



Nutex Health

Fourth Quarter and Full Year 2025 10-K Earnings Call

March 6, 2026

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

Jennifer Rodriguez, *Investor Relations Manager*

Thomas Vo, *Chief Executive Officer and Chairman of the Board*

Jon Bates, *Chief Financial Officer*

Warren Hosseinion, *President*

Wesley Bamberg, *Chief Operating Officer*

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

Thomas McGovern, *Maxim Group*

Gene Mannheimer, *Freedom Capital*

PRESENTATION

Operator

Greetings, welcome to Nutex Health's Fourth Quarter and Full Year 2025 10-K Earnings Call.

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

Please note this conference is being recorded.

At this time, we'll now turn the conference over to Jennifer Rodriguez, Investor Relations Manager. Thank you, Jennifer. You may now begin.

Jennifer Rodriguez

Good morning, everyone, and welcome to Nutex's Health, Inc.'s fourth quarter and full year 2025 earnings call. My name is Jennifer Rodriguez and I'm happy to serve as your moderator today. We're truly grateful for your participation and your continued interest in our Company as we share the highlights of another exceptional year.

Please note that this call is being recorded for future reference.

Joining me this morning are some of the key leaders driving Nutex's Health forward. Our Chairman and CEO, Dr. Tom Vo, our Chief Financial Officer, Jon Bates, our President, Dr. Warren Hosseinion, and our Chief Operating Officer, Wes Bamberg. Together they'll provide prepared remarks to give you a comprehensive view of our performance, strategies, and vision, after which we'll open the floor for your questions.

Before I turn things over to Dr. Vo, I'd like to take a moment to address a few important points. Today's discussion may include forward-looking statements which reflect Management's current expectations about our future performance. These statements are based on what we know today, but they're subject to risks, uncertainties, and other factors that could cause our actual results to differ from what we'll share. For a deeper dive into these forward-looking statements and the factors that might influence them, I encourage you to review the press release and Form 10-K filed earlier this week, as well as our various SEC filings. You'll find all the details there.

Additionally, we may reference non-GAAP financial measures, such as Adjusted EBITDA during the call. For those interested in how these metrics reconcile to GAAP standards, please refer to the press release and Form 10-K, where we've included that information.

With those housekeeping items out of the way, it's my pleasure to hand the call over to Dr. Tom Vo, our Founder and Chief Executive Officer. Dr. Vo, the floor is yours.

Thomas Vo

Thank you, Jennifer, and good morning, everyone. Thank you for joining us today. It's a pleasure to be with you as we review Nutex Health's fourth quarter and full year 2025 results.

This past year has been one of exceptional growth, operational discipline, and continued innovation, as we advance our mission of delivering high-quality, concierge-level, accessible healthcare to the

communities we serve. Our organization remains deeply committed to a patient-first culture, and I'm really excited to walk you through the accomplishments, strategies, and opportunities that shape our year.

First, let's discuss the full year 2025 financial and operational performance. Total revenue reached \$875.3 million, an 82% increase from \$479.9 million in 2024. Net income increased to \$70.8 million, compared to \$52.1 million in 2024. Note that this includes a non-cash expense of \$117 million for stock-based compensation for 2025, in the form of a one-time obligation of earn-out shares issuable to qualifying under-construction and ramping hospitals. This expense will decrease drastically in future years, as most of the under-construction facilities from 2022 have already vested.

Adjusted EBITDA, which includes the add-back of the stock-based compensation, rose to \$259.6 million, up 152.6% from \$102.8 million the prior year. On the volume side, our hospitals recorded 188.3 thousand total patient visits, up 11.8% from 168.4 thousand in 2024—1.3% of that growth came from mature facilities, demonstrating their resilience and continued relevance in their markets.

On the balance sheet, even with three new hospitals opening in 2025 and early 2026, the current portion of long-term debt decreased slightly from \$14.4 million to \$13.2 million. Net long-term debt increased from \$22.5 million to \$29.2 million. Still were very low, relative to our revenue and expansion pace. Net cash from operating activities of \$248.1 million for the 12 months ended December 25, 2025, and cash on hand grew dramatically to \$186 million as of 12/31/2025, up from \$41 million a year earlier.

Next, I'd like to touch on the fourth quarter financial report. During the fourth quarter, we did recognize a one-time \$55 million revenue reduction related to the cumulative true-up of 18,950 arbitration claims that were deemed ineligible by arbitrators under the IDR process. The periods involved were July 2024, we first started doing arbitration and IDR, through the end of December 2025.

Eighteen-month reconciliation resulted from a mid-2025 CMS directive instructing IDREs to resolve and clear the existing backlog of disputes. Unfortunately, this process was very slow on the inefficient side and involved a lot of other providers, including Nutex Health. This catch-up period reduced the number of active disputes compared to the same period last year and consequently lowered reported net revenue for the quarter. It's important to emphasize that this was a one-time reconciliation driven by a CMS mandate.

