# Claritev Q4 & FY 2024 Results and Business Update

February 25, 2025

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# Disclaimer

## Forward-Looking Statements

This presentation includes statements that express our management's opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, "forward-looking statements". These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "seeks," "projects," "forecasts," "intends," "plans," "may," "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this presentation, including, but not limited to, statements relating to our ability to execute on our transformation plan, the anticipated benefits of our transformation plan, the anticipated benefits of our debt refinancing, our 2025 outlook and guidance, and the long-term prospects of the Company. Such forward-looking statements are based on available current market and management's expectations, beliefs and forecasts concerning future events impacting the business. Although we believe that these forward-looking statements are based on reasonable assumptions at the time they are made, you should be aware that these forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These factors include: loss of our clients, particularly our largest clients; interruptions or security breaches of our information technology systems and other cybersecurity attacks; the ability to achieve the goals of our strategic plans and recognize the anticipated strategic, operational, growth and efficiency benefits when expected; our ability to enter new lines of business and broaden the scope of our services; the loss of key members of our management team or inability to maintain sufficient qualified personnel; our ability to continue to attract, motivate and retain a large number of skilled employees, and adapt to the effects of inflationary pressure on wages; trends in the U.S. healthcare system, including recent trends of unknown duration of reduced healthcare utilization and increased patient financial responsibility for services; effects of competition; effects of pricing pressure; our ability to identify, complete and successfully integrate acquisitions; the inability of our clients to pay for our services; changes in our industry and in industry standards and technology; our ability to protect proprietary information, processes and applications; our ability to maintain the licenses or right of use for the software we use; our inability to expand our network infrastructure; our ability to obtain additional financing; our ability to pay interest and principal on our notes and other indebtedness; lowering or withdrawal of our credit ratings; adverse outcomes related to litigation or governmental proceedings; inability to preserve or increase our existing market share or the size of our preferred provider organization networks; decreases in discounts from providers; pressure to limit access to preferred provider networks; changes in our regulatory environment, including healthcare law and regulations; the expansion of privacy and security laws; heightened enforcement activity by government agencies; the possibility that we may be adversely affected by other political, economic, business, and/or competitive factors; changes in accounting principles or the incurrence of impairment charges; other factors disclosed in our Securities and Exchange Commission ("SEC") filings from time to time, including, without limitation, those factors described in our Annual Report on Form, our Quarterly Reports on Form 10-Q; and other factors beyond our control. Should one or more of these risks or uncertainties materialize, or should any of the assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements.

There can be no assurance that future developments affecting our business will be those that we have anticipated. Forward-looking statements speak only as of the date made. We do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

## Non-GAAP Measures

In addition to the financial measures prepared in accordance with generally accepted accounting principles in the United States ("GAAP"), this presentation contains certain non-GAAP financial measures, including EBITDA, Adjusted EBITDA, Free Cash Flow, Unlevered Free Cash Flow and Adjusted Cash Conversion Ratio. A non-GAAP financial measure is generally defined as a numerical measure of a company's financial or operating performance that excludes or includes amounts so as to be different than the most directly comparable measure calculated and presented in accordance with GAAP. EBITDA, Adjusted EBITDA, Free Cash Flow, Unlevered Free Cash Flow and Adjusted Cash Conversion Ratio are supplemental measures of Claritev's performance that are not required by or presented in accordance with GAAP. These measures are not measurements of our financial or operating performance under GAAP, have limitations as analytical tools and should not be considered in isolation or as an alternative to net income (loss), cash flows or any other measures of performance prepared in accordance with GAAP. EBITDA represents net income (loss) before interest expense, interest income, income tax provision (benefit), depreciation and amortization of intangible assets, and non-income taxes. Adjusted EBITDA is EBITDA as further adjusted by certain items as described in the table below. In addition, in evaluating EBITDA and Adjusted EBITDA you should be aware that in the future, we may incur expenses similar to the adjustments in the presentation of EBITDA and Adjusted EBITDA. The presentation of EBITDA and Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. The calculations of EBITDA and Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies. Based on our industry and debt financing experience, we believe that EBITDA and Adjusted EBITDA are customarily used by investors, analysts and other interested parties to provide useful information regarding a company's ability to service and/or incur indebtedness. We also believe that Adjusted EBITDA is useful to investors and analysts in assessing our operating performance during the periods these charges were incurred on a consistent basis with the periods during which these charges were not incurred. Both EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider either in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of the limitations are:

- EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs;
- EBITDA and Adjusted EBITDA do not reflect interest expense, or the cash requirements necessary to service interest or principal payments on our debt;
- EBITDA and Adjusted EBITDA do not reflect our tax expense or the cash requirements to pay our taxes; and
- Although depreciation and amortization are non-cash charges, the tangible assets being depreciated will often have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements.

Claritev's presentation of Adjusted EBITDA should not be construed as an inference that our future results and financial position will be unaffected by unusual items. Free Cash Flow as defined as net cash provided by operating activities less capital expenditures, all as disclosed in the Statement of Cash Flows. Unlevered Free Cash Flow is defined as net cash provided by (used in) operating activities less capital expenditures, plus cash interest paid, all as disclosed in the Statements of Cash Flows. Free Cash Flow and Unlevered Free Cash Flow are measures of our operational performance used by management to evaluate our business after purchases of property and equipment and, in the case of Unlevered Free Cash Flow, prior to the impact of our capital structure, in the case of Unlevered Free Cash Flow, and after purchases of property and equipment. Unlevered Free Cash Flow should be considered in addition to, rather than as a substitute for, consolidated net income as a measure of our performance and net cash provided by operating activities as a measure of our liquidity. Additionally, Claritev's definition of Free Cash Flow and Unlevered Free Cash Flow are limited, in that they do not represent residual cash flows available for discretionary expenditures, due to the fact that the measures do not deduct the payments required for debt service, in the case of Unlevered Free Cash Flow, and other contractual obligations or payments made for business acquisitions. Adjusted Cash Conversion Ratio is defined as Unlevered Free Cash Flow divided by Adjusted EBITDA. Claritev believes that the presentation of the Adjusted Cash Conversion Ratio provides useful information to investors because it is a financial performance measure that shows how much of its Adjusted EBITDA Claritev converts into Unlevered Free Cash Flow.

# 2024 – Year in Review

## Setting a New Vision 2030
as a Technology, Data & Insights Company

claritev™

- Vision 2030 Transformation Program
- Rebranding efforts culminating with announcement at ViVE Conference in February 2025
- Revamped annual budgeting process

**New Provider Product Launch** — CompleteVue™ BY CLARITEV

### Established Key **Partnerships** and **Alliances**

**ORACLE** Cloud Infrastructure
- Enables our Digital Transformation
- Announced January 2025

**NRHA**
- Empower rural healthcare Providers

## Awards & Recognition

**Best Overall Healthcare Data Analytics Platform** for PlanOptix

MEDTECH BREAKTHROUGH AWARDS

**Data & Analytics** for PlanOptix | BenInsights

2024 GLOBEE AWARDS GOLD WINNER AMERICAN BUSINESS

FORTUNE BEST WORKPLACES IN HEALTH CARE™ 2024

Great Place To Work® Certified AUG 2024–AUG 2025 USA

## New Executive Leadership

**Travis Dalton**
President & Chief Executive Officer

**Jerry Hogge**
Chief Operating Officer

**Doug Garis**
Chief Financial Officer

**Tiffani Misencik**
Chief Growth Officer

**Will Mintz**
SVP, Corporate Affairs/ Strategy

## Debt Refinancing

- Extends maturities of funded debt by approximately three years to 2030-2031
- Transaction closed in Q1 2025

# Q4 & FY 2024 Financial Highlights

## Fourth Quarter 2024 Results

- Revenues of $232.1 million
- Adjusted EBITDA[1] of $141.6 million, and Adjusted EBITDA margin[2] of 61.0%
- Operating cash flow of $(33.4) million

