged portion of the DEMISED PREMISES within the time stipulated in the notice, where upon the LESSOR shall complete the repairing work within the time, which is reasonably required for completion of such repair to ensure that the DEMISED PREMISES shall have been again rendered fit for occupation and use. Proportionate Rent for the unaffected/fit for use portion of the DEMISED PREMISES shall be payable by the LESSEE to the LESSOR during the period required for such repairs.
- b) In the event the DEMISED PREMISES or any part thereof is requisitioned or appropriated by the government under any law, this lease shall forthwith be terminated (but without prejudice to the rights and remedies of either party against the other with respect to any claim or breach of covenant arising prior to the requisition or appropriation of the DEMISED PREMISES).

17. FIRE SAFETY SYSTEM:

- a) As per BNBC, 2006 (Bangladesh National Building Code), the LESSOR shall arrange, at its own cost, all necessary fire prevention/extinguishment equipment and tools within 06 (six) months from the date of signing of this Lease Agreement.
- b) The LESSOR shall be responsible to take required insurance, including fire insurance, in relation to the building, and the LESSEE shall be responsible to take required insurance, including fire insurance, in relation to the DEMISED PREMISES within the 06 (six) months from the date of signing of this Lease Agreement.
- c) Under the regulation of Bangladesh Fire Service & Civil Defense, the LESSOR shall carry out a yearly audit and assign the Bangladesh Fire Service & Civil Defense, or any other competent/authorized third party, to carry out such audit and inspection. The cost of the audit and inspection shall be borne by the LESSOR. Upon successful completion of the audit and inspection of the fire equipment, the LESSOR and/or LESSEE (if applicable) must comply with any directions issued by the Bangladesh Fire Service & Civil Defense, or the competent/authorized third party, in the manner and timeline specified in such directions.

18. REFUND OF SECURITY DEPOSIT AND ADVANCE RENT:

Upon termination or expiry of the lease, the LESSOR hereby undertakes to refund the Security Deposit and any unadjusted Advance Rent as paid under this Lease Agreement, to the LESSEE within 30 (thirty) days of termination and/or expiry of the lease, after deduction of amount as per this Lease Agreement, due to any loss/damage caused by the LESSEE, with the exception of reasonable wear and tear occurring from use. In the event of a dispute between the Parties on the loss/damage amount, then the Parties shall follow the procedure outlined in clause 6 (b) of this Agreement.

19. TAXES:

- a) The LESSOR will be responsible for, and shall pay, all taxes, rates, ground rent, house tax, property tax and any other levies or charges that may be levied or payable to any municipality, corporations, or the government with respect to the DEMISED PREMISES.
- b) In the event the LESSOR fails or neglects to comply with clause 19(a) above, the LESSEE shall be entitled to make such payment on LESSOR'S behalf and to deduct the same from the Rent

payable by the LESSEE to the LESSOR or, alternatively, claim such payment as a debit against the LESSOR.

- c) The LESSOR agrees to indemnify the LESSEE if any claim is made against, or imposed on, the LESSEE with respect to any fees, taxes or other charges of a public nature that are, or may be, assessed against the DEMISED PREMISES from time to time.

20. ASSIGNMENT OR SUB-LEASE:

The LESSEE shall not rent or sub-rent/sub-let the DEMISED PREMISES, in whole or in part, to any third party without prior written permission of the LESSOR. Notwithstanding the foregoing, LESSEE may rent or sublet the Demised Premises to its subsidiary and/or affiliated company as necessary to accommodate its needs in the DEMISED PREMISES.

21. NOTICE:

Any notice required by this Lease Agreement shall be given in writing and shall be served by personal delivery or by registered mail addressed to the party concerned at the following address.

For the LESSEE: **Rashed Mujib Noman**
Country Director,
Augmedix Bangladesh
Augmedix Building, Suite 203,
17/C, Panthapath, Dhaka.

For the LESSOR: **Mohammad Hossain Jony**
Managing Director
Sony Chocolate Industries Ltd.
Rahman's Regnum Centre, Suite # 301/A (3rd Floor)
191/1, Tejgaon-Gulshan Link Road, Tejgaon C/A, Dhaka-1208.

