



**Fiscal 2025 Fourth Quarter and Year-End Earning Call**  
**For the Period Ended June 30, 2025**  
**Tuesday, September 9, 2025**

## Corporate Participants

Ryan Kubota, Director, Investor Relations

Patrick Blair, Chief Executive Officer

Ben Adams, Chief Financial Officer

## Ryan Kubota, Director, Investor Relations

Good afternoon, and thank you all for joining the InnovAge 2025 fourth quarter and fiscal year end earnings call. With me today is Patrick Blair, CEO, and Ben Adams, CFO. Michael Scarbrough, President and COO, will also be joining the Q&A portion of the call.

Today, after the market closed, we issued an earnings press release containing detailed information on our 2025 fiscal fourth quarter and year end results. You may access the release on the Investor Relations section of our company website, [InnovAge.com](http://InnovAge.com).

For those listening to the rebroadcast of this call, we remind you that the remarks made herein are as of today, Tuesday, September 9th, 2025, and have not been updated subsequent to this call.

During our call we will refer to certain non-GAAP measures. A reconciliation of these measures to the most directly comparable GAAP measures can be found in our earnings press release posted on our website.

We may also make statements that are considered forward-looking, including those related to our 2026 fiscal year projections and guidance, future growth prospects and growth strategy, our clinical and operational value initiatives, Medicare and Medicaid rates increases, the effects of recent legislation and federal budget cuts, enrollment processing delays, the status of current and future regulatory actions, and other expectations.

Listeners are cautioned that our forward-looking statements involve certain assumptions and are inherently subject to risks and uncertainties that can cause our actual results to differ materially from our current expectations. We advise listeners to review the risk factors discussed in our Annual Report on Form 10-K for fiscal year 2025 and any subsequent reports filed with the SEC.

After the completion of our prepared remarks, we will open the call for questions. I will now turn the call over to our CEO, Patrick Blair.

Patrick?

## Patrick Blair, Chief Executive Officer

Thank you, Ryan, and good afternoon, everyone.

I'll begin with gratitude. To our colleagues across InnovAge, to our participants and families, to our state and federal partners, and to our investors — thank you for your continued support and trust.

Fiscal 2025 was a year of delivery. We made clear commitments, and we followed through. In many cases, we exceeded both our internal goals and external expectations. And importantly, we finished the year with strong momentum heading into Fiscal 2026.

Today, I'll cover:

- Fourth quarter and full-year results for Fiscal 2025,
- Guidance for Fiscal 2026, and
- Progress we're making to position InnovAge for long-term success.

Our fourth quarter capped a strong year of consistent execution.

- Revenue was \$221.4 million dollars, up 11 percent from Q4 last year.
- Center-level contribution was \$41.3 million dollars, representing an 18.6 percent contribution margin.
- Adjusted EBITDA more than doubled year-over-year to \$11.3 million dollars, representing a 5.1 percent margin.
- We ended the year with a census of approximately 7,740 participants.
- These results reflect disciplined cost management, strong medical utilization performance, and continued census growth.

Turning to the full year:

- Total revenue was \$853.7 million dollars, up nearly 12 percent year-over-year.
- Center-level contribution was \$153.6 million dollars, with contribution margin expanding to approximately 18 percent, up 70 basis points from FY24.
- Adjusted EBITDA was \$34.5 million dollars, above the high end of our FY25 guidance of \$31 million dollars.
- Adjusted EBITDA margin nearly doubled, from 2.2 percent in FY24 to approximately 4 percent in FY25.

These numbers matter not just in isolation, but in the context of what we committed at our Investor Day in February 2024:

- We committed to expanding margins...and delivered — center-level contribution margin improved from 17.3 percent from in FY24 to 18 percent in FY25, with further progress expected in FY26.