## Full Year 2024 Results

- Revenues of $930.6 million, down 3.2% as compared to 2023
- Adjusted EBITDA[1] of $576.7 million, down 6.7% as compared to 2023
- Adjusted EBITDA margin[2] of 62.0%
- Operating cash flow of $107.6 million and Free Cash Flow[3] of $(10.5) million

[1] See reconciliation of non-GAAP measures included in Appendix
[2] Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenues
[3] Free Cash Flow is defined as net cash flow from operations less capital expenditures

# Q4 2024 & FY 2024 Results

$ in millions

| | Sequential and Prior Year Quarters | | | Annual | |
|---|---|---|---|---|---|
| | Q4 2024 | Q3 2024 | Q4 2023 | FY 2024 | FY 2023 |
| Revenues | $232.1 | $230.5 | $244.1 | $930.6 | $961.5 |
| Adjusted EBITDA[1] | $141.6 | $141.6 | $156.8 | $576.7 | $618.0 |
| Adjusted EBITDA Margin[2] | 61.0% | 61.5% | 64.2% | 62.0% | 64.3% |

Revenues: Q4 2024 vs Q3 2024: 0.7%; Q4 2024 vs Q4 2023: (4.9)%; FY 2024 vs FY 2023: (3.2)%

Adjusted EBITDA: Q4 2024 vs Q3 2024: (0.1)%; Q4 2024 vs Q4 2023: (9.7)%; FY 2024 vs FY 2023: (6.7)%

[1] See reconciliation of non-GAAP measures included in Appendix
[2] Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by Revenues

# Revenue by Service Line

$ in millions

| | Current Quarter | Sequential Quarter | | Prior Year Quarter | | Annual | | |
|---|---|---|---|---|---|---|---|---|
| **Service Line** | **Q4 2024** | **Q3 2024** | **% Change** | **Q4 2023** | **% Change** | **FY 2024** | **FY 2023** | **% Change** |
| Network-Based | $47.3 | $46.2 | 2.4% | $52.2 | (9.5)% | $185.3 | $223.4 | (17.1)% |
| Analytics-Based | $157.1 | $157.7 | (0.4)% | $163.5 | (3.9)% | $634.8 | $625.8 | 1.4% |
| Payment & Revenue Integrity | $27.8 | $26.6 | 4.4% | $28.4 | (2.2)% | $110.6 | $112.4 | (1.6)% |
| **Total Revenue** | **$232.1** | **$230.5** | **0.7%** | **$244.1** | **(4.9)%** | **$930.6** | **$961.5** | **(3.2)%** |

# Medical Charges Processed and Identified Potential Savings

$ in billions

| | | Annual | | |
|---|---|---|---|---|
| | | FY 2024 | FY 2023 | % Change |
| Current "Core" Business | **Commercial Health Plans** | | | |
| | Medical charges processed | $80.2 | $75.1 | 6.9% |
| | Potential medical cost savings | $23.2 | $21.7 | 7.3% |
| | Potential savings as % of charges | 29.0% | 28.9% | |
| Monetizable Opportunity | **Payment & Revenue Integrity, Property & Casualty, and Other** | | | |
| | Medical charges processed | $97.4 | $93.6 | 4.1% |
| | Potential medical cost savings | $1.4 | $1.3 | 11.8% |
| | Potential savings as % of charges | 1.4% | 1.3% | |
| | **Total** | | | |
| | Medical charges processed | $177.6 | $168.6 | 5.3% |
| | Potential medical cost savings | $24.7 | $22.9 | 7.5% |
| | Potential savings as % of charges | 13.9% | 13.6% | |

