



## InnovAge Announces Financial Results For the Fiscal Second Quarter Ended December 31, 2024

February 4, 2025

DENVER, Feb. 04, 2025 (GLOBE NEWSWIRE) -- InnovAge Holding Corp. ("InnovAge" or the "Company") (Nasdaq: INNV), an industry leader in providing comprehensive healthcare programs to frail, predominantly dual-eligible seniors through the Program of All-inclusive Care for the Elderly (PACE), today announced financial results for its fiscal second quarter ended December 31, 2024.

"Our second quarter results reflect the meaningful progress we are making to strengthen the business, drive top-line growth and margin improvement," said CEO Patrick Blair. "We are entering calendar year 2025 with positive momentum while remaining unwavering in our commitment to delivering exceptional high quality care and creating meaningful value for participants, caregivers, regulatory partners, and our investors."

### Financial Results

	<u>Three Months Ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
<i>in thousands, except percentages and per share amounts</i>		
Total revenues	\$ 208,999	\$ 188,898
Loss Before Income Taxes	(13,457)	(3,728)
Net Loss	(13,491)	(3,821)
Net Loss margin	(6.5)%	(2.0)%
Net Loss Attributable to InnovAge Holding Corp.	(13,221)	(3,447)
Net Loss per share - basic and diluted	\$ (0.10)	\$ (0.03)
Center-level Contribution Margin <sup>(1)</sup>	\$ 37,065	\$ 33,613
Adjusted EBITDA <sup>(1)</sup>	\$ 5,869	\$ 6,900
Adjusted EBITDA margin <sup>(1)</sup>	2.8%	3.7%

### Fiscal Second Quarter 2025 Financial Performance

- Total revenue of \$209.0 million, increased approximately 10.6% compared to \$188.9 million in the second quarter of fiscal year 2024
- Loss Before Income Taxes of \$13.5 million increased approximately 261.0%, compared to a Loss Before Income Taxes of \$3.7 million in the second quarter of fiscal year 2024
- Loss Before Income Taxes as a percent of revenue was 6.4%, an increase of 4.4 percentage points compared to Loss Before Income Tax as a percent of revenue of 2.0% in the second quarter of fiscal year 2024
- Center-level Contribution Margin<sup>(1)</sup> of \$37.1 million, increased 10.3% compared to \$33.6 million in the second quarter of fiscal year 2024
- Center-level Contribution Margin<sup>(1)</sup> as a percent of revenue of 17.7%, decreased 0.1 percentage points compared to 17.8% in the second quarter of fiscal year 2024
- Net loss of \$13.5 million, compared to net loss of \$3.8 million in the second quarter of fiscal year 2024
- Net loss margin of 6.5%, an increase of 4.5 percentage points compared to a net loss margin of 2.0% in the second quarter of fiscal year 2024
- Net loss attributable to InnovAge Holding Corp. of \$13.2 million, or a loss of \$0.10 per share, compared to net loss of \$3.4 million, or a loss of \$0.03 per share in the second quarter of fiscal year 2024
- Adjusted EBITDA<sup>(1)</sup> of \$5.9 million, a decrease of \$1.0 million compared to Adjusted EBITDA of \$6.9 million in the second quarter of fiscal year 2024
- Adjusted EBITDA<sup>(1)</sup> margin of 2.8%, a decrease of 0.9 percentage points compared to 3.7% in the second quarter of fiscal year 2024
- Census of approximately 7,480 participants compared to 6,780 participants in the second quarter of fiscal year 2024
- Ended the second quarter of fiscal year 2025 with \$46.1 million in cash and cash equivalents plus \$40.8 million in short-term investments, and \$78.3 million in debt on the balance sheet, representing debt under the Company's senior secured term loan, convertible term loan and finance leases

<sup>(1)</sup> Center-level Contribution Margin and Center-level Contribution Margin as a percentage of revenue, Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures. Effective for the year ended June 30, 2024 and going forward, the Company has revised its calculation of Adjusted EBITDA and has recast the presentation for

each of the three and six months ended December 31, 2023 to conform to the current presentation. For more details and for a definition and reconciliation of these non-GAAP measures to the most closely comparable GAAP measures for the periods indicated, see “Note Regarding Use of Non-GAAP Financial Measures” and “Reconciliation of GAAP and Non-GAAP Measures.”