- We committed to improving clinical outcomes...and we delivered — key internal utilization measures such as inpatient admissions, ER visits, and short-stay nursing facility visits all improved through execution of our Clinical Value Initiatives.
- We committed to driving revenue growth...and delivered — revenue grew at greater than 10 percent CAGR from FY23 to FY25.
- We committed to improving operating leverage...and delivered — G&A as a percentage of revenue declined steadily from FY23 to FY25.
- We committed to return to sustained positive adjusted EBITDA...and delivered — with year-over-year improvements and results above expectations.
- And critically, we closed the year with no material compliance deficiencies.

This combination of responsible growth, financial discipline, clinical performance, and compliance execution is what gives us confidence in the durability of our progress.

We are operating in a complex environment. Recent legislation has created uncertainty for many value-based care models — particularly Medicare Advantage and Medicaid long-term care programs. State partners are facing fiscal pressures, which can translate into budgetary and operational strain.

PACE is different. The strength of our model lies in the integration and coordination of care:

- Our interdisciplinary teams personalize care for every participant.
- Today, approximately 40 percent of our total cost of care is delivered directly in our centers, by our employees, under one roof.
- Through regular center attendance, we seek to maintain an active line of sight into each participant's health status, allowing us to intervene earlier and prevent avoidable hospitalizations and ER visits.
- For the remaining 60 percent, our providers individually order or prescribe virtually all other non-emergent care.

This integrated, high-touch model gives us a real advantage in managing costs and utilization — and we believe this sets InnovAge apart in an inflationary medical cost trend environment.

Looking ahead, we're advocating with the new administration and legislators to broaden the role PACE can play in addressing America's senior care challenges. While today PACE primarily serves a subset of dual-eligible seniors, we see meaningful opportunity to expand access to those who could benefit earlier in their care journey. We're advocating for new pathways—such as a Medicare-only option—that would give more seniors access to the coordination and support services that make PACE unique. With more than five decades of public investment in PACE centers across the country, we believe this is the right time to leverage that infrastructure more fully. Done right, this could both improve quality of life for seniors and generate savings by delaying Medicaid enrollment and

prolonging nursing home placement. Importantly, it could also create a natural growth channel for the company as participants' needs increase, and they transition into full PACE eligibility.

Looking ahead, our guidance for FY26 reflects both continued momentum and the realities of our environment.

We project:

- Census of 7,900 to 8,100,
- Member months of 91,600 to 94,400,
- Total revenue of \$900 to \$950 million dollars,
- Adjusted EBITDA of \$56 to \$65 million dollars,
- De novo losses of \$13.4 to \$15.4 million dollars.

We expect profitability to build through the year, exiting FY26 with a higher run-rate. And we remain on track to achieve adjusted EBITDA margins of 8–9 percent over the next few years.

Ben will take you through the details of this shortly.

On growth, census increased 10 percent year-over-year in FY25. We strengthened the foundations of our enrollment strategies and processes, while also testing and scaling new channels that are beginning to pay off.

We are also building strong partnerships. Last year, we formed a joint venture with Orlando Health, and this past quarter, we announced a similar partnership with Tampa General Hospital. These partnerships extend our reach, strengthen our provider networks, and create new pathways to connect eligible seniors with PACE.

We continue to work closely with our state partners on enrollment processing. While we have experienced delays in some states and are monitoring the impact of budget constraints and Medicaid eligibility redeterminations, these dynamics are incorporated into our FY26 guidance. Demand for PACE remains robust, and we expect healthy top-line growth as we move through the year.

Beyond the numbers, we are advancing our transformation agenda.

We are investing in talent, technology, and tools to make InnovAge a more disciplined, efficient, and scalable organization. Approximately 40 percent of our total cost of care occurs within the four walls of our centers — where we are uniquely positioned as both a payor and provider to capture efficiencies and improve outcomes.

This transformation is not just about tightening operations. It is about re-imagining the model for the future — positioning InnovAge as the partner of choice for states, payors, providers, and communities looking to create a more sustainable continuum of senior care.

In closing, Fiscal 2025 was a strong year. We delivered on our commitments, exceeded expectations, and ended the year with momentum. Fiscal 2026 will be another important step forward — one that we expect to further advance our financial performance, strengthen our model, and bring us closer to achieving our long-term ambitions.