22. AMENDMENT:

This Lease Agreement may at any time be amended by mutual agreement in writing between the parties hereto.

23. GOVERNING LAW:

This Lease Agreement shall be governed by and construed in accordance with the laws of Bangladesh.

24. RESOLUTION OF DISPUTES:

If there is any dispute between the Parties, they shall try to settle it amicably between themselves. If the Parties fail to resolve the dispute between themselves within a period of 30 (thirty) days, then the matter may be referred to a Court having jurisdiction.

25. MAINTENANCE AND RENOVATION OF DEMISED PREMISES:

- a) The LESSORS shall be responsible for carrying out repair/replacement work for any major damage to the common area of the DEMISED PREMISES within the time stipulated in the written notice by the LESSEE to ensure that the common area of DEMISED PREMISES shall be rendered fit for occupation and use as determined by the LESSEE. The LESSORS shall also be responsible for carrying out all minor repairs and routine maintenance to the DEMISED PREMISES resulting from ordinary wear and tear within the time stipulated in the written notice by the LESSEE. In the event that the LESSOR fails to carry out the necessary major/minor repair works in the manner stated above, then the LESSEE may carry out such works/repairs/replacements whereupon the LESSOR shall upon request by the LESSEE reimburse the LESSEE for the full cost including any consultant fees. If such payment is not received by the LESSEE within 30 days then the LESSEE shall have the right to deduct such amount from the Rent with notice to the LESSORS in writing.
- b) The LESSEE shall not make any additions, alternation or improvements to the DEMISED PREMISES or any fixture without prior consent of the LESSORS. The LESSEE will be entitled to construct or erect such additional fixtures as may be reasonably required for the renovation and decoration of the DEMISED PREMISES. On expiry or sooner termination of the Lease Term,

LESSEE shall remove any fittings and return the DEMISED PREMISES to broom clean condition, subject to ordinary wear and tear.

26. INDEMNITY:

Each Party shall indemnify, defend and hold harmless the other party from any claim, action, demand, loss, damage, expenses or any other liabilities whatsoever which may arise due to, as a result of or consequence of its breach, failure, willful negligence or misconduct or omission to fulfill its obligations and covenants under this Lease Agreement and/or under any terms of any applicable law or regulation.

27. SEVERABILITY:

If any part of this Lease Agreement is determined to be illegal, invalid, frustrated or unenforceable, for any reason, then, in so far as is practical and feasible, the remaining portions of the Lease Agreement shall be deemed to be in full force and effect as if such invalid portions were not contained herein.

28. MISCELLANEOUS:

- a) Nothing herein expressed or implied is intended or shall be construed to give any person other than the Parties hereto any rights or remedies under this Lease Agreement.
- b) This Lease Agreement shall be deemed to have been prepared jointly by the Parties hereto. Any ambiguity herein shall not be interpreted against any Party hereto and shall be interpreted as if each of the Parties hereto had prepared this Lease Agreement.
- c) No failure or delay (whether express or implied) on the part of one party in exercising nor any omission to exercise any right power privilege or remedy accruing to the aforementioned party upon any default or breach of any covenant condition or duty on the part of the other party shall impair any such right power privilege or remedy or be construed as a waiver thereof or any acquiescence in any such default or breach affect or impair any right power privilege or remedy of the first mentioned party in respect of any other or subsequent default.

29. WHOLE AGREEMENT:

This Lease Agreement including the Annexure appended hereto supersedes all previous negotiation and any representation or understandings written or otherwise between the parties hereto and this Lease Agreement shall constitute the entire agreement between the parties hereto with respect to the DEMISED PREMISES.

30. EFFECT OF HEADINGS:

The subject of headings of this Lease Agreement is included for the purpose of convenience only and shall not affect the construction or interpretation of any of its provisions.

31. SUCCESSORS BOUND:

This Lease Agreement shall be binding upon the successor-in-interest, legal representatives, assigns, administration and assigns of the parties hereto.

32. COUNTER PART:

This Lease Agreement is made in 2 (two) sets in original, each of the parties shall get a set of original of the Agreement.

