



Nutex Health

Q2 2025 Update Conference Call

August 25, 2025

C O R P O R A T E P A R T I C I P A N T S

Tom Vo, *Chairman, Chief Executive Officer*

Warren Hosseinion, *President*

Jon Bates, *Chief Financial Officer*

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Vivian Sanders, *Director, Marketing and Business Development*

C O N F E R E N C E C A L L P A R T I C I P A N T S

Anthony Vendetti, *Maxim*

Gene Mannheimer, *Freedom Capital*

Bradford Seagraves, *Northbank Capital*

P R E S E N T A T I O N

Operator

Greetings and welcome to the Nutex Health Shareholders Update Conference Call.

At this time, all participants are in a listen-only mode. A brief question-and-answer session will follow the formal presentation. If anyone should require Operator assistance during the conference, please press star, zero on your telephone keypad.

As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Vivian Sanders, Corporate Director of Marketing and Business Development. Thank you, you may begin.

Vivian Sanders

Good morning everyone, and welcome to Nutex Health Inc.'s second quarter 2025 Company update conference call. I'm Vivian Sanders, and I'm pleased to moderate today's discussion. Thank you for joining us as we review our performance and outline our plans for the future.

This call is being recorded and a replay will be available on our website.

With me today are our key leaders, Dr. Tom Vo, Chairman and CEO; Jon Bates, Chief Financial Officer; Dr. Warren Hosseinian, President; and Dr. Mike Chang, Chief Medical Officer. They will provide insights into our financial results, operational progress, clinical quality and strategic direction, followed by a Q&A session.

Before we begin, a few reminders. Today's discussion may include forward-looking statements based on Management's current expectations. These are subject to risks and uncertainties that could cause actual results to differ. For details, please refer to our press release and Form 8-K filed last week and our other SEC filings.

These preliminary results being presented today remain subject to the completion of normal quarter and fiscal end accounting procedures and closing statement adjustments and the quarterly review process conducted by our auditors.

With that, I'm pleased to turn the call over to Dr. Tom Vo, our Founder and CEO. Dr. Vo, the floor is yours.

Tom Vo

Thank you, Vivian, and good morning, everyone. I am thrilled to present Nutex Health's preliminary results for the second quarter of 2025, which builds on the strong momentum from our first quarter and reflect our continued execution of a patient-first, high quality care model. Our micro hospital approach combined with strong operational efficiency and effective revenue cycle management has driven continued robust growth.

Let me first discuss our operational results, then Jon will update everyone with our progress on the audit and interim review of our financials with our new auditor.

Operationally, Q2 2025 showed strong performance with total patient visits reaching 45,573, a 10.6% increase from Q2 of 2024. For the first half of 2025, total patient visits were 93,842, a 15.5% increase

from the first half of 2024. Total revenue increased to \$244 million for the three months ended June 30, 2025 as compared to total revenue of \$76.1 million for the same period in 2024, an increase of 220%. Gross profit was \$124.8 million, or 51.1% of total revenue, for the three months ended June 30, 2025 as compared to gross profit of \$22.6 million, or 29.7% of total revenue, for the same period of 2024.

Adjusted EBITDA attributed to Nutex Health was \$73.3 million as compared to Adjusted EBITDA attributed to Nutex Health of \$6.8 million for the three months ended June 30, 2024. Net cash from operating activities was \$72.8 million for the six months ended June 30, 2025 compared to \$16.3 million for the same period in 2024. As of 6/30/2025 (phon), we had \$96.7 million of cash in the bank.

The strong performance was a testament to our strong fundamentals and dedication and collaboration from all the team members here at Nutex as we strive to fulfill our core mission of providing better access to healthcare. One driver of our financial success, in addition to strong volume growth and higher patient acuity, is our arbitration strategy under the No Surprises Act independent dispute resolution process. Congress enacted the No Surprises Act, or NSA, effective January 1, 2022 to protect patients from surprise medical bills incurred when they receive emergency medical services from out-of-network healthcare providers. Providers bill the insurers directly and if the insurer doesn't pay or in lieu of the provider underpays for the medical services provided, the NSA creates the Independent Dispute Resolution, or IDR process for unresolved billing disputes between providers and insurers. The patient is not involved in this process, and payment is issued directly to the provider from the insurer.

The IDR process safeguards providers by promoting fair reimbursement from payors, helping ensure their continued ability to deliver care. This process, though administratively intensive, is critical for securing fair compensation when insurers do not pay fair and reasonable awards, as is evidenced by the recent governmental data which shows that during the second half of 2024, 85% of arbitration awards are in favor of the (inaudible) submitted by the providers.