I want to thank all our colleagues who make this possible. Every day, they bring both a caregiver's heart and an owner's mindset to serving our participants. They are the reason we've been able to execute consistently, and they will be critical to our success in the years ahead.

With that, I'll turn it over to Ben for more detail on the financials.

### **Ben Adams, Chief Financial Officer**

Thank you Patrick.

Today, I will provide some highlights from our fourth quarter and fiscal year-end 2025 financial performance, followed by our fiscal year 2026 guidance. I am pleased with our overall performance and strong finish to the year. As Patrick mentioned, we really started to feel the impact of our clinical value initiatives throughout this year, and we expect those to carry through into fiscal 2026. We are also pleased with the progress of our new operational improvement initiatives this year and expect them to continue building throughout the next fiscal year.

Starting off our fiscal 2025 highlights with census, we served approximately 7,740 participants across 20 centers as of June 30, 2025, which represents annual growth of 10.3 percent and sequential quarter growth of 2.8 percent. We reported 23,000 member months in the fourth quarter, an increase of approximately 10.5 percent compared to the fourth quarter of fiscal year 2024 and an increase of approximately 2.0 percent over the third quarter of fiscal year 2025.

Total revenues increased by 11.8 percent to \$853.7 million dollars for fiscal year 2025. The increase was primarily driven by an increase in member months coupled with an increase in capitation rates. The increase in capitation rates includes rate increases for both Medicare and Medicaid, partially offset by revenue reserves and an out of cycle risk score true up payment received in fiscal 2024.

Compared to the third quarter, total revenues increased by 1.5 percent to \$221.4 million dollars in the fourth quarter, primarily due to a sequential increase in member months partially offset by a decrease in Medicare rates associated with decreasing risk score as new participants are entering PACE with lower risk scores and disenrolling participants are leaving PACE with higher risk scores.

We incurred \$431.2 million dollars of external provider costs during the fiscal year, a 7.0 percent increase compared to fiscal year 2024. The increase was primarily driven by an increase in member months, partially offset by a decrease in cost per participant. The decrease in cost per participant was primarily driven by:

- A decrease in inpatient, assisted living, permanent nursing facility, and short stay nursing facility utilization,
- A decrease in external hospice care associated with the transition of this function to internal clinical resources, and
- A decrease in pharmacy expenses due to the transition to in-house pharmacy services.

The decrease in external provider cost per participant was partially offset by an increase in inpatient unit cost, and an annual increase in assisted living and permanent nursing facility unit cost.

During the fourth quarter, we incurred \$108.2 million dollars of external provider costs, and when compared to the third quarter of fiscal year 2025, external provider costs were essentially flat. The stable costs were the result of higher costs associated with an increase in member months, offset by a decrease in cost per participant. The decrease in external cost per participant was primarily driven by a decrease in inpatient and permanent nursing facility utilization, and a decrease in pharmacy expense associated with the transition to in-house pharmacy services; partially offset by an increase in short stay nursing facility and assisted living facility utilization.

Cost of care, excluding depreciation and amortization, was \$268.9 million dollars, an increase of 17.5 percent compared to fiscal year 2024. The increase was due to an increase in member months coupled with an increase in cost per participant. The overall increase was driven by:

- Higher salaries, wages and benefits associated with increased headcount and higher wages rates,
- An increase in software license fees,
- Increase in de novo occupancy and administrative expenses associated with opening centers in Florida, and the acquisition of the Crenshaw center,
- An increase in contract provider expenses in California associated with growth,
- Consulting fees and shipping costs associated with in-house pharmacy services, and
- Fleet costs inclusive of contract transportation.

For the fourth quarter, cost of care, excluding depreciation and amortization, increased 3.5 percent compared to the third quarter. The increase was primarily due to an increase in consulting fees and shipping costs associated with increased volume of in-house pharmacy services.

Center-level contribution margin, which we define as total revenues less external provider costs and cost of care, excluding depreciation and amortization, which includes all medical and pharmacy costs, was \$153.6 million dollars for fiscal year 2025, compared to \$132.1 million dollars, a 16.3

percent increase, for fiscal year 2024. As a percentage of revenue, center-level contribution margin of 18.0 percent increased approximately 70 basis points compared to 17.3 percent in fiscal year 2024.