To put this number into perspective, the approximately 18,950 charts deemed ineligible equate to an average of roughly 1,050 charts per month. According to HaloMD, our IDR consultant, an ineligible rate for Nutex Health is roughly 8% of all the charts that we submit. This is significantly better than the national average of approximately 19%, indicating that our processes are performing well above industry norms. Additionally, HaloMD is continuing to challenge the ineligibility determinations for a portion of these charts. Should any of these disputes be resolved in our favor, the associated revenues will be added to future monthly and quarterly financial results.

The good news, though, is that excluding the impact of this adjustment, our Q4 2025 adjusted revenue would be approximately \$206.7 million, which is consistent and in line with revenue levels from previous quarters. However, even with a slight decrease in accrual revenue, operating cash flow remained very strong. Net cash provided by operating activities was \$70.4 million in the fourth quarter of 2025, compared to only \$100,000 in the same quarter last year, demonstrating that cash collection continues to perform very well.

We encourage investors seeking a deeper financial understanding of our business to focus on the full period from 2024 to December 2026. Quarterly results can appear lumpy, due to the natural constraints of accrual-based accounting that can shift the timing of revenue and expense recognition. Jon will provide additional insights into these dynamics later in the presentation.

In terms of arbitration and IDR process performance, it continues to perform well within the IDR framework. It is now a normal part of our revenue cycle process, 50% to 60% of our claims are submitted

through the IDR process. When a determination is issued, we prevail in over 85% of those cases, demonstrating that insurers are still underpaying in 85% of the cases that we send to arbitration. We are also currently realizing an average cash collection rate of more than 85% on our legal determination wins. We are actively monitoring the forthcoming IDR final rules from the Office of Management and Budget and other federal agencies. At this time, we do not expect any material changes to the current process and remain optimistic that the final rule will further strengthen and streamline the IDR process with additional mandates for insurers to comply. An example of a more efficient IDR system would be the avoidance, such as the 18-month true-up that we just experienced for the fourth quarter.

On the regulatory and legislative outlook front, we are closely watching the progress of the No Surprises Act, I'm sorry, No Surprises Enforcement Act, also known as the Murphy Act. It is designated as HR 4710 in the House and S2420 in the Senate. These bills are currently under review to the following committees in the House, the Energy and Commerce, Education and Workforce, and Ways and Means. In the Senate, it is currently being reviewed in the Health, Education, Labor, and Pension Committee, otherwise known as HELP.

Our 2025 financial and operational results demonstrate the strength of our model, scalability of our platform, and our disciplined focus on three core metrics; ER visit growth, inpatient volume growth, and revenue per patient. As many of you know, Nutex Health has operated since 2010. More than a decade as a private company, our micro-hospital model built on concierge-level, high-accessible care delivered consistent and respectable profitability. After going public in 2022, we faced challenges primarily driven by the faulty implementation of the No Surprises Act, or the NSA, which materially reduced reimbursement across our industry.

The authors of the No Surprises Act, to their credit, anticipated that insurers might use the payment process to underpay smaller providers like us. For that reason, Congress included the Independent Dispute Resolution, IDR process, as an essential safeguard, giving providers a meaningful avenue to challenge unfair reimbursement. Without this mechanism, insurers would have the unchecked ability to dictate payments unilaterally, effectively determining winners and losers in the marketplace, and undermining fair competition. The resulting imbalance would stifle free trade in small operators and distort the healthcare ecosystem. In many ways, this is truly a David and Goliath battle.

As we enter the next phase for growth, we are fortunate to have strong liquidity and adequate cash on hand. This financial position allows us to remain disciplined and highly return-focused. Our capital allocation strategy continues to center on four priority areas. Number one, share repurchases. The share purchases activity underscore our conviction in the intrinsic value of Nutex Health. We launched a \$25 million repurchase program in late 2025 and completed it in early 2026. Earlier, we authorized an additional \$25 million for further repurchases. These programs reflect our commitment to delivering shareholder value through prudent, accretive capital deployment.

Number two, growth at existing hospitals. Our existing micro-hospital footprint remains a powerful engine for organic growth. We are heavily investing in both the ER and inpatient volume initiatives to expand capacity, run service lines, and enhance revenue quality. In terms of ER volume initiative, we are strengthening community engagement, expanding referral pathways, and diversifying service offerings. Targeted investments include services such as medical detox programs, behavioral health services, outpatient imaging, outpatient procedures, personal injury services. These initiatives are in addition to our normal ER volume and will help expand patient access and improve the overall revenues.

On the inpatient volume initiative, and to capture more high-acuity cases and reduce unnecessary transfers, we are enhancing specialized equipment. We are very excited because with advances such as AI, medical device, biopharma, there are more cases that we could treat at our micro-hospital than ever before. We have also expanded inpatient nursing and ancillary capacity. To top it off, we are adding a tele-specialist, I'm sorry, tele-hospitalist and tele-specialist coverage for all of our hospitals. These upgrades allow us to manage high-acuity patients within our own facilities, increase retention, and strengthening contribution margins. Wes, our COO, will discuss more on this operational part later.