Nutex undertakes extensive labor and cost-intensive efforts to comply with all applicable laws and regulations in each of the jurisdictions in which it operates, including the eligibility rules in effect at the time a claim is being submitted to federal arbitration. For more information on the NSA and IDR process, please go to our Form 8-K filed on August 22, 2025 under Term 8.01, and to CMS.gov under Independent Dispute Resolution.

On July 1, 2024, we engaged HaloMD, a third party expert to work with us in challenging underpaid out-of-network claims. HaloMD specializes in independent dispute resolution through the NSA and state regulation for out-of-network healthcare providers. Nutex Health determines which claims to submit to arbitration. Given the complexity of the federal arbitration process and its interaction with state surprise billings laws, it is crucial for providers like Nutex Health to seek tech-enabled expert assistance in the highly complex submissions process. This third party expertise, such as that provided by HaloMD, is essential for navigating the complexity of submission of claims in bifurcated states where either state or federal law may apply, depending on the insurance coverage and services provided. As such, independent federal arbitration is now by necessity an integral part of our revenue cycle management operating procedure.

Next, I'd like to address a few items that were published in a recently highly misleading short seller report revolving around mainly HaloMD and allegations made by large insurers in several lawsuits against HaloMD. We strongly disagree with the allegations in the short seller report. Further, we believe that the report misrepresents Nutex business, its claim process and its ability to collect revenue. Further, we believe the short seller completely misunderstands the regulatory framework underpinning the independent federal arbitration system implemented under the No Surprises Act.

Nutex Health has not been named in any lawsuit filed by Blue Cross Anthem or any other insurer against HaloMD, and Nutex Health has no hospital locations in jurisdictions where HaloMD is subject to litigation initiated by insurers. In a press release issued on June 4, 2025 with respect to the lawsuit filed by Blue

Cross Blue Shield of Georgia, HaloMD states that is prepared to vigorously defend itself in this litigation in a manner that will highlight the lawsuit's meritless nature.

Patient eligibility seems to have been a large point of contention in lawsuits, so a few clarifying points related to our situation. Nutex Health undertakes extensive labor and cost-intensive efforts to comply with all applicable laws and regulations in each of the jurisdictions in which it operates, including the eligibility rules in effect at the time a claim is being submitted to the federal arbitration. The claims process for out-of-network claims differ from state to state and is highly complex, due to mainly the bifurcated nature of many states which have their own surprise billing rules for fully insured claims and for certain types of providers. Further, there are different rules in each state governing the determination whether individual claims may be bundled or batched when submitting to the certified independent dispute resolution entity.

The short seller extrapolating from the HaloMD lawsuit, which does not apply to Nutex Health, seeks to allege that Nutex Health participated in an intentional flooding of the arbitration system, fraudulently obtained large payments and could be subject to revenue (inaudible). As we have outlined in detail in our Form 8-K filed on August 22, 2025, the eligibility determination for the submission of out-of-network claims to the federal arbitration process are complex. We believe we meticulously adhered to the existing rules underlying those eligibility criteria.

As further detailed in our Form 8-K, according to the data published by CMS, Nutex is part of an industry-wide trend resulting in a large increase in the number of claims submitted for arbitration. During the final two quarters of 2024, providers initiated 1.5 million disputes, which represents more than 70 times the predicted annual caseload. Of those, 85% were decided in favor of the provider, the higher offer, resulting in a median winning offer of over four times the median and network weight of each insurer. Contrary to the allegations contained in the short seller report, we believe that Nutex Health complies with the federal arbitration rules as currently in effect.

With respect to revenue collection, the CMS has recently allowed the reopening of awards made prior to June 6, 2025 based purely on narrowly defined clerical, jurisdictional or procedural errors by the independent federal arbitration entity. Neither insurers nor providers may challenge prior awards based on their own errors or on substantial grounds. Further, to address the potential of non-payment by insurers in violation of the No Surprises Act, the No Surprises Act Enforcement Act (phon) has been recently reintroduced in Congress and the Senate. In addition, almost all claims are for out-of-network services, and the percentages of Medicare and Medicaid of our patients are less than 5%. Since our claims process and revenue cycle management team are all in-house, we believe we have spent significant resources to review and determine which claims are sent to the independent dispute resolution entity.

Lastly, the short seller report also mentions the Neighbors Emergency Center bankruptcy in 2018. Neighbors Emergency Center was indeed cofounded by myself in 2008; however, I left Neighbors in 2011 to start Nutex Health. The two models are completely different. Neighbors was a freestanding ER model located only in Texas, whereas Nutex Health is a micro hospital model with facilities on a national level. Neighbors did eventually file for bankruptcy around 2018, seven years after I left its management team.