SCHEDULE OF THE DEMISED PREMISES

All the piece and parcel of floor space measuring 5,712sqft. (Including common space) Located at the Business suite # C-17 at 17th floor of Commercial Complex of **Sony Chocolate Industries Ltd** with the amenities listed in the lease agreement at Rahman's Regnum Centre, 191/1, Tejgaon-Gulshan Link Road, Tejgaon C/A, Word No-37, PS-Tejgaon I/A, Tejgaon, Dhaka-1208.

IN WITNESS WHEREOF, the parties hereto mutually agree to subscribe their names on the day, month and year mentioned above.

(Rashed Mujib Noman) (Mohammad Hossain Jony) Country Director Managing Director
Augmedix Bangladesh Sony Chocolate Industries Ltd.

Witness: Witness:

1. Name: 1. Name:

2. Name: 2. Name:

*ANNEXURE-1
FLOOR LAYOUT*

ANNEXURE-2 SERVICE LEVEL AGREEMENT

Service Level Agreement (SLA)

for

Augmedix Bangladesh Ltd.

(Hereinafter called as Customer)

By

Sony Chocolate Industries Ltd.

(Hereinafter called Service Provider)

Effective Date: (1 March 2024)

1.

Scope of Service

The following detailed service parameters are the responsibility of the Service Provider in the ongoing support of this Agreement.

1.1 Human Recourses Services: "Service Provider" will provide the following personnel for the Building:

A. Services Supervisor (Full time):

- To supervise day to day activities of the building staff
- Arrange emergency support
- Coordinate with the Clients
- Keeping records & maintain various registers
- Attend to the guests of the building.

B. CC TV Operator/ Control person:

To check & operate CCTV as per requirement and ensure no unauthorized persons enter the building.

C. Electrician:

To check all electric lines regularly and provide service as per requirement. Maintain work-registers etc.

D. Security Guards: (24 x 7):

1. Ensure security for the overall building premises.
2. Monitor CCTV for the overall building premises.

E. Cleaner:

To ensure hygiene cleaning of common areas, stairwells, lift lobbies, rooftop, parking area, garden/garden area, void areas, security post and usable areas outside of the complex

1.2 Documentary Services: The following documentary services will be maintained:

#	Name of Registers	Quantity
01	Generator Using Register	01 Number
02	Utility Meter Reading Register	01 Number
03	Observation/Complaint/Occurrence Register	01 Number
04	Documents & Utility Dispatch Register	01 Number
05	Visitor/ Outsider Register	01 Number
#	Name of Files	Quantity
01	Utility Bill Copy File	01 Number
02	Tenant Documents File	01 Number
03	Duty Roster File	01 Number
04	Form – Formats File	01 Number
05	Meeting File	01 Number
06	Office Circular File	01 Number
07	Policy File	01 Number

1.3 Electro-Mechanical & Heavy Equipment Maintenance Support Services: The Service Provider shall be responsible for the monitoring, periodical servicing and maintenance of electro-

mechanical and heavy equipment including but not limited to lift, generator, sub-station, fire extinguisher, water lifting pump, PABX, CCTV, electrical lines/wiring/switch and power points maintenance services, power points, ventilation system and firefighting system, the annual test of the fire alarm system according to the BNBC codes.

Any cost related to maintenance support services will not be borne by the Customer. It is further agreed that any heavy equipment replacement, equipment parts replacement, any other building asset replacement or any equipment installation the associate cost will not be borne by the Customer. The cost shall be borne from the Reserve Fund. However, if the associated cost exceeds the limit of the Reserve Fund, the owners of the building shall carry out the necessary work at their own cost.

1.4 Cleaning materials with tools, bulbs/tube lights, utilities for common area: Cleaning materials with tools, necessary bulbs/ tube lights for common areas will be provided by the Service Provider to ensure the proper cleanliness and lighting of common areas. Common utilities shall be borne by the Service Provider. Cleaning services shall be carried out in the following manner and schedules.