Thirdly, expansion of our IPA and population health division. Our Independent Physician Association, currently operating in Los Angeles, Phoenix, Houston, and South Florida, continue to be a strategic advantage. They strengthen our relationship with community physicians, enhance care coordination, and support bidirectional referrals. We plan to expand our IPA footprint into markets surrounding our hospitals, enabling more efficient care pathways, stronger physician alignment, and bidirectional referrals between the IPAs and the Nutex hospitals. This expansion also positioned us more effectively within the risk-based and value-based reimbursement models. Our goal will be to operate as many IPAs around our existing hospitals as possible. Warren will discuss this more in detail when he speaks later.

Lastly, real estate development strategy. We are evaluating opportunities to develop micro-hospitals using a capital-efficient real estate model. We develop and own the facilities during the stabilization period, build both operational and real estate value, and possibly eventually execute a sale leaseback transaction to recycle capital into future. This approach preserves strategic control of early-stage operations while enabling accelerated expansion without overleveraging the balance sheet.

Today, Nutex Health operates 27 hospital facilities across 12 states. In 2025 and early 2026, we opened new hospitals in Sherman, Texas, St. Louis, Missouri, and Humboldt, Texas. We are actively building a pipeline of new hospitals for later in 2026, 2027, 2028, starting in 2029. Each facility is designed around the same principles, concierge-level care, little to no emergency wait times, and tailored inpatient and outpatient services that meet the needs of the local community. The demand remains very strong. Physicians and community leaders across the country continue to approach us weekly, requesting new facilities in their markets. We try to keep up with demands.

In addition, we are in ongoing communication with payers and continually reviewing their in-network contracts to evaluate whether the terms are offered are fair and reasonable. Good news is that we are now receiving better offers than we have in the past.

In closing, it has taken approximately two and a half years to recalibrate our operational and reimbursement strategies. I am very pleased to share that in 2025 we have returned to the level of profitability that our model has historically produced. Over the years, we have operated four different administrations, navigated the complexities of the Affordable Care Act, thrived through COVID, overcame the challenges of the No Surprises Act, and are now actively optimizing our approaches to the IDR process. While no one can predict the future, our longevity and experience across multiple healthcare cycles give me confidence that Nutex can continue to pivot effectively against any geopolitical or regulatory headwinds.

We are very excited about the trajectory of Nutex Health as we enter 2026. We are carrying significant momentum from 2025, and we believe we are very well positioned to continue our disciplined, profitable growth.

With that, I'll turn it over to Jon Bates, our CFO, to talk through the financials in more detail. Jon?

Jon Bates

Hey, thanks, Tom. Appreciate that, and good morning, everyone.

I'm very excited to break down the financials for Nutex Health's fourth quarter and full year of 2025, a year where we didn't just grow, but we continue to improve our business model while delivering on a record year for the Company. Tom's given you some of the big picture, and I will zoom in on a little more detail, beginning with the full year of 2025 results, and then we'll discuss the fourth quarter of 2025 as well.

Starting with 12 months into December 31, 2025, compared to the same period in 2024, I wanted to start by highlighting the fact that the Company worked very hard in 2025 to continue to improve our overall controls environment, and that effort enabled us to remediate all previously disclosed material

weaknesses in internal controls over financial reporting in 2025. It's a huge accomplishment that shows our commitment to having a solid control environment that can be relied upon by our shareholder base and the investment community.

Now on to some of the numbers. Total revenue for the full year of 2025, as Tom indicated earlier, increased by 82.4%, or \$39.5 million, up to \$875.3 million versus \$479.9 million for the full year of 2024, with the hospital division revenue being \$844.2 million in 2025. Of the \$844.2 million in the hospital revenue, \$527.8 million, or approximately 63%, related to a combination of both higher acuity claims as well as success through the IDR process. For some perspective, we reduced this 7% from the third quarter of 2025 when we were closer to 70%.

Regarding arbitration-related revenue, we have submitted between 50% to 60% of our claims through the IDR process, which came down approximately 10% from the third quarter as well. When an award determination is made, we currently prevail in over 85% of those determinations, and we currently have an average collection rate of over 85% of those determination wins. From an arbitration cost perspective, it's approximately about 26% of that arbitration-related revenue.

Of the total revenue increase, mature hospitals increased their revenue by 73.4% for the year of 2025 versus the same period in 2024. Hospital division visits, as Tom indicated earlier, increased by 11.8% or 19,891 visits to 188,279 visits in 2025 versus 168,388 visits in the same period in 2024, with those mature hospitals growing at 1.3% over the same period. Additionally, the population health division had a slight revenue growth of 0.7% to \$31 million for the year of 2025 versus \$30.9 million for the same period in 2024.

In addition to the revenue and visit growth noted above, facility and corporate costs also showed improvement for the year of 2025 relative to 2024. Total facility-level operating costs and expenses increased \$147.3 million during the period, but only represented 49.2% or \$431 million of total revenues for 2025 versus 59.1% or \$283.7 million for the same period in 2024, so an effective decrease of just under 10%. Of the \$147 million increase for the period, \$138.3 million related to the arbitration costs for the additional arbitration revenue booked during this period.