On the regulatory front, we are not seeing any significant legislative changes to either the NSA or the IDR process. We feel that Congress is currently content with the NSA because it has done its job to protect the American public from surprise bills. Any changes to the NSA may potentially put the American public at risk. We expect the federal arbitration process for out-of-network services will continue to evolve and become more efficient and less complex. As an example, on July 1, 2025 the federal IDR portal was upgraded to streamline the arbitration process and enhance the quality and data submitted.

We believe the proposed No Surprises Act Enforcement Act will also be beneficial to providers such as Nutex Health. It was reintroduced on July 23 by a bipartisan (inaudible) group including Representatives Greg Murphy of North Carolina, Raul Ruiz and Jimmy Paneta of California, John Joyce of Pennsylvania, Kim Schrier of Washington, and Bob Onder of Missouri. A companion legislation was also introduced by

the Senate by Senator Roger Marshall of Kansas and Senator Michael Bennet of Colorado. If enacted, either version would offer significant benefits to providers participating in the NSA's IDR process. Importantly, both bills impose penalties for late or non-payments for the non-prevailing party fails to make the required payment within 30 days of an IDR determination. The penalty imposed will be three times the difference between the initial payment and the IDR determination per claim. Interest will also apply to late or non-payments.

The bills authorize the imposition of civil monetary penalties on health plans and insurers for violation of the NSA's (inaudible) provision. HHS would have discretion to assess penalties of up to \$10,000 per violation, the same maximum penalty currently applicable to providers who violate these requirements. The bills also include the new HHS labor and treasury requirements aimed at better reporting transparency for insurers and health plans. Please refer to our current report on Form 8-K dated August 20, 2025 for additional information.

Our growth strategy remains robust with over 15 hospital projects in development, including two confirmed opening by the end of 2025 and a potential third. These projects target high growth markets with strong demand for our micro hospital model, as discussed in Q1. We are also advancing our Population Health Management Division, planning to launch one to two independent physician associations, IPAs, annually, particularly near our micro hospitals to enhance care coordination and synergies (phon).

To drive organic growth, we are investigating leasing facilities by expanding clinical services and optimizing workflow, a strategy we find from Q1 feedback to boost performance. Our combination of organic growth, new market entries and strategic acquisitions position Nutex for sustained success. To further enhance shareholder value, on July 30, 2025 the Board of Directors has authorized a stock repurchase program of up to 25 million of the Company's common stock over the next six months.

In summary, Q2 2025 was a transformative quarter with strong volume growth, strong cash generation, and a clear development pipeline. We remain committed to delivering value to patients and shareholders while navigating industry trends.

I will now turn the call over to Jon Bates, our Chief Financial Officer.

Jon Bates

Thank you, Tom, and good morning, everyone. I was going to go over a couple of different topics today, some Tom discussed and some others as well. First of all, I want to provide some background and color on the recent delay in the filing of our second quarter 2025 10-Q and our timeline for completing all the necessary filings. Then I'll follow up with some key financial data for the second quarter ended June 2025 and the six months ended June 2025 period, that we believe will be unaffected by the accounting issue that led to this delay, highlighting the continued positive trend the Company has experienced since the fourth quarter of 2024, with no fundamental changes in our operational model.

Let's first discuss the details around the delay in our second quarter 2025 10-Q filing that was noted in our current report on Form 8-K, dated August 20, 2025. During the preparation of our financials to be included in the Company's second quarter 2025 10-Q filing, we reevaluated the accounting treatment of stock-based compensation obligations for certain under construction and ramping hospitals under U.S. GAAP accounting standards. In our go-public merger transaction with clinicians back in April 2022, we entered into earn-out agreements with the former owners of those hospitals for payments of additional consideration after these facilities become operational. These obligations were recorded to equity and stock compensation expense; however, based on our reevaluation of the accounting treatment, we have determined that the obligation should be classified as a liability and not equity along the way.

We are also making changes in how the accounting recorded for those obligations are determined, but based upon this work, while the adjustments we are anticipating are non-cash in nature, the quantitative

impact of these changes are material to the financial statements filed in our 10-Q for the quarter ended March 31, 2025 and filed in our Form 10-K for the year ended December 31, 2024. On August 24, 2025, we filed the Form 8-K saying that these SEC statements should not be relied upon until we complete corrections and make amended filings with the SEC, and we're working with the auditors on this restatement at present.

Based on our preliminary calculations, just to give you some perspective, the estimated impact of the corrections is as follows. Total liabilities as of December 31, 2024 would increase by approximately a range of \$10 million to \$20 million, with a corresponding decrease in reported equity on the balance sheet, and then total liabilities as of March 31, 2025 would increase by approximately a range of \$20 million to \$50 million, with a corresponding decrease in reported equity on the balance sheet. Net income for the three months ended March 31, 2025 is expected to increase by a range of between \$2 million and \$10 million as a result of this.