For the fourth quarter, center-level contribution margin was \$41.3 million dollars compared to \$40.7 million dollars for the third quarter of fiscal year 2025, an increase of 1.3 percent. As a percentage of revenue, center-level contribution margin of 18.6 percent decreased by approximately 10 basis points compared to 18.7 percent in the third quarter of fiscal year 2025.

Sales and marketing expenses of \$28.2 million dollars increased 13.1 percent compared to fiscal year 2024, primarily due to increased headcount and wage rates to support growth.

For the fourth quarter, sales and marketing expenses increased by 2.6 percent compared to the third quarter of 2025 as a result of additional marketing support and project timing in the fourth quarter.

Corporate, general and administrative expenses increased 9.6 percent to \$122.1 million dollars compared to fiscal year 2024. The increase was primarily due to:

- The \$10.1 million dollar accrual of the potential settlement of the securities class action lawsuit, and
- An increase in employee compensation and benefits as a result of greater headcount and increased wage rates to support compliance and bolster organizational capabilities.

These increases were partially offset by a reduction in consulting and insurance expenses.

For the fourth quarter, corporate, general and administrative expenses decreased 27.9 percent to \$27.8 million dollars compared to the third quarter of fiscal year 2025. The decrease was primarily due to the potential settlement of the securities class action lawsuit referenced earlier that was recorded in the third quarter.

Net Loss was \$35.3 million dollars compared to a net loss of \$23.2 million dollars in fiscal year 2024. We reported a net loss per share of 22 cents compared to a net loss per share of 16 cents, each on both a basic and diluted basis. Our weighted average share count was approximately 135.4 million shares for the fiscal year, on both a basic and fully diluted basis.

For the fourth quarter, we reported a net loss of \$5.0 million dollars compared to a net loss of \$11.1 million dollars in the third quarter and a net loss per share of 1 cent, each on both a basic and diluted basis.

Adjusted EBITDA, was \$34.5 million dollars for fiscal 2025 compared to \$16.5 million dollars in fiscal 2024 and \$11.3 million dollars for the quarter, compared to \$10.8 million dollars in the third quarter of fiscal year 2025.

Our Adjusted EBITDA margin was 4.0 percent for fiscal 2025 and 5.1 percent for the fourth quarter. We do not add back losses incurred by our de novo centers in the calculation of Adjusted EBITDA. We define de novo center losses as net losses related to pre-opening and start-up ramp through the first 24 months of de novo operations. We incurred \$15.4 million dollars of de novo losses in fiscal year 2025. This compares to \$12 million dollars in fiscal year 2024.

For the fourth quarter, de novo losses were \$3.9 million dollars primarily related to our Tampa and Orlando centers in Florida. This compares to \$3.5 million dollars of de novo losses in the third quarter of fiscal year 2025.

Turning to our balance sheet, we ended the quarter with \$64.1 million dollars in cash and cash equivalents plus \$41.8 million dollars in short-term investments. We had \$72.8 million dollars in total debt on the balance sheet (representing debt under our senior secured term loan and finance lease obligations). We also refinanced our Term Loan Facility in the fourth quarter with a \$50.7 million term loan, renewed our Revolving Credit Facility commitments, and extended the maturity of both to August 8, 2028 from March 8, 2026.

For the fourth quarter, we recorded positive cash flow from operations of \$9.0 million dollars and had minimal cash capital expenditures of \$0.2 million dollars primarily due to timing.

We completed the share repurchase program that we launched back in June of 2024 acquiring approximately 1,426,000 shares of common stock for an aggregate of \$7.3 million dollars during the entirety of the program. During the fourth quarter, we acquired approximately 101,800 shares of our common stock for an aggregate of approximately \$300 thousand dollars.