### **Full Fiscal Year 2025 Financial Guidance**

Based on information as of today, February 4, 2025, InnovAge is confirming the following financial guidance.

	<u>Low</u>	<u>High</u>
	<i>dollars in millions</i>	
Census	7,300	7,750
Total Member Months <sup>(1)</sup>	86,000	89,000
Total revenues	\$ 815	\$ 865
Adjusted EBITDA <sup>(2)</sup>	\$ 24	\$ 31

Expected results and estimates may be impacted by factors outside the Company's control, and actual results may be materially different from this guidance. See “Forward-Looking Statements - Safe Harbor” herein.

(1) We define Total Member Months as the total number of participants as of period end multiplied by the number of months within a year in which each participant was enrolled in our program. Management believes this is a useful metric as it more precisely tracks the number of participants the Company serves throughout the year.

(2) Adjusted EBITDA is a non-GAAP measure. See “Note Regarding Use of Non-GAAP Financial Measures” and “Reconciliation of GAAP and Non-GAAP Measures” for a definition of Adjusted EBITDA and a reconciliation to net loss, the most closely comparable GAAP measure. The Company is unable to provide guidance for net loss or a reconciliation of the Company's Adjusted EBITDA guidance because it cannot provide a meaningful or accurate calculation or estimation of certain reconciling items without unreasonable effort. The Company's inability to do so is due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation, including variations in effective tax rate, expenses to be incurred for acquisition activities and other one-time or exceptional items.

### **Conference Call**

The Company will host a conference call this afternoon at 5:00 PM Eastern Time. A live audio webcast of the call will be available on the Company's website, <https://investor.innovage.com>. A replay of the call will be available via webcast for on-demand listening shortly after the completion of the call, at the same web link, and will remain available for a limited time. To access the call by phone, please go to this link ([registration link](#)), for dialing instructions and a unique access pin. We encourage participants to dial into the call fifteen minutes ahead of the scheduled start time.

### **About InnovAge**

InnovAge is a market leader in managing the care of high-cost, frail, predominantly dual-eligible seniors through the Program of All-inclusive Care for the Elderly (PACE). With a mission of enabling older adults to age independently in their own homes for as long as safely possible, InnovAge's patient-centered care model is designed to improve the quality of care our participants receive while reducing over-utilization of high-cost care settings. InnovAge believes its PACE healthcare model is one in which all constituencies — participants, their families, providers and government payors — “win.” As of December 31, 2024, InnovAge served approximately 7,480 participants across 20 centers in six states. <https://www.innovage.com>.

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### **Forward-Looking Statements - Safe Harbor**

This press release may contain “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: “anticipate,” “estimate,” “expect,” “project,” “plan,” “intend,” “believe,” “may,” “will,” “should,” “can have,” “likely,” and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. Forward-looking statements may be identified by the fact that they do not relate strictly to historical or current facts. Examples of forward-looking statements include, among others, statements we make regarding quarterly or annual financial guidance; financial outlook, including future revenues and future earnings; the viability of our growth strategy including our ability or expectations to increase the number of participants we serve, to build and/or open de novo centers, or to identify and execute tuck-in acquisitions, joint ventures and strategic partnerships; our ability to control costs, mitigate the effects of elevated expenses, expand our payor capabilities, implement clinical value and operational value initiatives and strengthen enterprise functions; our expectations with respect to audits, post-sanction work, legal proceedings and government investigations and actions; relationships and discussions with regulatory agencies; our ability to effectively implement operational excellence as a provider across all our centers; reimbursement and regulatory developments; market developments; new services; integration activities; industry and market opportunity; and the effects of any of the foregoing on our future results of operations or financial conditions.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on currently available information and our current beliefs, expectations and assumptions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control and may cause our actual results and financial condition to differ materially. Important factors that could cause our actual results and financial condition to differ materially