These obligations and expenses are non-cash as they are exclusively for stock-based compensation. The corrections have no impact on previously reported amounts for key financial statement line items such as revenue, gross profit, liquidity, working capital, short and long term debt, operating cash flow, Adjusted EBITDA, or the number of patient visits, just to name a few. While Adjusted EBITDA is a non-GAAP measure, we feel it highlights the important trend in our operating results by excluding significant non-cash items reported in net income as required by GAAP.

We are working to address the corrections quickly while we continue to execute our company's operating and growth plans.

Now, as mentioned before, on August 20, 2025—I'll mention now the Company did receive a notice from NASDAQ notifying the Company that due to the Company's failure to timely file its June 30, 2025 Form 10-Q with the SEC, the Company has 60 calendar days, or until October 20, 2025, from the date of the notice to file its June 30, 2025 Form 10-Q. The Company plans to complete this process within this timeline and will provide updates as necessary along the way if anything changes.

Next, let's discuss some of the key financial data for the second quarter 2025 and then the six months ended June 2025 period, that we believe will be unaffected by the accounting issue that led to this delay. First of all, financial highlights for the three months ended June 30, 2025. As Tom mentioned earlier, total revenue was \$244 million for the three months ended June 2025, as compared to total revenue of \$76.1 million for the same period in 2024, an increase of 220%. The hospital division drove most of this growth, generating \$236.3 million, up 350% from \$76.1 million in the second quarter of 2024. Now, of this \$236 million in hospital revenue, \$167.7 million was related to the independent dispute resolution revenue, which amounts to approximately 71%. Revenue from mature hospitals, which are hospitals opened prior to December 31, 2021, increased by 203% from 2025 compared to 2024. Additionally, the Population Health Division revenue increased by \$0.8 million, or 9.2%, to \$7.7 million in the second quarter of '25 from \$8.5 million in the same period in 2024.

With regard to arbitration-related revenue, we have continued to submit between 60% to 70% of our (inaudible) independent dispute resolution process. We have also won a legal determination on 85%-plus of the claims submitted and we currently have an average collection rate of 75%-plus of the legal determination wins. Arbitration costs have remained relatively consistent, approximating between 26% of 28% of the arbitration revenue reflected.

From a corporate cost perspective, the G&A expenses as a percentage of total revenue for the second quarter of 2025 decreased to 5.1% compared to 14% for the second quarter of 2024, showing our continued focus on controlling costs while improving revenue. Gross profit was \$125 million for this time period, or 51.1% of total revenue, as compared to the gross profit of \$22.6 million, or 29.7% of total revenue, for the same period in 2024.

Regarding visits, at the hospital division they were 45,573 for the three months ended June of 2025, which compared to 41,208 for the same period in '24, an increase of 4,365 visits, or 10.6%. Visits to mature hospitals increased by 0.6% in the three months ended June as compared to the same period in 2024. For the three months ended June, the Company did collect \$175 million on hospital revenue, which is the highest collection month for any quarter, and \$109 million, or roughly 62% of the collections related to the arbitration revenue.

Adjusted EBITDA was \$71.6 million for the three months ended June of 2025, as compared to \$6.8 million for the same period in 2024. Operating cash flow was \$27.1 million for the three months ended June as compared to \$13.3 million for the same period in 2024.

Now I'll move onto some of the highlights for the six months ended June 2025. Total revenue was \$455.8 million for the six months as compared to total revenue of \$143.5 million for the same period of 2024, an increase of 217.5%. The hospital division drove most of this growth, generating \$440.2 million, up 244.9% from \$127.6 million in the first half of 2024. Of the \$440.2 million in hospital revenue, \$280.8 million related to IDR revenue, which amounts to approximately 64%. Revenue from mature hospitals, which are hospitals opened prior to December 31, 2021 increased by 195.2% in '25 compared with '24.

Additionally, the Population Health Division's revenue decreased by \$0.4 million, or 2.4%, to \$15.5 million in the first half of '25 from \$15.9 million in 2024. Relating to arbitration costs, again approximately 26% to 28% of the arbitration revenue was attributed to the costs of arbitration. Gross profit was a very strong \$243.1 million, or 53.3% of total revenue, for the six months ended June 2025 as compared to a gross profit of \$32.7 million or 22.8 million of total revenue for the same period in 2024.

From a corporate cost perspective, G&A again as a percentage of total revenue for the first half of 2025 decreased to 4.9% from 13.4% for the first half of 2024, and showing our continued focus on controlling costs and, again, improving net revenue. Total revenue at the hospital division—excuse me, total visits at the hospital division were 93,842 for the six months ended June 2025 as compared to 81,276 for the same period in 2024, an increase of 12,566 visits, or 15.5%. Visits at mature hospitals increased by 3% for the six months ended June 2025 as compared to the same period in 2024.