Total stock compensation expense for the 12 months ended December 31, 2025, was \$117 million compared to only \$16.6 million in the same period of 2024, which is a \$100.4 million increase in 2025. Just so you know, almost all of this increase was related to the three hospitals that completed their earn-out periods during the third quarter of 2025. Now, we do have three more facilities currently in the earn-out period, with one of them completing their earn-out period in the first quarter of 2026 and the remaining two completing their earn-out periods in the fourth quarter of 2026.

The gross profit for the 12 months ended 2025 was \$444.3 million or 50.8% of total revenue as compared to \$196.3 million or only 40.9% of total revenue in the same period in 2024. Again, just under 10% increase for the 12-month period ended December 24 versus 2025.

From a corporate and other cost perspective, the general and administrative expenses as a percentage of total revenue for the 12 months ended 2025 decreased to 5.9% or \$51.7 million from 8.7% or \$41.9 million for the same period in 2024. Operating income for the 12 months ended December 2025 was \$275.6 million compared to \$130.7 million for the 12 months ended 2024, which is an increase of \$144.9 million. Net income attributable to Nutex was \$70.8 million for 2025 compared to net income of \$52.1 million for the 2024 period, an increase of \$18.7 million. Adjusted EBITDA attributable to Nutex increased \$156.8 million or 152.6% from \$102.8 million in 2024 to \$259.6 million in 2025.

Now let's move on to discuss more of the fourth quarter of December 2025 and compare those results to the fourth quarter ended December 31, 2024. Tom indicated some of this on his earlier discussion, but for the fourth quarter of 2025 our total revenue did technically decrease by 41.1% or \$105.9 million to \$151.7 million versus \$257.6 million for the fourth quarter of 2024. Now with a little more context, the Company attributes the \$105 million decrease primarily to two items that we disclosed in our press release.

Number one was the one-time \$55 million cumulative true up of \$18,950 arbitration claims that arbitrators determined to be ineligible in the fourth quarter of 2025 under the independent dispute resolution process. These claims were submitted for the period from July 24 through December 25, so cumulatively. We believe the one-time cumulative arbitration true up resulted from a mid-2025 CMS directive instructing the certified independent dispute resolution entities to address and clear any backlog they had of their disputes. The associated catch-up reduced the number of active disputes compared to the same period in 2024 and contributed to lower net revenue for the quarter. Now we believe the backlog has been materially addressed, but we'll continue to watch the process very closely.

The second item was arbitration revenues of \$69 million, and this is for the previous year of 2024, that related to submissions that were in, that related to the third quarter of 2024 that were recorded in revenue in the fourth quarter of 2024. As you probably recall, prior to September 30 of 2024, the Company did not have any sufficient historical data to determine the likelihood of a prevailing determination, the potential award amount, or the collectability of such awards. But after considering the impact of the adjustments above, including that \$69 million, our 2025 fourth quarter revenue would be \$206.7 million, and the 2024 fourth quarter revenue would be \$188.6 million, which would result in a revenue increase of \$18.1 million period to period, primarily driven by higher patient business in the fourth quarter of 2025 compared to the fourth quarter of 2024.

I just want to take a step back on how we accrue revenue for the Company for those that maybe aren't as familiar with it, which hopefully will explain some of this situation and its impact as we move forward. If you look at it, the Company has been predominantly out of network for over a decade with the billing process. Therefore, we have to negotiate most of the claims that are sent to payers based on what we believe we should be paid using market industry payment data.

In our accrual process, there were three key items that we use in this process, and it is all based upon the historical results we have regarding payments by three items. Payments by each specific payer, by each specific physical location of the visit, and thirdly, by the specific acuity level of that visit. The averages of those results over the recent past, let's say one to two years of activity, and then we take those averages at that specific detail, and then they're attached to a current period visit with similar characteristics of those averages, which then sets our accrual of realizable AR and revenue in the month of the visit.

Then as payments come in, we adjust the accruals up and down, up or down, based upon the results with the net impact being recorded to revenue in the period when the payment is ultimately received. These numbers and the history we're talking about here are continually updated as each payment is made, and our updated averages will affect the new current period visits as we move forward. This is exactly how we've been doing it since inception.

In the case of the arbitration activity, we added a layer to our standard revenue accrual process that is very similar to our baseline process. But because the process has been new to us since we began the process in July of 2024, we have continued to build this additional layer as we have more and more data. In the case of the ineligible claim write-down, or claims write-down in the fourth quarter of 2025, there had been a nominal number of items like that, small, nominal, that we had seen and accounted for in our normal accruals up through the third quarter of 2025. But certainly, there was nothing material in there.

We were not aware of any material indications in this area that ultimately led to the one-time true-up of outstanding disputes in the fourth quarter of 2025 that the RDRs hadn't backlogged until the fourth quarter of 2025. That's the first time we understood what was going on. We're continuing to work to better understand the overall situation as it is so recent to that process. Now, we believe we have a much better understanding of this, and we'll monitor it as we go forward.