include, among others, the following: (i) the viability of our growth strategy, including our ability to obtain licenses to open our de novo centers in Downey and Bakersfield, California, and our ability to ramp up our de novo centers in Florida; (ii) our ability to identify and successfully complete acquisitions, joint ventures and strategic partnerships; (iii) our ability to attract new participants and retain existing participants; (iv) the impact on our business from ongoing macroeconomic related challenges, including labor shortages, labor competition and inflation; (v) inspections, reviews, audits, and investigations under the federal and state government programs, including any corrective action and adverse findings thereunder; (vi) legal proceedings, enforcement actions and litigation malpractice and privacy disputes, which are costly to defend; (vii) under our PACE contracts, we assume all of the risk that the cost of providing services will exceed our compensation; (viii) the dependence of our revenues upon a limited number of government payors; (ix) the risk that our submissions to government payors may contain inaccurate or unsupported information, including regarding risk adjustment scores of participants, subjecting us to repayment obligations or penalties; and (x) the impact on our business of renegotiation, non-renewal or termination of capitation agreements with government payors.

Forward-looking statements are based only on information currently available to us and speaks only as of the date on which it is made. Except as required by law, we undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise. We advise you to not place undue reliance on forward-looking statements and to review our risk factors and other disclosures included in the reports we file or furnish with the Securities and Exchange Commission, including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

#### **Note Regarding Use of Non-GAAP Financial Measures**

In addition to reporting financial information in accordance with generally accepted accounting principles ("GAAP"), the Company is also reporting Center-level Contribution Margin, Center-level Contribution Margin as a percentage of revenue, Adjusted EBITDA and Adjusted EBITDA margin, which are non-GAAP financial measures. These non-GAAP measures are supplemental measures of operating performance monitored by management that are not defined under GAAP and that do not represent, and should not be considered as, an alternative to net income (loss) before income taxes, net income (loss) before income taxes margin, net income (loss) and net income (loss) margin, as applicable, as determined by GAAP. We believe that these non-GAAP measures are appropriate measures of operating performance because the metrics eliminate the impact of certain expenses that, in the case of Adjusted EBITDA, do not relate to our ongoing business performance, allowing us to more effectively evaluate our core operating performance and trends from period to period. We believe that these non-GAAP measures help investors and analysts in comparing our results across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. These non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation from, or as a substitute for, the analysis of other GAAP financial measures, including net income (loss) before taxes, net income (loss) before taxes margin, net income (loss), and net income (loss) margin.

The Company's management uses Center-level Contribution Margin as the measure for assessing performance of its operating segments. For purpose of evaluating Center-level Contribution Margin on a center-by-center basis, we do not allocate our sales and marketing expense or corporate, general and administrative expenses across our centers. We define Center-level Contribution Margin as total revenues less external provider costs and cost of care, excluding depreciation and amortization, which includes all medical and pharmacy costs.

In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of Adjusted EBITDA should not be construed to imply that our future results will be unaffected by the types of items excluded from the calculation of Adjusted EBITDA. Our use of the term Adjusted EBITDA varies from others in our industry. We define Adjusted EBITDA as net loss adjusted for interest expense, net, other investment income, depreciation and amortization, and provision (benefit) for income tax as well as addbacks for non-recurring expenses or exceptional items, including charges relating to management equity compensation, litigation costs and settlement, M&A diligence, transaction and integration, business optimization, electronic medical record ("EMR") implementation, impairment of right-of-use ("ROU") asset and construction in progress and loss on minority equity interest investment. Adjusted EBITDA margin is Adjusted EBITDA expressed as a percentage of our total revenue. Effective for the year ended June 30, 2024, and going forward, the Company has revised its calculation of Adjusted EBITDA to no longer exclude de novo center development costs and to reflect the impact of other investment income. The presentation for the three and six months ended December 31, 2023 has been recast to conform to the current presentation. For a full reconciliation of Center-level Contribution Margin and Adjusted EBITDA to the most closely comparable GAAP financial measures, please see the attachment to this earnings release.