For the six months ended June 2025, the Company did collect \$311 million in cash, the highest collection amount for the first two quarters of any year—\$172 million or roughly 55% of the collections related to arbitration revenue. Adjusted EBITDA was \$144.4 million for that six month period as compared to \$6.4 million in the same period in 2024. Operating cash flow was \$78.1 million for the six months ended June 2025 as compared to \$16.1 million for the same period in 2024.

As of June 30, 2025, the Company had total assets of just under \$855 million, including cash of \$96.4 million and accounts receivable of \$349.2 million. During the six month period, we did have some larger tax payments made related to the 2024 tax year, along with our estimated payments for 2025 that amounted to around just under \$51 million, along with other member distribution payments of around \$18.8 million during the six month period, helping to explain some of the larger outflows during the period.

The current portion of the long term debt and the long term debt itself was \$15 million and \$20.5 million, respectively, at June of 2025.

Now as we look at some of these key financial data, we feel strong about the Company and the direction its headed with a very strong balance sheet, continued solid cash flow and limited true debt, which allows us to comfortably handle all the current needs, whether it is opening a hospital, supporting our existing hospitals, buying back shares, as Tom mentioned earlier in the discussion, or looking for other accretive opportunities for our shareholders.

Lastly, I wanted to provide a little more insight into the 21 main hospitals that had contribution agreements signed when the Company went public back on 4/1/22 (phon), and certain onus of hospitals that were either determined to be what we call ramping hospitals, which there were four of them, or under

construction hospitals, which there were 17 of them, where once any of the hospitals were open for two years, the owners of each hospital would be eligible to receive a one-time additional issuance of company common stock based upon the earnings of the hospital in the second year of their operations, which we denote as the earn-out period.

To give you more specifics on those, as of June 30, 2025, we talked about there was 21 total, and that of those, there were four ramping hospitals at that point when we went public. Of those four ramping hospitals, all of them of course were opened by none of them met the criteria for earn-out shares, so they went through the process with no earn-out. Of the 17 under construction hospitals, four hospitals had their development plans abandoned—obviously no share dilution at all, so they are out of the picture. Of the remaining 13 under construction hospitals, six of those had measurement periods that ended on or before June 30, 2025, and two of those six did not meet the criteria for an earn-out share. One of the hospitals had a measurement period that ended on February 20, 2024, one of the hospitals had a measurement period that ended February 2025, and then two other hospitals had a measurement period that ended on June 30, 2025.

For the three hospitals that had measurement period ends in the first six months of 2025, their dilution approximates—the number of shares of dilution approximates about 1 million shares, one-third of those shares vesting six months after issuance, one-third after 12 months of issuance, and then the remaining one-third vesting after 18 months of issuance; over three tranches of one-third each of six month periods. Of the remaining seven under-construction hospitals, four hospital had measurement periods ending after June 30, 2025, one hospital has a measurement period ending in August of 2025, one has a measurement period ending in March of 2026, and then two hospitals have measurement periods ending in the fourth quarter of 2026. All that leaves the remaining three named hospitals, each of which have not opened yet, with one scheduled to open later in 2025 and the two others potentially opening later in 2026.

With that, I'm going to turn over the call to Warren Hosseinion, our President, to talk more about the Population Health side of the business. Warren?

Warren Hosseinion

Thank you, Jon, and good morning, everyone. I'm pleased to update you on Nutex Health's Population Health Management Division, a key pillar of our value-based care strategy. Building on our Q1 discussion, we've refined our focus on growth and operational efficiency to drive long term success.

As outlined previously, our strategy integrates hospitals and independent physician associations, or IPAs to deliver coordinated, cost effective care. Our IPAs, comprising primary care physicians and specialists near our facilities, now manage over 41,000 patients in risk-based arrangements. In Q2 2025, the division generated \$7.7 million, down slightly from \$8.5 million in Q2 2024, reflecting the divestiture of two non-core assets in mid-2024. For the first half of 2025, revenue was \$15.5 million compared to \$15.9 million in 2024. Operating income for the first half improved to \$0.1 million from a \$0.6 million lost in 2024.

Our strategic focus remains on expanding our IPA network, targeting one to two new IPAs annually near our micro hospitals to leverage synergies, as discussed in Q1. In 2025, we (audio interference) and now have over 300 primary care physicians and over 900 specialists contracted in our network, supported by a team equipped to manage this larger network. The division is well positioned to capitalize on value-based care trends with growth driven by organic expansion, partnerships, and potential acquisitions. In conclusion, our improved profitability and strategic investments position the division for growth. We're excited to expand our IPA network and enhance our value-based offerings.

I'll now turn the call over to Dr. Michael Chang, our Chief Medical Officer.