Now, as we have gotten this recent information and continue to fine-tune our accrual process, we believe that this situation did resolve a majority of their backlog of claims that would be deemed ultimately

ineligible, but anticipate this will continue to be a part of the process as we move forward, but just at a much more nominal, consistent rate.

Now, the industry data that we have seen indicates that ineligible claims within the entire IDR process have been closer to 19% of submissions. While our current data that we have through now, Nutex shows we're cumulatively showing less than an 8% ineligible claim submission rate since we started the process in July of 2025. We realize this is part of the overall arbitration process now, and we have it included within the way we do our accrual process as we move forward.

Now, we'll finish with the rest of the fourth quarter 2025 discussion. For hospital division visits, we saw an increase during the quarter of 6.1% or 2,761 visits to 48,205 visits in the fourth quarter of 2025 versus 45,444 in the same period of '24, with mature hospitals slightly decreasing 0.3% in the fourth quarter of '25 compared to 2024. Additionally, the population health division revenue increased by \$0.1 million or 1% to \$8 million in the fourth quarter of 2025 from \$7.9 million in the similar period of '24.

Now, we discussed the growth in the hospital revenue visits that we've seen in the fourth quarter. Now, let's discuss the overall facility and corporate costs. Total facility level operating costs and expenses increased \$10.5 million for the fourth quarter of '25 versus the fourth quarter of '24 to \$105 million from \$116 million for the same period in 2024.

Total stock-based compensation for the three months ended December 31 of 2025 was a credit of \$2.6 million compared to an expense of \$14.6 million for the same period in '24. Operating income for the fourth quarter of 2025 was \$30.9 million compared to \$114 million in the fourth quarter of '24, representing a decrease of \$83.4 million quarter to quarter. Net income attributable to Nutex was \$11.8 million in the fourth quarter of '25. The comparable net income attributable to Nutex was \$61.6 million for the fourth quarter of '24, showing a \$49.6 million decrease quarter to quarter.

Adjusted EBITDA attributable to Nutex decreased \$70.1 million from \$86.7 million in the fourth quarter of '24 to \$16.6 million in the fourth quarter of '25. But as discussed above, we believe that the fourth quarter numbers aren't necessarily representative of a typical quarter because of the effect of the one-time cumulative arbitration true-up discussed previously. We believe that looking at the year-to-date numbers represents a much better picture of the Company's strength as we continue to grow in business and volume, and our cash flow continues to be extremely strong, with over \$207 million in hospital receipts collected in the fourth quarter of 2025 alone.

Looking at our balance sheet, it remains very strong with cash and cash equivalents at December 31 of '25 at \$185.6 million. It's up \$144.9 million, or 356.6%, from just \$40.6 million at the end of December of 2024. The other sizable increase at the end of 2025 is the accounts receivable balance, which was \$319.4 million compared to \$232.4 million at the end of 2024. Our consistent, strong collections throughout the year provides us continued confidence in this increase.

Regarding cash flow, net cash from operating activities increased by \$225 million for the 12 months ended December of 2025 to \$248.1 million. That's compared to only \$23.2 million for the same period in 2024.

On the liability side, as Tom indicated, our total bank debt increased by all of \$2.1 million to \$43.5 million at December '25, from \$41.4 million at December of 2024, with the majority of this debt really just relating to equipment loans at our hospitals for such items as MRIs, x-rays, ultrasounds, and CTs, the main equipment that runs our facilities. This is a very slight increase in 2024, with the overall balance being a relatively small amount of true operating debt for a company of our size, especially with opening two new facilities in 2025, and with another one in the early part of 2026.

With all this said, our balance sheet remains very solid, and we have provided our Company the flexibility to execute on our growth plan in 2026 and beyond.

Now, on to Warren Hosseinion, our President, for a population health update. Warren?

Warren Hosseinion

Thank you, Jon, and good morning, everyone.

It's great to be with you today to discuss how Nutex Health is advancing population health management, an important piece of our mission to deliver sustainable, impactful healthcare. In 2025, we made strides in this area, and I'm excited to share the progress, the strategies driving it, and our plans to keep pushing forward.

Let's start with where we are today. Our Population Health Management division now oversees a diverse group of approximately 40,000 members across our platform, including a mix of Medicare Advantage, commercial, and Medicaid-managed care members. That's a broad reach, and it's growing because of the trust we've built through our independent physician associations, or IPAs. I am happy to report that each of our four operational IPAs were profitable in 2025.

Our strategy revolves around physician networks. Our IPAs are comprised of networks of contracted and credentialed primary care physicians and specialists located around our facilities. Building strong partnerships with local doctors is critical. By forming these IPAs, we are building awareness of our hospitals among the local community doctors and their patients.

Why do the physicians join our IPAs? We offer these physicians ownership in our IPAs. They can also participate in the board and committees of the IPA. We offer them to get on the staff of our hospitals so they can admit and follow patients. We also incentivize the physicians to achieve high-quality metrics. We believe that over time, these relationships will not only increase the volume of patients to our hospitals, but also create a web of care that's seamless for patients.