# Claritev Share of Savings

$ in millions

| | FY 2024 | FY 2023 | Variance |
|---|---|---|---|
| Identified potential savings – PSAV | $17,569 | $17,057 | $512 |
| Revenues – PSAV[1] | $823 | $863 | $(40) |
| Revenues as a % of identified savings – PSAV | 4.68% | 5.06% | (0.38)% |
| Identified potential savings – PEPM | $7,081 | $5,865 | $1,216 |
| Revenues – PEPM[2] | $88 | $87 | $1 |
| Identified potential savings – Total | $24,650 | $22,922 | $6,173 |
| Revenues – Total | $911 | $950 | $(39) |
| Revenues as a % of identified savings – Total | 3.70% | 4.14% | (0.44)% |
| Other Revenues | $20 | $12 | $8 |
| Total Revenues | $931 | $962 | $(31) |

**Key Drivers of Identified Savings Volume and Revenue as a % of Savings, FY 2024**

- Identified savings from our PSAV revenue model (~90% of our revenue) increased 3.0% from year to year.
- In our core PSAV revenue model, revenue as a percentage of savings decreased 38 bps driven primarily by decreases related to one of our larger clients and a mix shift. Those decreases were primarily mix driven within our DIS and Surprise Bill products.

[1] In our PSAV model, we earn revenue as a percentage of identified savings
[2] In our PEPM model, we earn revenue per covered life.

# FY 2025 Guidance

| | FY2025 | Comments |
|---|---|---|
| **Revenue** | (2)% to Flat vs. 2024 | Focus on sequential quarterly growth progression while strategic client impact lapses |
| **Adjusted EBITDA %** | 62.5% to 63.5% | Roughly flat Adjusted EBITDA dollars vs. 2024 as we complete 'the TURN' |
| **Capital Expenditures** | $155M to $165M | Includes incremental Vision 2030 Transformation Program investments of $20M - $30M |
| **Effective Tax Rate** | 25% to 28% | Assumes no material change to effective rate range |
| **Free Cash Flow** | $(65)M to $(75)M | FCF includes:<br>• Transformation Program investments ($20M - $30M)<br>• Debt-refinancing transaction costs ($55M - $65M)<br>• Normalized FCF $10M - $20M |

[1] We have not reconciled the forward-looking Adjusted EBITDA guidance included above to the most directly comparable GAAP measure because this cannot be done without unreasonable effort due to the variability and low visibility with respect to certain costs, the most significant of which are incentive compensation (including stock-based compensation), transformation-related expenses, certain fair value measurements, which are potential adjustments to future earnings. We expect the variability of these items to have a potentially unpredictable, and a potentially significant, impact on our future GAAP financial results.

# Capital Allocation Prioritization

With the recent closing of the debt refinancing in January 2025, our primary and priority use of capital is investment in our business to drive organic growth.

| Use of capital | Priority |
|---|---|
| **Organic investments to fuel Vision 2030 Plan** | HIGHEST PRIORITY (4 of 4) |
| **Debt paydown** | HIGH PRIORITY (3 of 4) |
| **Value creating M&A** | LOW PRIORITY NEAR TERM (1 of 4) |
| **Share buybacks** | LOW % OF CAPITAL ALLOCATION (1 of 4) |

# Appendix

# Balance Sheet

## $ in millions, as of December 31, 2024

### DEBT STRUCTURE

| | | 12/31/2024 | | Rate | Maturity |
|---|---|---|---|---|---|
| Revolving credit facility - Revolver B | | Undrawn | | SOFR + CSA +4.00%[1] | Aug-26 |
| Term Loan B | $ | 1,282 | | SOFR + CSA +4.25%[1] | Sep-28 |
| 5.500% Senior Secured Notes | $ | 1,050 | | 5.50% | Sep-28 |
| **First lien debt, secured** | **$** | **2,332** | (A) | | |
| 5.75% Senior Unsecured Notes | $ | 980 | | 5.75% | Nov-28 |
| Senior Convertible PIK Notes | $ | 1,254 | (B) | 6% cash / 7% in kind | Oct-27 |
| **Total long-term debt** | **$** | **4,566** | | | |
| Less unrestricted cash & cash equivalents | $ | 17 | (C) | | |
| **Net debt** | **$** | **4,549** | (D) | | |
| TTM Adj. EBITDA[2] | $ | 577 | (E) | | |
| First-lien leverage ratio, net of cash | | 4.0x | (A-C)/E | | |
| Operating leverage, net of cash | | 5.7x | (D-B)/E | | |
| Total leverage ratio, net of cash | | 7.9x | D/E | | |