Michael Chang

Thank you, Warren, and good morning, everyone. I am pleased to provide an update on Nutex Health's clinical quality and patient experience, which remain as the core of our mission to deliver high quality patient-centric care.

Building on our Q1 focus, we continue to prioritize clinical excellence and exceptional patient satisfaction, which set us apart in the healthcare industry. Our commitment to clinical quality is reflected in our rigorous standards and outcomes. In Q2 2025, we maintained a patient satisfaction rate exceeding 96% across our facilities as measured by internal surveys. This is complemented by our outstanding Google ratings, which average about 4.7 out of 5 in every market, with most facilities achieving 4.9 or 5.0. Such high satisfaction levels are nearly unheard of in healthcare today, underscoring the strength of our micro hospital model which emphasizes personalized concierge-style care in a low wait time environment.

These metrics reflect our dedication to meeting patient needs with efficiency and compassion, a priority we have consistently highlighted in our prior calls. As Tom already mentioned, Nutex continues growing patient volume. Q2 2025 total patient visits increased 10.6% to 45,573 compared to Q2 2024, which reflects growth in both new and mature hospitals. Mature hospitals grew by 0.6% in the second quarter, and for the six months ended June 30, 2025, total visits were 93,842 as compared to 81,276 for the same period in 2024, an increase of 15.5%. This continued growth reflects our leadership team's ongoing efforts in community engagement, business development and adding specialists and service lines to manage more complex cases. Our capacity to provide high quality around-the-clock ER, observation and inpatient stays is a key strength and positions Nutex as a trusted provider in the communities we serve.

Cost discipline remains a priority. Excluding arbitration (phon) costs, operating costs remained stable despite higher volumes and new hospitals this year. Labor costs did increase 31% from \$27 million to \$34.9 million, which was comprised of increased payroll and benefits for opening four new hospitals in 2024 and staffing for higher ER volumes, and an increased volume of higher acuity observation and inpatients. Overall, labor costs continued to be a much smaller percentage of net revenue than most hospital companies at 14.7% for the second quarter, which exemplifies our lean, high quality model.

Supply costs continue to be very good story for us. Supply costs did increase 34% from \$3.6 million to \$4.8 million in the quarter, in part due to our anticipated opening of two more new hospitals in Q4 2025, as well as growth in the overall volume of services. Despite the uptick, our overall medical supply spend is actually lower by 3% year-to-date compared to the same period in 2024. We will continue to see supply cost savings throughout 2025 as a result of our GPO and vendor realignment, as previously stated in the third quarter 2024 earnings call.

We're continuing to explore technology investments, including AI for patient check-ins, staffing optimization, provider (inaudible) and coding. Our clinical and operational teams remain focused on delivering high quality care while supporting a sustainable revenue cycle. By integrating clinical excellence with strategic revenue management, we ensure that our patient-first mission translates into both exceptional outcomes and financial stability.

I will now turn the call back to Vivian for Q&A. Thank you.

Vivian Sanders

Thank you, Tom, Jon, Warren and Mike for those updates. We'll move over to Q&A. Operator, please provide instructions for our analysts.

Operator

Thank you. We will now be conducting a question-and-answer session. If you would like to ask a question, please press star, one on your telephone keypad. A confirmation tone will indicate your line is in

the question queue. You may press star, two if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star key.

Once again, if you would like to ask a question, press star, one on your telephone keypad. One moment please while we poll for questions. Thank you. Our first question comes from the line of Anthony Vendetti with Maxim. Please proceed with your question.

Anthony Vendetti

Thank you. Thank you for all that information on the call—it's very helpful. I was wondering in terms of the restatement process, do you have a timeline for when you think you'll get the audited results and be able to file the amended '24 10-K and first quarter 10-Q?

Jon Bates

Yes, Anthony, thank you for the question. We're working through it right now. Engagement has already begun in that process, and we have, as I mentioned before, the 60 days to file the second quarter, which you have to finish out 2024 and then make sure the first and second quarters of '25 are there. We're working actively to try to get all that done in that time period. As things evolve and change, if that looks like it wouldn't happen for some reason, we would let everybody know. But our focus right now is all hands on deck to get that done, especially when our main focus—if you talk about what that restatement is really for, is really mostly reclassifications of equity to debt and just making sure that everything else remains consistent. That's where we're at right now. We're going to be working hard in those 60 days and then as things change, we'll definitely let everyone be made aware if it's going to go outside of that.

Anthony Vendetti

All right, Jon, that's helpful. I just want to make sure I have the numbers correct. You mentioned 75% of the IDR awards have been collected, and I think in the second quarter, 62% or 64% of those awards have been collected. I know there's a penalty if these insurers do not pay according to the current legislation. Is there any recourse for them to appeal the arbitration awards, and how do you—is there any other methodology to force them to pay, other than a potential government penalty? Just get into that, and then the revenue recognition, are you recognizing 100% of the award or are you recognizing the amount that has been paid? Thanks.