Our vision is that our hospitals and IPAs will work hand-in-hand to amplify our reach and effectiveness. We are fostering collaboration, sharing best practices, and ensuring every provider is aligned with our patient-first culture. We're growing our IPAs strategically, focusing on areas near our hospitals to leverage existing relationships and infrastructure.

In 2025, we launched a new IPA in Phoenix. In 2026, we plan on launching two IPAs, one in Dallas and one in San Antonio. Going forward, our strategy focuses on three areas. Provider network expansion by partnering with physicians in high-value markets, value-based contract growth by increasing the number of covered lives under management, and technology scaling by enhancing our analytics and care management platform.

With that, I'll turn it over to Wes Bamburg, our Chief Operating Officer.

Wesley Bamburg

Thank you, Warren, and good morning, everyone.

As mentioned earlier, volume is up. For the year 2025, total patient visits were up 11.8% from 2024, with mature hospital visits growing at 1.3% over the same period. This performance highlights solid demand and the discipline and execution behind our ER and inpatient initiatives. From an operational standpoint, our focus throughout the year has been ensuring that our investments translate into consistent execution across every facility.

As we broaden our service offerings, ranging from medical detox and behavioral health to advanced outpatient imaging and procedures, we have been building the operational infrastructure required to support higher throughput and a more diversified patient mix. That includes standardizing workflows,

strengthening our intake and triage processes, and enhancing staffing models to seamlessly accommodate increased ER demand while protecting the patient experience.

On the inpatient side, the expansion of specialized equipment and telespecialist capabilities has allowed us to manage more complex patients safely and effectively within our hospitals. Operationally, we've paired these enhancements with stronger clinical governance upgraded care pathways and expanded training to ensure that higher acuity care is delivered with consistency and quality across the enterprise. These efforts are already improving patient retention, reducing avoidable transfers, and supporting stronger contribution margins.

From a cost management perspective, 2025 was a transformative year driven largely by the ongoing advancement of our corporate purchasing and supply chain teams. Excluding arbitration expenses, our operational costs were 33.4% of total revenue for 2025, down from 47.1% in 2024. Over the past year, this function has become far more centralized, disciplined, and data-driven, giving us greater ability to engage more effectively with key vendors. As a result, we secured significantly better pricing on major imaging equipment, including MRI and CT scanners, as well as improved rates on lab instruments and reagents. These categories have historically been among our highest cost items, so the impact on margins is meaningful.

Lastly, during 2025, Nutex received more than 8,700 patient reviews, averaging an enterprise rating of 4.8 out of 5, a level of satisfaction that continues to set us apart in the healthcare industry. This performance reflects the strength of our model and mission, which are built around delivering concierge-level service, little to no ER wait times, and a highly personalized patient experience. As we scale, we are advancing system-wide standardization, both in how we engage with patients and in the care we deliver, ensuring that every Nutex facility delivers consistent outcomes, service, and a best-in-class experience.

These foundational elements continue to differentiate Nutex in a sector where patient satisfaction and reliability are critical drivers of long-term value. Across the organization, our teams remain deeply focused on reliability, scalability, and disciplined execution. As we grow, we are firmly committed to ensuring that every Nutex facility delivers the same high-quality, patient-centered care that defines our brand and supports our long-term growth.

Thank you, everyone, for your time, and back to you, Jen.

Jennifer Rodriguez

Thank you, Wes and team, for those updates. I will now turn it over to our Operator, Rob, who will begin the Q&A portion of the call.

Operator

Thank you, Jennifer. We'll now be conducting a question-and-answer session. If you'd like to ask a question at this time, please press star, one from your telephone keypad, and a confirmation tone will indicate your line is in the question queue. You may press star, two if you'd 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 keys. One moment, please, while we poll for questions.

Thank you, and our first question will be coming from the line of Thomas McGovern with Maxim Group. Please proceed with your questions.

Thomas McGovern

Hey, guys. Thank you for taking my question. I want to start with some IDR-related questions. Historically, and on today's call, you've discussed IDR submission rates in the range of 60% to 70%, with historical collection rates hovering around 80%. If we look at the press release, it actually says that the submission

rates were 50% to 60%, with an improved collection of around 85%. I just wanted to see if you guys could help us reconcile the shift. Is this a reflection of maybe higher quality? Fewer submissions, but higher quality, and that's leading to an improved collection, and how should we look at this dynamic moving forward?

Thomas Vo

Thank you, Thomas.

Jon Bates

Tom, do you want me to start?

Thomas Vo

Jon. You want to go ahead?

Jon Bates

Yes.

Thomas Vo

Yeah, go ahead, Jon.