Schedule 1

#### **InnovAge CONDENSED CONSOLIDATED BALANCE SHEETS (IN THOUSANDS) (UNAUDITED)**

	<b>December 31, 2024</b>	<b>June 30, 2024</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 46,078	\$ 56,946
Short-term investments	40,775	45,833
Restricted cash	13	14
Accounts receivable, net of allowance (\$756 – December 31, 2024 and \$6,729 – June 30, 2024)	49,759	48,106
Prepaid expenses	28,003	18,919
Income tax receivable	3,324	3,324
Total current assets	<u>167,952</u>	<u>173,142</u>
<b>Noncurrent Assets</b>		
Property and equipment, net	179,024	193,022
Operating lease assets	25,293	28,416

Investments	2,645	2,645
Deposits and other	5,713	5,949
Goodwill	139,949	139,949
Other intangible assets, net	4,208	4,538
Total noncurrent assets	356,832	374,519
Total assets	\$ 524,784	\$ 547,661
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 58,048	\$ 55,459
Reported and estimated claims	59,268	55,404
Due to Medicaid and Medicare	13,857	15,197
Current portion of long-term debt	3,795	3,795
Current portion of finance lease obligations	5,246	4,599
Current portion of operating lease obligations	4,759	4,145
Total current liabilities	144,973	138,599
<b>Noncurrent Liabilities</b>		
Deferred tax liability, net	7,896	7,460
Finance lease obligations	8,965	12,743
Operating lease obligations	23,849	26,275
Other noncurrent liabilities	1,353	1,298
Long-term debt, net of debt issuance costs	59,795	61,478
Total liabilities	246,831	247,853
<b>Commitments and Contingencies</b>		
<b>Redeemable Noncontrolling Interests</b>	21,611	22,200
<b>Stockholders' Equity</b>		
Common stock, \$0.001 par value; 500,000,000 authorized as of December 31, 2024 and June 30, 2024; 136,395,383 issued and 135,349,150 outstanding as of December 31, 2024 and 136,152,858 issued and 136,116,299 outstanding as of June 30, 2024	136	136
Treasury stock at cost, 1,046,233 and 36,559 shares as of December 31, 2024 and June 30, 2024, respectively	(6,092)	(179)
Additional paid-in capital	340,874	337,615
Retained deficit	(86,461)	(68,311)
Total InnovAge Holding Corp.	248,457	269,261
Noncontrolling interests	7,885	8,347
Total stockholders' equity	256,342	277,608
Total liabilities and stockholders' equity	\$ 524,784	\$ 547,661

Schedule 2

## InnovAge

### CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(IN THOUSANDS, EXCEPT NUMBER OF SHARES AND PER SHARE DATA) (UNAUDITED)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2024	2023	2024	2023
<b>Revenues</b>				
Capitation revenue	\$ 208,674	\$ 188,561	\$ 413,474	\$ 370,734
Other service revenue	325	337	667	648
Total revenues	208,999	188,898	414,141	371,382
<b>Expenses</b>				
External provider costs	107,873	100,964	215,087	200,322
Cost of care, excluding depreciation and amortization	64,061	54,321	127,447	109,570
Sales and marketing	7,704	5,859	14,196	11,237
Corporate, general and administrative	28,103	25,249	55,638	54,197
Depreciation and amortization	5,319	4,290	10,730	8,559
Impairment of right-of-use asset and construction in progress	8,495	—	8,495	—
Total expenses	221,555	190,683	431,593	383,885
<b>Operating Loss</b>	(12,556)	(1,785)	(17,452)	(12,503)
<b>Other Income (Expense)</b>				
Interest expense, net	(760)	(935)	(1,408)	(1,596)
Other income (expense)	(157)	874	80	1,517

Gain (loss) on equity method investment	16	(1,882)	16	(1,882)
Total other expense	(901)	(1,943)	(1,312)	(1,961)
<b>Loss Before Income Taxes</b>	(13,457)	(3,728)	(18,764)	(14,464)
<b>Provision for Income Taxes</b>	34	93	437	319
<b>Net Loss</b>	(13,491)	(3,821)	(19,201)	(14,783)
Less: net loss attributable to noncontrolling interests	(270)	(374)	(1,051)	(1,032)
<b>Net Loss Attributable to InnovAge Holding Corp.</b>	<u>\$ (13,221)</u>	<u>\$ (3,447)</u>	<u>\$ (18,150)</u>	<u>\$ (13,751)</u>
<b>Weighted-average number of common shares outstanding - basic</b>	135,439,668	135,887,613	135,604,751	135,839,007
<b>Weighted-average number of common shares outstanding - diluted</b>	135,439,668	135,887,613	135,604,751	135,839,007
<b>Net loss per share - basic</b>	\$ (0.10)	\$ (0.03)	\$ (0.13)	\$ (0.10)
<b>Net loss per share - diluted</b>	\$ (0.10)	\$ (0.03)	\$ (0.13)	\$ (0.10)