Jon Bates

Okay, great questions. I'll start backwards, and then of course Tom and the rest of the team might jump in as well. But let me—just as I reiterate what we talked about, it starts out with the number of claims ultimately going to the Independent Dispute Resolution. We've been somewhat consistent since we started the process, that it turns out that about 60% to 70% of the payments that we get from payors, we believe we are underpaid, in a lot of cases materially underpaid. The 60% to 70% is the amount that's physically going through this process, and of those, we talked about when it goes to the arbitrator for win or loss, we've continued to see, like the industry has shown, a very, very high success rate on winning and getting a legal determination. In this quarter and now collectively, we feel like we're up at around 85%-plus of what we submit to the Independent Dispute Resolution process that we're winning on.

Then you win 85%-plus (inaudible) fantastic, we believe, and then you've got to collect. That has continued to improve as well. I do think that—the industry even shows that you'll get up to maybe 80%, 85%, 90%, then you're always going to fight for the last 10% to 15% with the payors. We've progressively improved and actually been able to get over 75% of those determinations in, in a timely fashion, and now we're still focusing hard on trying to get the rest of those. We believe that will continue to improve.

You also asked about—from an accrual perspective, because we wanted to be conservative in the process, but it's fairly accurate with what we're seeing, since you're seeing that we're currently getting paid, collection rates have been around 75% or so, that's what we're accruing from a revenue perspective on a visit that walks in the door on average today. As that improves, obviously that would change up or down as well—obviously if it goes down, we can adjust that way, but currently we've seen sort of a steady uptick in that collection rate up to 75%-plus, and we're going to continue to force—trying to make sure we're getting 100% of that when the dust settles.

There are—there's different approaches you can take. Obviously we're working hard to get information back to CMS if there's an issue with determination, where they've come back and said, we've won but we're not getting paid. There's communication directly with some of the payors and, in some cases, it's just they have to be reminded and then they turn around and make that payment. But I think there's always going to be a push-pull there until one of the enforcement items that Tom alluded to earlier was if and when that gets in place here, that will really help with this process.

We're watching it closely. What can you do? You can always attempt to litigate, but in a lot of cases, that doesn't necessarily have any sort of immediate impact; we look for opportunities where we can, if that makes sense. But generally, we're working just one-on-one, back through our third party provider, Halo, plus the payors directly to try to get feedback and try to get those payments coming in a little bit quicker. I don't know, Tom might have some more information on that, but that's kind of our approach.

Anthony Vendetti

Okay. Tom, if you don't have anything to add there, just one last question for the team, maybe, whoever wants to respond. On the new hospital openings, any update there, or is everything on track based on the schedule you've outlined? Then on the mature hospitals in terms of—I know that's obviously based on patients that come in and that can vary quarter to quarter, but is there anything that you're doing internally to try to ensure that the mature hospitals continue to see growth in terms of patient business? Then I'll hop back in the queue, thank you.

Tom Vo

Yes, Anthony, thank you for the question, and thank you once again for covering us. The answer to your first question, in terms of the opening schedule for this year, yes, we originally had three hospitals scheduled for this year, but it looks like two of them will be open for sure; the third one is suspect. It's all 100% dependent on construction. Sherman, Texas will probably open in October; Houston will probably open in November, and then San Antonio, we're still working with the contractor to see if they could speed up the process and open in 2025, but if not, then probably first quarter of 2026. That's basically the schedule.

Then in 2026, we have probably four more hospitals that are opening, including Jacksonville, Little Rock (phon), Bixby, and I think one more later in 2026. The pipeline is very robust. Then on top of that for 2027, we have four more, and then we are already working on 2028. That's the pipeline.

Now in terms of the mature hospitals, we market 24/7 to our own patients and the communities that we serve. Obviously the goal is to get higher volume but, like I mentioned last time—last quarter, we are doing everything we can to keep those patients that are in our hospital, once they get to the ER. In other words, instead of transferring people out to other hospitals, we do everything that we can to keep patients in-house through either observation or in-patient, and so far we're seeing good results.

Even though the mature hospital has only increased by about 0.5% quarter-over-quarter, the number of observation and admissions for the mature hospitals are going up quarterly. That—you should see that in the year-over-year financials, because obviously the reimbursement for in-patient is a lot higher than ER, and that's one of the reasons why the revenue year-over-year is higher even though the patient increase may not be as dramatic.

Anthony Vendetti

Okay, that's very helpful. I'll hop back in queue. Thank you so much, appreciate it.

Tom Vo

Thank you, Anthony.

