Nutex Health Inc. Second & Third Quarter 2025 Earnings Call Transcript

December 2, 2025

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

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

Jon Bates, *Chief Financial Officer*

Wesley Bamberg, *Chief Operating Officer*

Warren Hosseinion, *President*

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 Group*

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Carl Byrnes, *Northland Capital Markets*

Bradford Seagraves, *Northbank Capital Management*

Gene Mannheimer, *Freedom Capital*

Jenn Rodriguez, Moderator Introduction

"Good morning, everyone, and welcome to Nutex Health's combined Second and Third Quarter 2025 earnings call. I'm Jennifer Rodriguez, 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 for future reference.

With me today are our key leaders: Dr. Tom Vo, Chairman and CEO; Jon Bates, Chief Financial Officer; Dr. Warren Hosseinion, President, and we would like to formally welcome our new Chief Operating Officer, Wesley Bamburg. They will provide insights into our financial results, operational progress, 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 10-Q, and our other SEC filings. We'll also discuss non-GAAP measures like Adjusted EBITDA, with reconciliations available in our press release and Form 10-Q.

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

Dr. Tom Vo, CEO

Thank you, Jen, and good morning, everyone. I'm pleased to report Nutex Health's second and third quarter 2025 results, which reflect continued momentum following a strong 2024 and first quarter of this year. Our commitment to accessible, high-quality, patient-centered care remains the foundation of our growth and operational stability.

We have completed the restatement of 2024 and Q1 2025, with only minor adjustments that did not materially impact revenue, adjusted EBITDA, or cash positions. Jon will provide further details. With these amendments finalized, our financials now benefit from independent verification by two PCAOB audit firms. Having completed a full-year audit for 2024, we expect the 2025 audit process to be significantly more efficient.

Operationally, Q3 2025 showed steady progress, with total patient visits reaching 46232, an 11% increase from 41,668 in Q3 2024.

Financially, revenue reached $267.8 million, up 240% from Q3 2024. Adjusted EBITDA grew to $98.5 million from $9.7 million, and net income was $55.4 million compared to an $8.8 million loss last year. Our balance sheet remains strong, with cash increasing to $166 million from $40.6 million at year-end 2024, and operating cash flow through the first three quarters totaling $177.8 million versus $23 million in the prior year. Our long term debt remains low at $25.6mm.

These results reflect our focus on increasing patient volume, expanding inpatient services, optimizing costs, and improving revenue cycle management. Looking ahead, we are well-positioned for 2026 and beyond. We remain on track to open three new hospitals in 2025—Red River opened last week, and Houston and St. Louis are scheduled to be opened by year-end. Our 2026 pipeline includes three to four hospitals, with planning already underway for new hospital openings in 2027 and 2028.

To provide context for Jon's discussion on share earn-outs, a brief history on Nutex. We have evolved through three distinct phases since 2011 with

1. initial growth as a free-standing ER management company, where we were instrumental in the opening of 23 Free Standing ERs, of which 7 later were converted into Micro Hospitals. Note that Nutex did not have any equity ownership in these early ERs.
2. Beginning in 2017, Nutex expanded into micro-hospitals, where we opened 14 hospitals as a management company, again without equity ownership.

3. In2022, we successfully consolidated 21 hospitals and hospital outpatient departments to transform into a publicly traded company through a share exchange program, where former hospital owners exchanged their hospital shares for Nutex shares. In addition to the 21 facilities at merger, there were17 additional hospitals that were underdevelopment as of 2022. These underdevelopment hospitals were given the same considerations as the opened hospital and had the right to roll their local shares up to Nutex shares at the conclusion of their 2nd year anniversary. All new future hospitals that began development after April 2022 will not have this share exchange option. Jon will also explain this in further detail later.

Today, Nutex Health owns and operates 25 locations across 11 states, with over 15 facilities in the pipeline under development.

Building micro-hospitals requires significant capital, regulatory expertise, and operational discipline, creating very high barriers to entry. This is one reason why our model is very unique in the market, and why we have so much demands around the country to develop and operate these hospitals.

Despite these challenges, we've maintained a strong track record of growth and profitability, with physician retention exceeding 95%. Our facilities have improved the lives of hundreds of physicians, thousands of healthcare workers, and hundreds of thousands of patients. Integrity and resilience define us, and we will continue to adapt and thrive amid changing conditions. I am extremely proud of everything that we have accomplished in the past 14 years, and we look forward to building on this success for years to come.