Schedule 3

**InnovAge**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(IN THOUSANDS) (UNAUDITED)**

	<b>For the Six Months Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Operating Activities</b>		
Net loss	\$ (19,201)	\$ (14,783)
Adjustments to reconcile net loss to net cash used in operating activities		
Gain (loss) on disposal of assets	15	(21)
Provision for uncollectible accounts	524	2,881
Depreciation and amortization	10,730	8,559
Operating lease rentals	3,107	2,346
Impairment of right-of-use asset and construction in progress	8,495	—
Amortization of deferred financing costs	215	215
Stock-based compensation	4,035	3,589
Loss on minority equity interest investment	—	1,882
Deferred income taxes	437	319
Other, net	709	9
Changes in operating assets and liabilities, net of acquisitions		
Accounts receivable, net	(2,176)	(21,430)
Prepaid expenses	(9,084)	3,014
Deposits and other	(629)	(1,396)
Accounts payable and accrued expenses	2,717	(2,245)
Reported and estimated claims	3,864	4,137
Due to Medicaid and Medicare	(1,340)	1,122
Operating lease liabilities	(3,181)	(2,362)
Deferred revenue	—	(28,115)
Net cash used in operating activities	<u>(763)</u>	<u>(42,279)</u>
<b>Investing Activities</b>		
Purchases of property and equipment	(3,543)	(4,157)
Purchases of short-term investments	(1,147)	(1,179)
Proceeds from sale of short-term investments	6,300	3,000
Acquisition of business	—	(23,916)
Net cash provided by (used in) investing activities	<u>1,610</u>	<u>(26,252)</u>
<b>Financing Activities</b>		
Payments for finance lease obligations	(3,130)	(2,107)
Principal payments on long-term debt	(1,898)	(1,897)
Repurchase of equity securities	(5,912)	—
Taxes paid related to net settlements of stock-based compensation awards	(776)	(634)
Net cash used in financing activities	<u>(11,716)</u>	<u>(4,638)</u>
<b>DECREASE IN CASH, CASH EQUIVALENTS &amp; RESTRICTED CASH</b>	(10,869)	(73,169)
<b>CASH, CASH EQUIVALENTS &amp; RESTRICTED CASH, BEGINNING OF PERIOD</b>	56,960	127,265

<b>CASH, CASH EQUIVALENTS &amp; RESTRICTED CASH, END OF PERIOD</b>	\$	46,091	\$	54,096
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**Supplemental Cash Flows Information**

Interest paid	\$	2,305	\$	1,254
Income taxes paid	\$	1	\$	—
Property and equipment included in accounts payable	\$	161	\$	470
Property and equipment purchased under finance leases	\$	—	\$	113

Schedule 4

**InnovAge**

**RECONCILIATION OF GAAP AND NON-GAAP MEASURES  
(IN THOUSANDS) (UNAUDITED)**

**Adjusted EBITDA**

	Three months ended December 31,		Six months ended December 31,	
	2024	2023	2024	2023
Net loss	\$ (13,491)	\$ (3,821)	\$ (19,201)	\$ (14,783)
Interest expense, net	760	935	1,408	1,596
Other investment income <sup>(a)</sup>	141	(871)	(95)	(1,198)
Depreciation and amortization	5,319	4,290	10,730	8,559
Provision for income tax	34	93	437	319
Stock-based compensation	1,873	1,766	4,035	3,589
Litigation costs and settlement <sup>(b)</sup>	1,405	198	4,464	1,905
M&A diligence, transaction and integration <sup>(c)</sup>	1,275	284	1,380	174
Business optimization <sup>(d)</sup>	58	774	693	2,933
EMR implementation <sup>(e)</sup>	—	1,370	—	3,304
Impairment of right-of-use asset and construction in progress <sup>(f)</sup>	8,495	—	8,495	—
Loss on minority equity interest <sup>(g)</sup>	—	1,882	—	1,882
Adjusted EBITDA	<u>\$ 5,869</u>	<u>\$ 6,900</u>	<u>\$ 12,346</u>	<u>\$ 8,280</u>
Net loss margin	(6.4)%	(2.0)%	(4.6)%	(4.0)%
Adjusted EBITDA margin	2.8%	3.7%	3.0%	2.2%