[1] Alternative Reference Rates Committee's recommended CSA of 0.26161%
[2] See reconciliation of non-GAAP measures included in Appendix

# Reconciliation of GAAP and Non-GAAP Items

$ in thousands, except share data

| | Three Months Ended | | | | | Year Ended December 31, | |
|---|---|---|---|---|---|---|---|
| | 12/31/2024 | 9/30/2024 | 6/30/2024 | 3/31/2024 | 12/31/2023 | 12/31/2024 | 12/31/2023 |
| Net loss | $ (137,965) | $ (391,450) | $ (576,727) | $ (539,689) | $ (31,391) | $ (1,645,831) | $ (91,697) |
| Adjustments: | | | | | | | |
| Interest expense | 81,252 | 81,792 | 81,129 | 82,198 | 83,005 | 326,371 | 333,208 |
| Interest income | (408) | (1,245) | (551) | (926) | (1,123) | (3,130) | (8,233) |
| Income tax benefit | (48,166) | (27,220) | (27,519) | (21,976) | (386) | (124,881) | (15,363) |
| Depreciation | 22,818 | 22,572 | 21,811 | 20,989 | 20,630 | 88,190 | 77,323 |
| Amortization of intangible assets | 85,970 | 85,971 | 85,971 | 85,971 | 85,970 | 343,883 | 342,694 |
| Non-income taxes | 715 | 515 | 580 | 528 | 611 | 2,338 | 2,283 |
| EBITDA | $ 4,216 | $ (229,065) | $ (415,306) | $ (372,905) | $ 157,316 | $ (1,013,060) | $ 640,215 |
| Adjustments: | | | | | | | |
| Other expenses, net[1] | 2,818 | 1,517 | 426 | 641 | 3,564 | 5,402 | 3,472 |
| Loss on disposal of assets | 8,595 | — | — | — | — | 8,595 | 851 |
| Integration expenses | 689 | 850 | 791 | 353 | 636 | 2,683 | 3,358 |
| Change in fair value of Private Placement Warrants and Unvested Founder Shares | (1) | (87) | (259) | (130) | (2,232) | (477) | (1,965) |
| Transaction-related expenses | — | — | — | — | (41) | — | 8,064 |
| Transaction Costs - Refinancing Transaction | 63,930 | — | — | — | — | 63,930 | — |
| Gain on extinguishment of debt | — | — | — | (5,913) | (7,061) | (5,913) | (53,968) |
| Loss on impairment of goodwill and intangible assets | 54,500 | 361,612 | 553,701 | 519,050 | — | 1,488,863 | — |
| Stock-based compensation | 6,816 | 6,818 | 7,317 | 5,694 | 4,661 | 26,645 | 18,018 |
| Adjusted EBITDA | $ 141,563 | $ 141,645 | $ 146,670 | $ 146,790 | $ 156,843 | $ 576,668 | $ 618,045 |

[1] *"Other expenses, net" represents miscellaneous non-recurring expenses, impairment of other assets, gain or loss on disposal of leases, tax penalties, non-integration related severance costs, implementation costs for cloud computing arrangements, and transformation costs including internal labor.*