I'll now turn the call over to Jon Bates, our CFO. Jon—"

Jon Bates, CFO

"Thank you, Tom, and good morning, everyone. I'm happy to present Nutex Health's financial performance for the periods including 1) the full year of 2024 (with a restated 10K/A filed on Tuesday, November 18th), 2) the 1st quarter of 2025 (with a restated 10Q/A filed on Tuesday, November 18th), 3) the 2nd quarter of 2025 (with a 10Q files on Tuesday November 18th) and 4) the 3rd quarter of 2025 (with a 10Q filed on Wednesday, November 19th) – with the completion of these filings bringing us into full compliance with Nasdaq and the SEC.

First, we will discuss the full year of 2024. The good news with this filing is that the changes from the original 2024 10K filing were non-cash in nature with most all of the changes being just reclassifications with-in the balance sheet. The major balance sheet accounts affected by these non-cash adjustments were:

1) We corrected the classification of non-cash, stock-based compensation obligations totaling $16.4 million related to under construction and ramping hospitals from equity to liabilities.

2) We reclassified related party account payable balances of $3.5 million from liabilities to equity,
3) We reclassified $2.9 million of restricted balances out of cash and cash equivalents and into short-term investments, and
4) We increased accrued income tax expense by $0.5 million.

When compared to the previously issued financial statements, the changes resulted in an overall net increase to liabilities (of $13.4 mill), a similar decrease to equity of $13.4 mill), and a nominal decrease in net income (of $0.5 mill).

These adjustments are non-cash in nature, had no material effect on key metrics including revenue, liquidity, short-term and long-term debt, operating cash flow, adjusted EBITDA or number of patients as of and for the periods presented therein, and had an immaterial impact on net income.

As we mentioned when this restatement work began, we believe there was no fundamental impact to the operations of the business and, after completing the work, we re-affirm that belief.

You can see that the 2024 year was a record year for the company with 93.8% revenue growth, adjusted EBITDA of $124.1 million and a 464.4% increase in gross profit - which laid a strong foundation for what we will discuss shortly for each of the 1st 3 quarters of 2025.

Next, we will discuss the 1st quarter 2025. Like discussed previously for the 2024 period, the changes from the original 10Q filing were, again, non-cash in nature and had no fundamental impact to the operations of the business.

The major balance sheet accounts affected by these non-cash adjustments for the 1st qtr 2025 were:

1) We corrected the classification of non-cash, stock-based compensation obligations totaling $20.7 million related to under construction and ramping hospitals from equity to liabilities.
2) We reclassified related party account payable balances of $3.5 million from liabilities to equity (which was the exact same item mentioned in the 2024 work above, just being carried forward into this period),
3) We reclassified $2.9 million of restricted balances out of cash and cash equivalents and into short-term investments (which was the exact same item mentioned in the 2024 work above, just being carried forward into this period), and
4) We increased accrued income tax expense by $2.4 million.

When compared to the previously issued financial statements, the changes resulted in an overall net increase to liabilities (of $19.6 mill), a similar decrease to equity (of $19.6 mill), and an increase in net income (of $6.6 mill).

These adjustments are non-cash in nature, had no material effect on key metrics including revenue, liquidity, short-term and long-term debt, operating cash flow, adjusted EBITDA or number of patients as of and for the periods presented therein, and included a positive impact on net income.

As we mentioned when this restatement work began, we believe there is no fundamental impact to the operations of the business and, after completing the work, we re-affirm that belief.

Therefore, we aren't going to spend much time discussing the 1st qtr 25 as it was materially the same as originally reported with a solid net income attributable to Nutex of $21.2 million, a record high gross profit of 55.9%, a record high $51 million in net cash from operating activities and a record high cash balance of $84.7 million.

Now, let's discuss the key financial metrics for the 2nd qtr and YTD June 2025 period versus the same period in 2024 and the 3rd qtr and YTD September 2025 period versus the same periods in 2024, highlighting percentage changes across revenue, Adjusted EBITDA, net income, EPS, and other indicators, as detailed in our Form 10-Q for the quarter ended June 30, 2025 filed on November 18th and our Form 10-Q for the quarter ended September 30, 2025 filed on November 19th.