- (a) Reflects investment income related to short-term investments included in our consolidated statement of operations. Effective for the year ended June 30, 2024 and going forward, the Company has revised the calculation for Adjusted EBITDA to reflect the impact of investment income. The presentation for the three and six months ended December 31, 2023 has been recast to reflect the impact of other investment income.
- (b) Reflects charges/(credits) related to litigation by stockholders, litigation related to de novo center, and civil investigative demands. Refer to Note 9, "Commitments and Contingencies" to our condensed consolidated financial statements contained in our Quarterly Report on Form 10-Q for more information regarding litigation by stockholders and civil investigative demands. Costs reflected consist of litigation costs considered one-time in nature and outside of the ordinary course of business based on the following considerations which we assess regularly: (i) the frequency of similar cases that have been brought to date, or are expected to be brought within two years, (ii) complexity of the case, (iii) nature of the remedies sought, (iv) litigation posture of the Company, (v) counterparty involved, and (vi) the Company's overall litigation strategy.
- (c) Reflects charges related to M&A transaction and integrations. The presentation for the three and six months ended December 31, 2023 has been recast to no longer exclude de novo center development costs.
- (d) Reflects charges related to business optimization initiatives. Such charges relate to one-time investments in projects designed to enhance our technology and compliance systems and improve and support the efficiency and effectiveness of our operations. For the three months ended December 31, 2024, this primarily includes costs related to other non-recurring projects aimed at reducing costs and improving efficiencies. For the six months ended December 31, 2024, this includes (i) \$0.4 million of costs associated with organizational restructure and (ii) \$0.3 million related to other non-recurring projects aimed at reducing costs and improving efficiencies. For the three months ended December 31, 2023, this includes (i) \$0.4 million of costs associated with third party consultants as we implement our core provider initiatives, assess our risk-bearing capabilities, and strengthen our enterprise capabilities and (ii) \$0.4 million related to other non-recurring projects aimed at reducing costs and improving efficiencies. For the six months ended December 31, 2023, this includes (i) \$2.2 million of costs associated with third party consultants as we implement our core provider initiatives, assess our risk-bearing capabilities, and strengthen our enterprise capabilities, (ii) \$0.3 million of costs associated with organizational restructure, and (iii) \$0.4 million related to other non-recurring projects aimed at reducing costs and improving efficiencies.
- (e) Reflects non-recurring expenses relating to the implementation of a new EMR vendor.
- (f) Reflects impairment charges related to ROU asset and construction in progress related to halting developments to a previously planned de novo center in Louisville, Kentucky that the Company is no longer pursuing.
- (g) Reflects impairment charges related to our minority equity interest in Jetdoc, Inc.

	<b>Three months ended September 30, 2024</b>
Net loss	\$ (5,710)
Interest expense, net	1,243
Other investment income <sup>(a)</sup>	(831)
Depreciation and amortization	5,410
Provision (benefit) for income tax	404
Stock-based compensation	2,161
Litigation costs and settlement <sup>(b)</sup>	3,059
M&A diligence, transaction and integration <sup>(c)</sup>	105
Business optimization <sup>(d)</sup>	635
Adjusted EBITDA	<u>\$ 6,476</u>
Net loss margin	(2.8)%
Adjusted EBITDA margin	3.2%