Jon Bates

No, I was just going to say, no, you're right, Thomas. Obviously, we've seen, and the whole goal here in the independent dispute resolution is ultimately, if we can get to a situation where we're able to get these claims resolved prior to it, that's a win. Of course, up through now, through the third quarter, we were submitting a higher percentage, and actually, historically, it was around that 60% to 70%. But what we saw and seen in the last quarter, now, cumulatively, the impact is a little bit less, in which we hope that will be the trend, with the trend being that, ultimately, that would go down, and we'd still be able to get what we believe to be fair and reasonable payments. We believe that's still happening, and as we look to try to get in contracts with payers, which we're always looking to try to do, if we can find one that's reasonable, we'll continue to do that.

I think it's partly some of that going on, for sure, and it's something we're going to watch real closely, as we look and continue to watch reimbursement rates, which have stayed very strong throughout the year, as you've probably seen. As you can tell, even the collection pieces you referenced, 80% was where we were kind of close around in the second and third quarter, now we're collecting at 85% plus, continuing to have a strong legal determination lens of mid to high 80s. All of that, we anticipate, hopefully, even improving, or then we'll watch it as we go, but it's been a consistent pattern of an improvement there.

I think that's what we're seeing, is that we're able to resolve more, either with contracts or open negotiations, earlier on, it's still a smaller percentage, right, but we want there to be more of that on the front end, but for now, I think the trend is actually positive. Then we'll watch how reimbursement is affected with that. As you know, and you and I have talked about this before, even if we are able to settle some of these earlier in the process, whether in open negotiations, specifically open negotiations, if they don't pay as well at the beginning. Even if it's slightly less than, even though we feel what we're getting is paid fair and reasonable, if it's slightly less than that, when you remove the cost component, from a net perspective, it ends up being similar, maybe even more positive. We don't view it as negative at all, just view it as kind of the opportunity, as we move forward, to watch this with our goal, ultimately, of getting everything resolved more timely, quickly. If we can have contracts across the board, we would do that, we

just have not been able to successfully execute those and get and find reasonable, fair payments yet from many of the payers. Tom, you might have more to add.

Thomas Vo

Yeah, no, that's correct, Thomas, and by the way, thank you for following us. But in essence, as you know, healthcare is all about ebb and flow, some quarters higher, some quarters lower. But to John's point, it is definitely moving in the right direction with less submissions, which may mean that the payers are paying better and more correctly, so we will continue to monitor that progress.

Thomas McGovern

Understood, yeah, sounds like solid improvement with open negotiations, and obviously, if you don't have to do the whole drawn-out arbitration process, that's great for you guys. Great, so next question from me, you guys recently reopened a hospital in Texas, this was back in January. First part of this question is, what led to that decision, what are you seeing in that market now that leads you to believe this is the right time to do so? Then a follow-up to that is, do you believe that you're on track, you remain on track, rather, to open the five to six facilities you've discussed in the past in 2026? Maybe if you could, Tom, you mentioned a new real estate strategy it sounded like, so maybe if you could touch on that and how that might impact your planned openings in the year.

Thomas Vo

Yeah, no, thank you, Thomas, so the first question, our Humboldt Hospital, we did have to close it when we were going through the No Surprises Act issue. After we established the IDR process, reimbursement got better, and so when that happened, it became a correct move to reopen it, simply because we knew that there was volume there. The volume that we saw prior to the IDR was maybe not enough to make it a profitable operation, but with the IDR process and better collection, better fair and reasonable collection, that business made sense. On top of that, as you know, we've essentially focused on more of an inpatient side, and so we became much better at it when we weren't as good at it back then. Now that we're much better at the inpatient side, opening a slightly bigger hospital with more inpatient beds just made better sense and made better business sense with a better projection. Does that answer the first question, Thomas?

Thomas McGovern

Yes, yeah, and then just a reminder, the second part of that question is do you believe you remain on track for the five to six openings in '26 that we've discussed in the past? Then just how your new real estate strategy might influence the timing or the scope of these openings?

Thomas Vo

Yeah, so the five to six locations are both for '26 and '27. In 2026, the three locations that are on track to be open are Jacksonville, West Little Rock, and San Antonio. Those are the three for sure this year that are essentially will be finished construction, I would say probably by third quarter. Then on top of that, we're already working on '27 and '28, and so we project probably another four hospitals to open in '27 and probably another four after that.

Then in terms of the real estate strategy, yes, now that we're fortunate enough to have some cash in the bank, the idea is to explore ways where Nutex could essentially start the development on the new hospitals. Once the hospital has stabilized, then convert it to a REIT or sell it to a real estate investor, and take that cash out, and reinvest in the three to four new projects going forward, so essentially to recycle the cash. The idea is that that cash would essentially be accrual, and it would be essentially profitable for the Company whenever we recycle that cash again. The initial investment is at cost, but hopefully when

we do a sale leaseback, we would make a small profit on it, and then use that to recycle the cash to continue with the pipeline.

By the way, we have not formalized anything yet, but that is under discussion as an additional way to maximize our cash and return some investor—maximal shareholder returns.

Thomas McGovern

Understood. I appreciate the insight, and I'm looking forward to future updates on that front. I'll hop out of queue to allow for additional questions. Thanks.