Let's start with the 2nd quarter ended June 30, 2025 first and compare those results to the 2nd quarter ended June 30, 2025.

For the 2nd quarter 2025, our total revenue grew 217.5% (or $167.9 million) to $244.0 million vs $76.1 million for the 2nd quarter 2024.

Of the total revenue increase, mature hospitals, which are hospitals that were opened prior to December 31, 2021 (and therefore, provided two full years of comparative results), increased their revenue by 203.2% for the second quarter 2025 vs second quarter 2024.

For Hospital division visits, we saw growth as well during the quarter as they increased by 10.6% (or 4,365 visits) to 45,573 in the second quarter 2025 vs 41,208 in the same period in 2024, with mature hospitals growing at 0.6% in the second quarter 2025 vs second quarter 2024.

Additionally, the Population health division had a revenue reduction of $(0.8) million to $7.7 million in the second quarter 2025 from $8.5 million in the similar period in 2024, due mostly to the divestiture of 1 small entity within the division in the 3rd quarter of 2024.

We discussed the growth in the Hospital revenue and visits we have seen in the second quarter 2025. Now, let's discuss the overall facility and corporate costs structure and the improvements in that area.

Total facility level operating costs and expenses represented only 48.8% (or $119.1 million) of total revenue for the second quarter 2025 vs 70.3% (or $53.5 million) for the same period in 2024.

As a result of the revenue and facility cost improvement, our 2025 second quarter gross profit was $124.9 million (or 51.2% of total revenue) as compared to $22.6 million (or 29.7% of total revenue) in 2024, a 454% improvement in the second quarter 2025 vs the second quarter 2024.

From a corporate and other costs perspective, the general and administrative expenses, as a percentage of total revenue for the second quarter 2025 decreased to 5.1% compared to 14.0% for the second quarter 2024.

Additionally, on our second quarter 2025 income statement, you will see a line item for “stock-based compensation expense, with the amount for the second quarter 2025 being $78.7 million. Most of that expense is explained in our second quarter 2025 10-Q (within note 11). Within that note, we explain the impact of hospitals subject to Contribution Agreements. In connection with the Merger on April 1, 2022, Nutex Health Holdco LLC entered into certain Contribution Agreements with holders of equity interests of subsidiaries and affiliates. In these agreements these holders agreed to contribute certain equity interests in subsidiaries to Holdco in exchange for equity interests in Holdco. Included in these transactions were 17 subsidiaries considered to be "under-construction" at the time of the Merger. "Under construction" hospitals are hospitals that, at the time of the merger, had not started accepting patients and did not have any operating results to serve as a basis for a valuation. Once these hospitals have opened for two full years (which we denote as the "Measurement Period"), the equity holders of these hospitals are eligible to receive a one-time additional issuance of Company common stock based upon the earnings of the hospital in the 2nd year of their operations.

Of the 17 under-construction hospitals, 6 hospitals had measurement periods that ended on or before June 30, 2025. 4 hospitals have measurement periods that end after June 30, 2025. There are 3 hospitals with no defined measurement periods as the three hospitals have not opened as of June 30th. The remaining 4 hospitals have no measurement period as these hospitals development plans have been abandoned.

For the second quarter 2025, the former equity holders of two hospitals are to receive an additional issuance of 602,798 common stock based on the trailing twelve months results of the hospitals at the end of their measurement periods.

With 4 of these hospitals in their measurement period currently, we are accruing for the stock issuance for each in current liabilities. In the second quarter 2025, that accrual amounted to $24.2 million that will be trued up each quarter until we get to the end of year 2 for each hospital – at which time a final calculation will be done and payment will be made 100% in company stock (and recorded as a non-cash stock compensation expense).

Operating income (including the negative impact of the $78.7 million non-cash stock-based compensation expense) for the second quarter 2025 was $33.7 million compared to $5.3 million in second quarter of 2024, representing a $28.4 million improvement quarter over quarter.

Net loss attributable to Nutex Health, Inc was $17.7 million for the second quarter 2025 (including the negative impact of the $78.7 million non-cash stock-based compensation expense noted previously).

The comparative Net loss attributable to Nutex Health Inc. was $0.4 million for the second quarter of 2024, showing a $17.3 million decrease period over period.

From an earnings per share perspective, our Diluted EPS for the second quarter 2025 was a loss of $2.95/share compared to a loss of $(0.07)/share in the second quarter 2024, a $2.88/share decrease period to period.