# Reconciliation of GAAP and Non-GAAP Items, continued

$ in thousands, except share and per share data

| | Three Months Ended | | | | | Year Ended December 31, | |
|---|---|---|---|---|---|---|---|
| | 12/31/2024 | 9/30/2024 | 6/30/2024 | 3/31/2024 | 12/31/2023 | 12/31/2024 | 12/31/2023 |
| Net income (loss) | $ (137,965) | $ (391,450) | $ (576,727) | $ (539,689) | $ (31,391) | $ (1,645,831) | $ (91,697) |
| Adjustments: | | | | | | | |
| Amortization of intangible assets | 85,970 | 85,971 | 85,971 | 85,971 | 85,970 | 343,883 | 342,694 |
| Stock-based compensation | 6,816 | 6,818 | 7,317 | 5,694 | 4,661 | 26,645 | 18,018 |
| Transaction-related expenses | — | — | — | — | (41) | — | 8,064 |
| Transaction Costs - Debt Exchanges and Refinancing | 63,930 | — | — | — | — | 63,930 | — |
| Loss on extinguishment of debt | — | — | — | (5,913) | (7,061) | (5,913) | (53,968) |
| Other expenses | 3,408 | 1,517 | 426 | 641 | 3,564 | 5,402 | 3,472 |
| Loss on disposal of assets | 8,595 | — | — | — | — | 8,595 | 851 |
| Integration expenses | 99 | 850 | 791 | 353 | 636 | 2,683 | 3,358 |
| Change in fair value of Private Placement Warrants and unvested founder shares | (1) | (87) | (259) | (130) | (2,232) | (477) | (1,965) |
| Loss on impairment of goodwill and intangible assets | 54,500 | 361,612 | 553,701 | 519,050 | — | 1,488,863 | — |
| Estimated tax effect of adjustments | (42,151) | (29,724) | (30,985) | (27,216) | (21,722) | (130,076) | (79,781) |
| Adjusted net income | $ 43,201 | $ 35,507 | $ 40,235 | $ 38,761 | $ 32,384 | $ 157,704 | $ 149,046 |
| Weighted average shares outstanding – Basic and Diluted | 16,171,224 | 16,143,520 | 16,116,996 | 16,158,356 | 16,223,239 | 16,147,506 | 16,128,366 |
| Net loss per share – Basic and Diluted | $ (8.53) | $ (24.25) | $ (35.78) | $ (33.40) | $ (1.93) | $ (101.92) | $ (5.69) |
| Adjusted EPS | $ 2.67 | $ 2.20 | $ 2.50 | $ 2.40 | $ 2.00 | $ 9.77 | $ 9.24 |

# Reconciliation of GAAP and Non-GAAP Items, continued

$ in thousands

| | Three Months Ended | | | | | Year Ended December 31, | |
|---|---|---|---|---|---|---|---|
| | 12/31/2024 | 9/30/2024 | 6/30/2024 | 3/31/2024 | 12/31/2023 | 12/31/2024 | 12/31/2023 |
| Net cash provided by operating activities | $ (33,413) | $ 72,842 | $ 18,471 | $ 49,716 | $ 27,702 | $ 107,616 | $ 171,720 |
| Purchases of property and equipment | (30,434) | (31,700) | (25,445) | (30,544) | (31,343) | (118,123) | (108,852) |
| Free cash flow | (63,847) | 41,142 | (6,974) | 19,172 | (3,641) | (10,507) | 62,868 |
| Interest paid | 96,655 | 60,195 | 97,653 | 60,742 | 99,756 | 315,245 | 323,396 |
| Unlevered Free Cash Flow | $ 32,808 | $ 101,337 | $ 90,679 | $ 79,914 | $ 96,115 | $ 304,738 | $ 386,264 |
| | | | | | | | |
| Adjusted EBITDA | $ 141,563 | $ 141,645 | $ 146,670 | $ 146,790 | $ 156,843 | $ 576,668 | $ 618,045 |
| Adjusted Cash Conversion Ratio | *23 %* | *72 %* | *62 %* | *54 %* | *61 %* | *53 %* | *62 %* |
| | | | | | | | |
| Net cash (used in) investing activities | $ (30,434) | $ (31,700) | $ (25,445) | $ (30,544) | $ (31,343) | $ (118,123) | $ (249,792) |
| Net cash (used in) provided by financing activities | $ (3,649) | $ (3,143) | $ (3,035) | $ (31,488) | $ (22,479) | $ (41,315) | $ (180,993) |

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