Turning to fiscal 2026 Guidance, which we included in today's press release and based on information as of today:

- We expect our ending census for fiscal year 2026 to be between 7,900 and 8,100 participants, and member months to be in the range of 91,600 to 94,400;
- We are projecting total revenue in the range of \$900 million dollars to \$950 million dollars, and adjusted EBITDA in the range of \$56 million dollars to \$65 million dollars; and
- We anticipate that de novo losses for fiscal 2026 will be in the \$13.4 to \$15.4 million dollar range.

I will also provide some additional color on a few of the components that comprise our guidance assumptions.

Our census and member months reflect the redesign of our eligibility and enrollment system due to state Medicaid redetermination. We expect that this will result in more rapid disenrollments in the first half of the fiscal year for those participants who have lost Medicaid coverage and have not been able to regain eligibility.

Regarding revenue, we are expecting a low-single digit Medicare rate increase and mid-single digit increase for Medicaid.

As a reminder our Medicare rates are based on county-specific rates that are adjusted by CMS in January coupled with prospective risk score adjustments in January and July. Effective January 1st, CMS will begin to transition PACE organizations onto the V28 Medicare Advantage payment model, from our current V22 payment model. The process is scheduled to begin on January 1st, 2026 and be phased in annually through 2029 starting with a 90/10 split of V22 and V28 respectively and has been factored into our guidance.

Regarding cost of care, external provider costs and overall center-level contribution margins, we have continued to make measurable progress since we returned to issuing guidance in September of 2023. In 2024 we introduced Clinical Value Initiatives, followed by Operational Value Initiatives in 2025. This upcoming fiscal year, while we continue our focus on quality, we are also pushing ourselves to stretch operationally, by continuing to reimagine and further refine what we do and how we do it in order to continue growing our Adjusted EBITDA margin.

As an example, the ramp up of our new internal pharmacy initiative is going well and is expected to give us more control over pharmaceutical fulfillment, allow us to improve medication adherence, enhance participant outcomes, and streamline logistics. We are also excited to see that the business is reducing costs and is expected to continue generating overall cost savings into the future.

In closing, we are pleased with our 2025 results. We continue to push ourselves toward improving and optimizing the business as we strive to be the provider of choice for participants as well as our federal and state partners. We remain focused on quality, and we believe in the value that the PACE program can bring to eligible seniors with complex care needs. We look forward to the trajectory of the business and toward the year ahead.

Operator, that concludes our prepared remarks, please open the call for questions.

## 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 may make regarding quarterly or annual 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, build and/or open de novo centers, or to identify and execute tuck-in acquisitions, joint ventures and strategic partnerships; the expected impact of government policies and the macroeconomic environment; our ability to control costs, mitigate the effects of elevated expenses or reduced healthcare budgets, expand our payer capabilities, implement clinical value and operational value initiatives and strengthen enterprise functions; results of periodic inspections, reviews and audits, legal proceedings and government investigations and actions; relationships and discussions with regulatory agencies; our ability to effectively implement Company-wide transformation initiatives; reimbursement and regulatory developments; market developments; new pharmacy services; 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 find suitable geographies for new centers and to attract new participant and retain existing participants in new and existing centers and our ability to obtain licenses to open such centers; (ii) our ability to identify, successfully complete and integrate acquisitions, joint ventures another strategic partnerships; (iii) the impact on our business from ongoing macroeconomic related challenges, including labor shortages, labor competition, inflation, tariffs and trade disputes; (iv) inspections, reviews, audits and investigations under the federal and state government programs, including our ability to sufficiently cure any deficiencies identified; (v) legal proceedings, enforcement actions and litigation and disputes, which are costly to defend; (vi) under our PACE contracts, we assume all of the risk that the cost of providing services will exceed our compensation; (vii) the dependence of our revenues upon a limited number of government payors, including the risk of sudden loss of any of our government contracts; (viii) the impact of state and federal efforts to reduce healthcare spending, including recent legislation reducing the budget that funds Medicaid; (ix) the risk that our submissions to government payors may contain inaccurate or unsupportable information, including regarding risk adjustment scores of participants,

subjecting us to repayment obligations or penalties; (x) and our ability to comply with the continued listing requirements of Nasdaq.

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.