- (a) Reflects investment income related to short-term investments included in our consolidated statement of operations. Effective for the year ended June 30, 2024 and going forward, the Company has revised the calculation for Adjusted EBITDA to reflect the impact of investment income. The presentation for the three months ended September 30, 2023 has been recast to reflect the impact of other investment income.
- (b) Reflects charges/(credits) related to litigation by stockholders, litigation related to de novo center, and civil investigative demands. Refer to Note 9, "Commitments and Contingencies" to our condensed consolidated financial statements for more information regarding litigation by stockholders and civil investigative demands. Costs reflected consist of litigation costs considered one-time in nature and outside of the ordinary course of business based on the following considerations which we assess regularly: (i) the frequency of similar cases that have been brought to date, or are expected to be brought within two years, (ii) complexity of the case, (iii) nature of the remedies sought, (iv) litigation posture of the Company, (v) counterparty involved, and (vi) the Company's overall litigation strategy.
- (c) Reflects charges related to M&A transaction and integrations. The presentation for the three months ended September 30, 2024 no longer excludes de novo center development costs.
- (d) Reflects charges related to business optimization initiatives. Such charges related to one-time investments in projects designed to enhance our technology and compliance systems and improve and support the efficiency and effectiveness of our operations. For the three months ended September 30, 2024, this includes (i) \$0.4 million of costs associated with organizational restructure and (ii) \$0.2 million related to other non-recurring projects aimed at reducing costs and improving efficiencies.

### Center-Level Contribution Margin

	Three Months Ended December 31, 2024			Three Months Ended December 31, 2023		
	PACE	All other <sup>(a)</sup>	Totals	PACE	All other <sup>(a)</sup>	Totals
<i>(In thousands)</i>						
Capitation revenue	\$ 208,674	\$ —	\$ 208,674	\$ 188,561	\$ —	\$ 188,561
Other service revenue	77	248	325	68	269	337
Total revenues	208,751	248	208,999	188,629	269	188,898
External provider costs	107,873	—	107,873	100,964	—	100,964
Cost of care, excluding depreciation and amortization	63,916	145	64,061	54,171	150	54,321
<b>Center-Level Contribution Margin</b>	<u>36,962</u>	<u>103</u>	<u>37,065</u>	<u>33,494</u>	<u>119</u>	<u>33,613</u>
Overhead costs <sup>(b)</sup>	35,807	—	35,807	31,108	—	31,108
Depreciation and amortization	5,204	115	5,319	4,178	112	4,290
Interest expense, net	(716)	(44)	(760)	(890)	(45)	(935)
Other income (expense)	(157)	—	(157)	—	—	—
Gain (loss) on equity method investment	16	—	16	(1,882)	—	(1,882)
<b>Loss Before Income Taxes</b>	<u>\$ (13,401)</u>	<u>\$ (56)</u>	<u>\$ (13,457)</u>	<u>\$ (3,690)</u>	<u>\$ (38)</u>	<u>\$ (3,728)</u>
<b>Loss Before Income Taxes as a % of revenue</b>			(6.4)%			(2.0)%
<b>Center-Level Contribution Margin as a % of revenue</b>			17.7%			17.8%

	Three Months Ended September 30, 2024		
<i>(In thousands)</i>	PACE	All other <sup>(1)</sup>	Totals

Capitation revenue	\$	204,800	\$	—	\$	204,800
Other service revenue		96		246		342
Total revenues		204,896		246		205,142
External provider costs		107,214		—		107,214
Cost of care, excluding depreciation and amortization		63,234		153		63,387
<b>Center-Level Contribution Margin</b>		<b>34,448</b>		<b>93</b>		<b>34,541</b>
Overhead costs <sup>(a)</sup>		34,027		—		34,027
Depreciation and amortization		5,295		115		5,410
Interest expense, net		1,199		44		1,243
Gain (loss) on cost and equity method investments		—		—		—
Other income		(833)		—		(833)
<b>Loss Before Income Taxes</b>	\$	<b>(5,240)</b>	\$	<b>(66)</b>	\$	<b>(5,306)</b>
<b>Loss Before Income Taxes as a % of revenue</b>						<b>(2.6)%</b>
<b>Center- Level Contribution Margin as a % of revenue</b>						<b>16.8%</b>

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(a) Center-level Contribution Margin from segments below the quantitative thresholds are primarily attributable to the Senior Housing operating segment of the Company. This segment has never met any of the quantitative thresholds for determining reportable segments.

(b) Overhead consists of the Sales and marketing and Corporate, general and administrative financial statement line items.

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