- i. Daily cleaning of the interior of the building, including major cleaning to be done following all events, official and otherwise that have taken place in the building premises.
- ii. Daily cleaning and sanitization of common restrooms on work days.
- iii. Monthly cleaning of all window glasses and door glasses.
- iv. Half Yearly cleaning of all external glass work of the premises.
- v. Cleaning of the car parking area and driveway in all the basement floors and the ground floor as needed.

2. Customer's Covenants

Customer responsibilities and/or requirements in support of this Agreement include:

- a. Payment of the Service Charge as it becomes due.
- b. Reasonable availability of customer representative(s) when resolving a service-related incident or request.

3. Service Provider's Covenants

The **Service Provider** hereby covenants as follows:

- i. To maintain all common utility bills and charges paid up to date with the funds given by the Customer.
- ii. To ensure that none of its employees use any intellectual property of the Customer.
- iii. To provide all personnel with uniforms, materials, tools, equipment required for carrying out the services and the Service Provider shall also provide identity cards with photograph to all personnel, and shall ensure that the personnel at all times carry the identity cards.
- iv. To ensure that the personnel appointed under and for the purpose of this Agreement do not have a criminal conviction, which includes crimes involving breach of trust or dishonesty or any history of illegal, unlawful or subversive activities.
- v. The Customer shall have no liability whatsoever for any injury or death to the personnel suffered while on duty or not, and including, without limitation, for any damages suffered which results from any other reason whatsoever. The Service Provider shall arrange adequate insurance coverage for its personnel for personal injury and death whilst performing the services.
- vi. The Service Provider shall be responsible for all its acts and omissions and those of its personnel and for health, safety and security of its personnel and their property.
- vii. Without prejudice to the foregoing provision, in case of any loss or damage caused to the office premises, properties, assets and employees of the Customer for any reason whatsoever due to the act, omission, negligence or misconduct by the personnel of the Service Provider, the Service Provider shall be liable to compensate the fully against such damage or loss.

- viii. To ensure and oversee that the works of its personnel are being carried out competently and efficiently and this shall not absolve the Service Provider of its liabilities and responsibilities.
- ix. It is clearly agreed and understood by both the Parties that the responsibility for employment of any resources by the Service Provider and any or all forms of compensation in whatsoever term called including salary and payment of their remuneration shall be the sole responsibility of the Service Provider. The Customer shall not be responsible or liable in any manner whatsoever, directly or indirectly for such employment or expenses incurred thereof, and the employees are and shall be exclusively considered as employees of the Service Provider and are never to be treated or considered as employees or agents of the Customer. It is expressly agreed between the Parties that any statutory liabilities arising out of employment, non-employment (including accidents) of resources deployed by the Service Provider shall be on account of the Service Provider.

4. Subcontract:

The services to be provided by the Service Provider, as described in this Agreement, shall not be subcontracted by the Service Provider to any other individual or entity, and the Service Provider shall not engage any subcontractor or agent to carry out any of the services and obligations pursuant to this Agreement.

5. Service Availability

Coverage parameters specific to the service(s) covered in this Agreement are as follows:

- a. Telephone support: 24/7 hrs.
Calls received out of office hours will be forwarded to a mobile phone and best efforts will be made to answer / action the call, whatsoever there will be a backup answer phone service.
- b. Email support: Monitored 9:00 A.M. to 6:00 P.M. Saturday – Thursday
Emails received outside of office hours will be collected, however, no action can be guaranteed until the next working day.
- c. Onsite assistance, if needed guaranteed within 24 hours during the business week.

6. Miscellaneous:

- a. Emergency/Special Support Services: During long-term vacations such as Eid-ul-Fitre, Eid-ul-Azha & any Governmental Holidays/Hartals days the Service Provider will ensure strong and special services at their own cost.
- b. Logistics/Utility Services: The Service Provider through its Premises' staff will collect and ensure monthly payment for electricity, WASA, Generator fuel.
- c. Surprise visit: Surprise visit will be arranged by the Service Provider for strong supervision over the Premises staff in any working or holidays to ensure the quality services to the building Premises.
- d. Co-ordination Meeting: The Service Provider will arrange a coordination meeting with the Customer for the betterment of the service.
- e. Training Program: The Service Provider will arrange a special training program to upgrade the building premises staffs' service quality and to train them to deal with the Customer in proper manner and attitude.
- f. Others Special/Technical Services: Following technical service shall also be provided by the Service Provider on a mutual cost basis which is as follows:

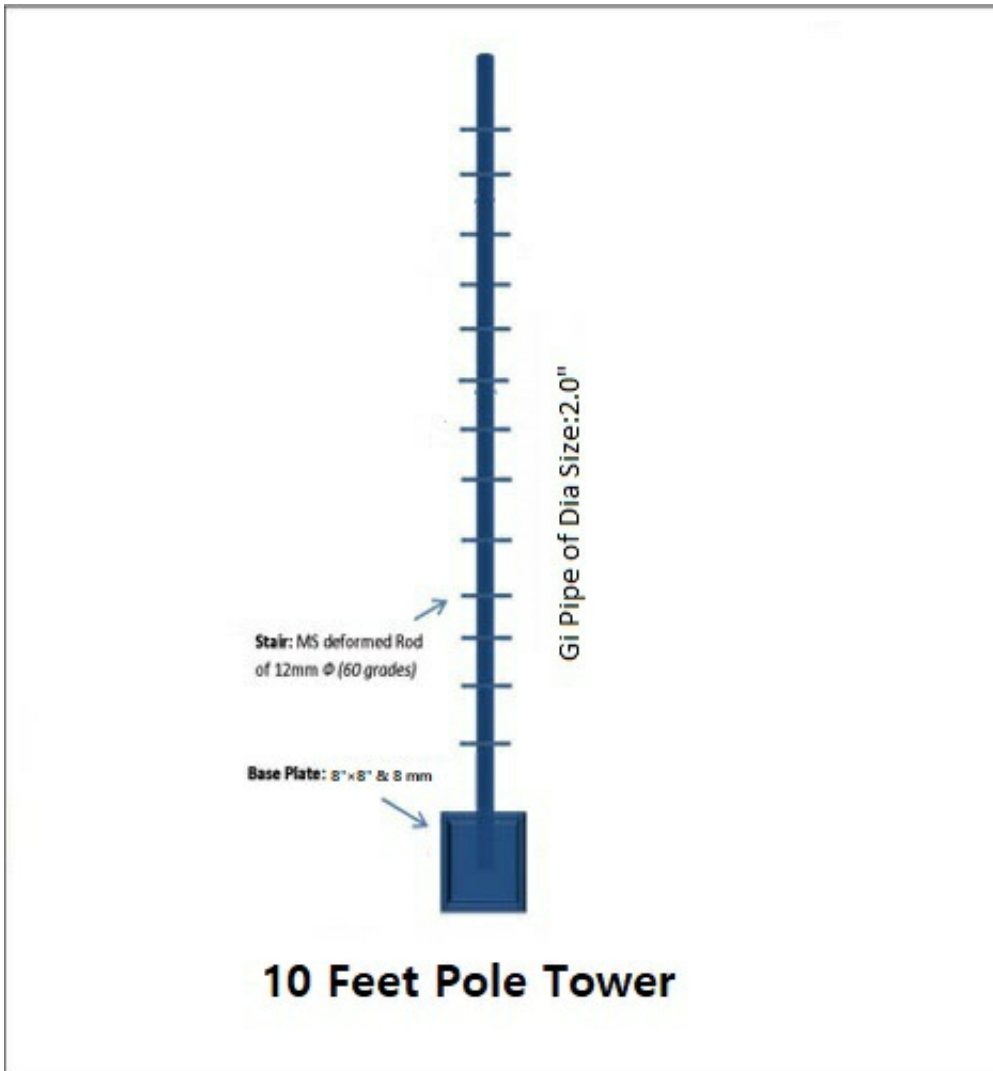
i. Underground & Overhead Water Reservoir Cleaning: A well-equipped professional team engaged by the Service Provider will provide hygienic cleaning services for underground & overhead water reservoirs.

ANNEXURE -3

SPECIFICATION OF THE RADIO AND TOWER

Radio Dimension: 280 x 470 x 470 mm (approx.)

Tower Specification: Attached (approx.)



CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated March 26, 2024, with respect to the consolidated financial statements included in the Annual Report of Augmedix, Inc. on Form 10-K for the year ended December 31, 2023. We consent to the incorporation by reference of said report in the Registration Statements of Augmedix, Inc. on Forms S-3 (File No. 333-272081, 333-266299 and 333-264337) and on Forms S-8 (File No. 333-272593, 333-266301 and 333-251317).

/s/ GRANT THORNTON LLP

San Jose, CA
March 26, 2024

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Emmanuel Krakaris, certify that:

1. I have reviewed this annual report on Form 10-K of Augmedix, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and
 - (d) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 26, 2024

By: /s/ Emmanuel Krakaris

Emmanuel Krakaris
President, Chief Executive Officer and
Secretary (Principal Executive Officer)

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Paul Ginocchio, certify that:

1. I have reviewed this annual report on Form 10-K of Augmedix, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and
 - (d) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 26, 2024

By: /s/ Paul Ginocchio

Paul Ginocchio
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Augmedix, Inc. (the "Company") on Form 10-K for the year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: March 26, 2024

By: /s/ Emmanuel Krakaris

Emmanuel Krakaris
President, Chief Executive Officer and Secretary (Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Augmedix, Inc. (the "Company") on Form 10-K for the year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: March 26, 2024

By: /s/ Paul Ginocchio

Paul Ginocchio
Chief Financial Officer (Principal Financial Officer and
Principal Accounting Officer)

AUGMEDIX, INC.

COMPENSATION RECOUPMENT POLICY

In the event of any required accounting restatement of the financial statements of Augmedix, Inc. (the “Company”) due to the material noncompliance of the Company with any financial reporting requirement under the applicable U.S. federal securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a “Restatement”), the Company shall recover reasonably promptly from any person, who is or was an “Executive Officer,” as such term is defined in Rule 10D-1 adopted under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and Rule 5608 of the Nasdaq listing rules, of the Company (each, a “Covered Person”) the amount of any “Erroneously Awarded Incentive-Based Compensation” (as defined below). This Policy shall be effective as of December 1, 2023 (the “Effective Date”).

The amount of Incentive-Based Compensation (as defined below) that must be recovered from a Covered Person pursuant to the immediately preceding paragraph is the amount of “Recoverable Incentive-Based Compensation” (as defined below) received by a Covered Person that exceeds the amount of Recoverable Incentive-Based Compensation that otherwise would have been received had it been determined based on the restated amounts, computed without regard to any taxes paid (referred to as the “Erroneously Awarded Incentive-Based Compensation”). For Recoverable Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Incentive-Based Compensation is not subject to mathematical recalculation directly from the information in a Restatement, the amount must be based on a reasonable estimate of the effect of the Restatement on the stock price or total shareholder return, as applicable, upon which the Recoverable Incentive-Based Compensation was received, and the Company must maintain documentation of that reasonable estimate and provide such documentation to the Nasdaq Stock Market LLC (“Nasdaq”). For the purposes of this Policy, Recoverable Incentive-Based Compensation will be deemed to be received in the fiscal period during which the financial reporting measure specified in the applicable Incentive-Based Compensation award is attained, even if the payment or grant occurs after the end of that period.

For purposes of this Policy, “Incentive-Based Compensation” means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a “financial reporting measure,” which means a measure that is determined and presented in accordance with Generally Accepted Accounting Principles which are used in preparing the Company’s financial statements, and any measure that is derived wholly or in part from such measures. Stock price and total shareholder return are also financial reporting measures for this purpose. For avoidance of doubt, a financial reporting measure need not be presented within the Company’s financial statements or included in a filing with the Securities and Exchange Commission.