Adjusted EBITDA attributable to Nutex, increased $64.8 million from $6.8 million in the second quarter of 2024 to $71.6 million in the second quarter of 2025.

Now on to the six months ended June 30, 2025 compared to the six months ended June 30, 2024:

Total revenue for the first six months of 2025 grew by 218% (or $312.2 million) to $455.8 million vs $143.5 million for the first six months of 2024.

Of the total revenue increase, mature hospitals increased their revenue by 195.2% for the first six months of 2025 vs the same period in 2024.

Hospital division visits saw a similar growth as they increased by 15.5% (or 12,566 visits) to 93,842 visits in the first six months of 2025 vs 81,276 visits in the same period in 2024, with mature hospital visits growing at 15.5% in the six months ended June 2025 vs the same period in 2024.

Additionally, the Population health division had revenue decrease by 2% to $15.5 million in the first six months of 2025 from $15.9 million in the first six months of 2024.

Facility and corporate level costs also showed improvement for the first six months of 2025 relative to the first six months of 2024.

Total facility level operating costs and expenses represented 46.6% (or $212.5 million) or total revenue for the six months ended June 2025 vs 77.2% (or $110.8 million) for the same period in 2024, a decrease of 30.6%.

The gross profit for the six months ended June 2025 was $243.3 million (or 53.4% of total revenue) as compared to $32.7 million (or 22.8% of total revenue) in the same period in 2024, a $210.5 million increase for the six months ended June 2025 vs the six months ended June 2024.

From a corporate and other costs perspective, the general and administrative expenses as a percentage of total revenue for the six months ended June 2025 decreased to 4.9% (or $22.5 million) from 13.5% (or $19.3 million) for the same period in 2024.

Operating income for the six months ended June 30, 2025 was $114.3 million compared to $6.7 million for the six months ended June 2024.

Net income attributable to Nutex Health, Inc. improved by $4.2 million from a loss of $0.7 million for the first six months of 2024 to income of $3.5 million in the first six months of 2025.

Adjusted EBITDA attributable to Nutex increased $138.0 million (or 2144.2%) from $6.4 million in the first six months of 2024 to $144.4 million in the first six months of 2025.

Now, I will go over the results of the 3rd quarter ended September 30, 2025 and compare those results to the 3rd quarter ended September 30, 2024.

For the 3rd quarter 2025, our total revenue grew 240% (or $189.0 million) to $267.8 million vs $78.8 million for the 3rd quarter 2024. The hospital division drove most of this growth, generating $260.2 million, up 262.8% from $71.7 million for the same quarter in 2024.

Of the total revenue increase, mature hospitals, which are hospitals that were opened prior to December 31, 2021 (and therefore , provided two full years of comparative results), increased their revenue by 208.9% for the third quarter 2025 vs third quarter 2024.

Of the $260.2 million in hospital revenue, $182.1 million (or approximately 70%) related to a combination of both higher acuity claims as well as success through the Independent Dispute Resolution (IDR) process.

With regard to arbitration related revenue: due to the continual underpayment from payors, we have continued to submit between 60-70% of our visits through the IDR process, we have won a legal determination on over 85% of the claims submitted, and we currently have an average collection rate of over 80% of the legal determination wins.

Arbitration costs approximate 24-26% of the arbitration related revenue.

For Hospital division visits, we saw growth as well during the quarter as they increased by 11.0% (or 4,564 visits) to 46,232 in the third quarter 2025 vs 41,668 in the same period in 2024, with mature hospitals decreased at 0.6% in the third quarter 2025 vs third quarter 2024.

Additionally, the Population health division had a revenue increase of $0.5 million to $7.6 million in the third quarter 2025 from $7.1 million in the similar period in 2024.

We discussed the growth in the Hospital revenue and visits we have seen in the third quarter 2025. Now, let's discuss the overall facility and corporate costs structure and the improvements in that area.

Total facility level operating costs and expenses represented only 42.2% (or $112.9 million) of total revenue for the third quarter 2025 vs 72.2% (or $56.9 million) for the same period in 2024.

As a result of the revenue and facility cost improvement, our 2025 third quarter gross profit was $154.9 million (or 57.8% of total revenue) as compared to $21.9 million (or 27.8% of total revenue) in 2024, a 606.7% improvement in the third quarter 2025 vs the third quarter 2024.