Thomas Vo

Thank you, Thomas.

Operator

Thank you. The next question is in the line of Gene Mannheimer with Freedom Capital. Please proceed with your question.

Gene Mannheimer

Thanks. Good morning, and thanks for taking the questions. Tom, Jon, when exactly did you learn about the true up adjustment, and had you given any thought to pre-announcing?

Jon Bates

Yeah, I can talk to that.

Thomas Vo

Go ahead, Jon.

Jon Bates

Yeah, so the earliest indication we were getting was in, and that was just information we were seeing on the early and eligible information was the middle part of the fourth quarter. It was very, very new to us, trying to understand it. In fact, a lot of it, as it comes to us, we look at it and say we might even, in a lot of cases, disagree with it being deemed ineligible, and there's a process we didn't talk about here, but that we're going back on some of these and saying, hey, we disagree with that.

But long story short is we were getting information in the middle part of the quarter, but it was very, very new, so then us trying to understand exactly the impact, understand exactly the legitimacy of it has taken us a couple months to go through and analyze it. That's the reason. We didn't know what to report because it was new, and as quickly as we got our clarity on it, then we started to roll it through our numbers, which was as we were finishing out the year. Then from a timing perspective, this was the best opportunity based on the data we have to when we would communicate it, because we didn't really know much sooner than this exactly that impact.

Gene Mannheimer

Got you. That makes sense, John. Thank you. When we think about those 19,000 or so claims that were deemed ineligible, you do the math on that, I think it's about \$2,900 a claim. Is it safe that these were mostly confined to ER visits and not any inpatient volumes?

Jon Bates

Yeah, that's good insight. Yeah, a majority of those would be more. It was a little bit of the lower, we call it tier or acuity, and so, yes, most were more relative to what you call more of our standard ER-type visit, maybe with a blending to maybe one step forward, maybe an observation or a couple inpatient, but majority of them were ER-related.

Gene Mannheimer

I got you. Thank you. One more from me. In terms of any future true ups that might happen, should there be any? Would those also likely to be reserved in the fourth quarter, like what you had yesterday, or could they be true-ed up anytime?

Jon Bates

Oh, absolutely. I mean, we don't control that, but I can tell you that as we see the information, if we see any activity that shows, and there's going to be, as I mentioned, there's going to be ineligible in this process. I think a year ago, they were talking about it being a much higher percentage, even what the industry says they finished with recently, which was 19-ish percent of every claim going through is deemed to be ineligible.

We're significantly less than that, as we're seeing, but we just became known in the material nature of it in the fourth quarter. There were smaller ones that came to us earlier in the period, not material, and we addressed those, and they went through our natural accrual process. Then this sort of sprung up on us in the fourth quarter. It was a big surprise, but now with more knowledge and more understanding of the communication from, say, CMS to a lot of those independent dispute resolution entities or arbitrators, I think they were almost threatening them to say, if you guys don't catch up, if you're behind, then we're going to find someone else to do it. As a result, I think they got caught up. They also have added more certified arbitrators at this point as well.

We believe that the backlog concept is probably something more of the past. There will be some at all times. Then more importantly, we'll find out if there is something sooner in the process, and then we certainly will account for that as soon as we know it. But also, as we talked about in that whole description of how we accrue for revenue, the more data we have like this, now we incorporate that into our model, so there will even be some level of ineligible assumption in a current day visit based on what we're finding out now based on our percentages. Then we'll adjust that like everything else every single month, which is a complex process, but I think we have a really phenomenal team that has been doing this for three or four years now and tried and true, and many auditors and banks have spent a ton of time analyzing our process, and they've all come away saying, what you guys are doing seems very solid.

It's just new. It's a new process, and I think we're getting better at this for the IDR side. Who knows what's going to be next, but this looks to be the latest, newest situation that's happened, and we feel like we've addressed it and don't feel like it'll be a material issue going forward, but we'll watch it and see. To your point, we don't wait to record it at some later point. As soon as we know it or see any indication of it happening, we're going to do our best to try to reflect it within the current numbers that we have so that we're properly recording our revenue costs and keeping in line with the accrual-based approach. Good question, though.

Gene Mannheimer

Thanks, Jon. Sounds excellent. I'll hop back in the queue. Appreciate it. Got it.

Thomas Vo

Thank you, Gene.

Operator

Thank you. At this time, I'll hand the floor back to Jennifer Rodriguez for closing comments.

Jennifer Rodriguez

Thank you all for those valuable questions and answers. For all those joining us today, if you have more questions, please email us at investors@nutexhealth.com, and we'll get back to you promptly.

On behalf of the Nutex Management team, thank you all for joining us for our fourth quarter and full year 2025 earnings call. We've covered a lot, growth, strategies, challenges, and our vision – and we appreciate your time and interest. A recording of this call will be available on our website for a limited time, so feel free to revisit it. Take care, everyone, and we look forward to keeping you updated on our journey.

Operator

Thank you. You may now disconnect your lines at this time and have a wonderful day.