For purposes of this Policy, “Recoverable Incentive-Based Compensation” means all Incentive-Based Compensation received on or after the Effective Date of this Policy set forth above by a Covered Person: (i) after beginning service as an executive officer; (ii) who served as an Executive Officer at any time during the performance period for the Incentive-Based Compensation; (iii) while the Company has a class of securities listed on a national securities exchange or a national securities association; and (iv) during the three completed fiscal years immediately preceding the date that the Company is required to prepare a Restatement, including any applicable transition period that results from a change in the Company’s fiscal year within or immediately following those three completed fiscal years. For this purpose, the Company is deemed to be required to prepare a Restatement on the earlier of: (i) the date the Board of Directors of the Company (the “Board”), or the Company’s officers authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement; and (ii) the date a court, regulator or other legally authorized body directs the Company to prepare a Restatement. The Company’s obligation to recover Erroneously Awarded Incentive-Based Compensation is not dependent on if or when the restated financial statements are filed with the Securities and Exchange Commission.

The Company shall recover the Erroneously Awarded Incentive-Based Compensation from Covered Persons unless the Board determines that recovery is impracticable because: (i) the direct expense to a third party to assist in enforcing this Policy would exceed the amount of Erroneously Awarded Incentive-Based Compensation; provided that, the Company must make a reasonable attempt to recover the Erroneously Awarded Incentive-Based Compensation before concluding that recovery is impracticable, document such reasonable attempt to recover the Erroneously Awarded Incentive-Based Compensation and provide such documentation to Nasdaq; or (ii) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the applicable requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

In no event will the Company indemnify any Covered Person for any amounts that are recovered under this Policy. This Policy is in addition to (and not in lieu of) any right of repayment, forfeiture or right of offset against any employees that is required pursuant to any statutory repayment requirement (regardless of whether implemented at any time prior to or following the adoption or amendment of this Policy), including Section 304 of the Sarbanes-Oxley Act of 2002. Any amounts paid to the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 shall be considered in determining any amounts recovered under this Policy.

The application and enforcement of this Policy does not preclude the Company from taking any other action to enforce a Covered Person's obligations to the Company, including termination of employment or institution of legal proceedings. Nothing in this Policy restricts the Company from seeking recoupment under any other compensation recoupment Policy or any applicable provisions in plans, agreements, awards or other arrangements that contemplate the recoupment of compensation from a Covered Person. If a Covered Person fails to repay Erroneously Awarded Incentive-Based Compensation that is owed to the Company under this Policy, the Company shall take all appropriate action to recover such Erroneously Awarded Incentive-Based Compensation from the Covered Person, and the Covered Person shall be required to reimburse the Company for all expenses (including legal expenses) incurred by the Company in recovering such Erroneously Awarded Incentive-Based Compensation.

The terms of this Policy shall be binding and enforceable against all Covered Persons subject to this Policy and their beneficiaries, heirs, executors, administrators or other legal representatives. If any provision of this Policy or the application of such provision to any Covered Person shall be adjudicated to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Policy, and the invalid, illegal or unenforceable provisions shall be deemed amended to the minimum extent necessary to render any such provision (or the application of such provision) valid, legal or enforceable.

Each Covered Person shall sign and return to the Company, within 30 calendar days following the later of (i) the Effective Date of this Policy first set forth above or (ii) the date the individual becomes a Covered Person, the Acknowledgement Form attached hereto as Exhibit A, pursuant to which the Covered Person agrees to be bound by, and to comply with, the terms and conditions of this Policy.

This Policy shall be interpreted in a manner that is consistent with Rule 10D-1 under the Exchange Act, Rule 5608 of the Nasdaq listing rules and any related rules or regulations adopted by the Securities and Exchange Commission or Nasdaq (the "Applicable Rules") as well as any other applicable law. To the extent the Applicable Rules require recovery of incentive-based compensation in additional circumstances beyond those specified above, nothing in this Policy shall be deemed to limit or restrict the right or obligation of the Company to recover incentive-based compensation to the fullest extent required by the Applicable Rules.

EXHIBIT A

AUGMEDIX, INC.

COMPENSATION RECOUPMENT POLICY ACKNOWLEDGEMENT FORM

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of the Augmedix, Inc. (the "Company") Compensation Recoupment Policy (the "Policy").

By signing this Acknowledgement Form, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned's employment with the Company. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any Erroneously Awarded Incentive-Based Compensation (as defined in the Policy) to the Company to the extent required by, and in a manner consistent with, the Policy.

COVERED PERSON

Signature

Print Name

Date