Operator

Our next question comes from the line of Gene Mannheimer from Freedom Capital. Please proceed with your question.

Gene Mannheimer

Hey, thanks and good morning. Thank you for doing the call and providing all that information. As I look at your preliminary results, I think the implied EBITDA margin is about 30% for the quarter, and that's a little bit down from what we've seen the last couple of quarters, though your gross margin was strong at 51%. I'm just trying to reconcile that with—is there anything that was compressing EBITDA margins this quarter relative to the last couple of quarters, Jon?

Jon Bates

Yes, that's a great question, Gene. There is obviously some more supplier pain as we start to potentially look at opening some of these new facilities later in the year. You're going to have costs that are happening early on in that later first quarter, second quarter. We'll have some more in the third quarter as well as we get ready to open up, some of that will come into play there, and then obviously with the improvement in the arbitration side, there's certainly some more arbitration-type costs period to period, that's something that's in there.

There's nothing, I'd say dramatic about that when it comes to, say, the EBITDA side. When you're talking about cash flow and the cash impact, we did have—and you didn't ask about this, but we talked about it earlier, for the year when you have the build-up of the accrued tax amount at the end of last year, and as we started to make those payments more so into the second quarter, we had a pretty large tax amount paid—almost \$57 million in that first six months, and mostly in the second half of this first six months. That was one of the things that played in some of the cash draw, if you want to call it. But with incredible cash collections and a continued trend, we're still very optimistic there.

Gene Mannheimer

That's great color, thank you, Jon. Then as I look at the revenue per visit—thanks for giving us that arbitration contribution in the quarter. If I back that out—if I back out the IDR-related revenue this quarter and the prior year quarter, is it correct to say that revenue per visit was up low single digits from an organic perspective, if you will?

Jon Bates

Yes, I think that's about right. If you think about it, that's probably true. You have to look now over—now we have a little bit longer time period, which is nice to see, when we started the arbitration process. Now that we have roughly a year's worth of data, we kind of see the overall reimbursement that's been in place. Now you're a little over \$4,000, almost \$4,200 over the time period since we started, overall revenue divided by visits for that almost 12-month period.

People have asked before kind of where are you going to settle, and it will depend on acuity and everything else around that, but we're starting and I think you see kind of a better idea of what we would expect as you look going forward. But your assumption is probably accurate as we go through this, and we'll more specifically watch that as a move forward, Gene. Thank you for the insight.

Gene Mannheimer

That's great. Thanks, guys. Congratulations.

Jon Bates

Thanks, Gene.

Tom Vo

Thank you, Gene.

Operator

Our next question comes from the line of Bradford Seagraves with Northbank Capital. Please proceed with your question.

Bradford Seagraves

Hi, thank you, guys. Just a couple quick ones. One, we're halfway through Q3, can you provide any commentary to the market on how Q3 to-date is going, specifically on the free cash flow side?

Jon Bates

Well, we haven't reported on the Q3, I'll hold back a little bit; but I can tell you that what we've seen since fourth quarter of '24, first quarter of '25, second quarter of '25, what we've talked about at each of these calls, you can see where we feel things are headed in that respect. I think things remain very, very consistent and very, very strong in relation to that, is how I would answer that question.

Bradford Seagraves

Okay, thank you. Then also, are you going to be able to provide to the market—are you going to be able to publish unaudited financial statements for Q2, because you mentioned the tax payment, but still would be curious to see the rest of the cash flow statement.

Jon Bates

Yes, the answer is anything even in the quarter is unaudited, but I know what you're asking—to be able to put all the specific information out there. We'll look and see how much more we can provide. We wanted to be sensitive to the fact that we were going back and going through that review process and looking back at 2024 as well. We were pretty happy that this information very comfortably should not be changing, and it gives some perspective.

We'll look and see how much more we can provide, but really the focus of what we were trying to communicate here is most of what you have related to the delay and the review around that delay is more of a non-cash item around the stock-based comp expense. The rest of the fundamentals are not—we have not seen any sort of changes, material changes in the operations.

Bradford Seagraves

Thank you.

Operator

We have reached the end of the question-and-answer session. Ms. Sanders, I'd like to turn the floor back over to you for closing comments.

Vivian Sanders

Thank you all for your valuable questions and answers. For those joining us today, if you have additional questions, email us at investors@nutexhealth.com, and we'll respond promptly. On behalf of the Nutex Management Team, thank you for joining our Q2 2025 Company Update Call. We have covered growth, strategy, clinical quality and our vision, and we appreciate your interest.

A recording of this call will be available on our website for a limited time . Take care and we look forward to keeping you updated.

Operator

Ladies and gentlemen, this does conclude today's teleconference. You may disconnect your lines at this time. Thank you for your participation and have a wonderful day.