From a corporate and other costs perspective, the general and administrative expenses as a percentage of total revenue for the third quarter 2025 decreased to 4.2% compared to 12.5% for the third quarter 2024.

Additionally, on our third quarter 2025 income statement, you will see a line item for "stock-based compensation expense, with the amount for the third quarter 2025 being $13.2 million. Most of that expense is explained in our third quarter 2025 10-Q (within note 11). Within that note, we explain the impact of hospitals subject to Contribution Agreements. In connection with the Merger on April 1, 2022, Nutex Health Holdco LLC entered into certain Contribution Agreements with holders of equity interests of subsidiaries and affiliates. In these agreements these holders agreed to contribute certain equity interests in subsidiaries to Holdco in exchange for equity interests in Holdco. Included in these transactions were 17 subsidiaries considered to be "under-construction" at the time of the Merger. "Under construction" hospitals are hospitals that, at the time of the merger, had not started accepting patients and did not have any operating results to serve as a basis for a valuation. Once these hospitals have opened for two full years (which we denote as the "Measurement Period"), the equity holders of these hospitals are eligible to receive a one-time additional issuance of Company common stock based upon the earnings of the hospital in the 2nd year of their operations.

Of the 17 under-construction hospitals, 7 hospitals had measurement periods that ended on or before September 30, 2025. 3 hospitals have measurement periods that end after September 30, 2025. There are 3 hospitals with noo defined measurement periods as the three hospitals have not opened as of September 30th. The remaining 4 hospitals have no measurement period as these hospitals development plans have been abandoned.

For the third quarter 2025, the former equity holders of one hospital are to receive an additional issuance of 307,700 common stock based on the trailing twelve months results of the hospitals at the end of their measurement periods.

With 3 of these hospitals in their measurement period currently, we are accruing for the stock issuance for each in current liabilities. In the third quarter 2025, that accrual amounted to $11.2 million that will be trued up each quarter until we get to the end of year 2 for each hospital – at

which time a final calculation will be done and payment will be made 100% in company stock (and recorded as a non-cash stock compensation expense).

Operating income (including the negative impact of the $13.2 million non-cash stock-based compensation expense) for the third quarter 2025 was $130.4 million compared to $9.7 million in third quarter of 2024, representing a $120.7 million improvement quarter over quarter.

Net income attributable to Nutex Health, Inc was $55.4 million for the third quarter 2025 (including the negative impact of the $13.2 million non-cash stock-based compensation expense noted previously).

The comparative Net loss attributable to Nutex Health, inc was $8.8 million for the third quarter of 2024, showing a $64.2 million increase period over period.

From an earnings per share perspective, our Diluted EPS for the third quarter 2025 was $7.76/share compared to a loss of $(1.72)/share in the second quarter 2024, a $9.48/share increase period to period.

Adjusted EBITDA attributable to Nutex, increased $88.9 million from $9.7 million in the third quarter of 2024 to $98.5 million in the third quarter of 2025.

Now on to the nine months ended September 30, 2025 compared to the nine months ended September 30, 2024:

Total revenue for the first nine months of 2025 grew by 225% (or $501.2 million) to $723.6 million vs $222.3 million for the first nine months of 2024.

Of the total revenue increase, mature hospitals increased their revenue by 200.0% for the first nine months of 2025 vs the same period in 2024.

Of the $700.5 million in hospital revenue, $462.9 million (or approximately 66.1%) related to a combination of both higher acuity claims as well as success through the Independent Dispute Resolution (IDR) process.

With regard to arbitration related revenue: due to the continual underpayment from payors, we have continued to submit between 60-70% of our visits through the IDR process, we have won a legal determination on over 85% of the claims submitted, and we currently have an average collection rate of over 80% of the legal determination wins.

Arbitration costs approximate 24-26% of the arbitration related revenue.

Hospital division visits saw a similar growth as they increased by 13.9% (or 17,130 visits) to 140,074 visits in the first nine months of 2025 vs 122,944 visits in the same period in 2024, with

mature hospital visits growing at 1.8% in the nine months ended September 2025 vs the same period in 2024.

Additionally, the Population health division had revenue increase by 1% to $23.1 million in the first nine months of 2025 from $23.0 million in the first nine months of 2024.

Facility and corporate level costs also showed improvement for the first nine months of 2025 relative to the first nine months of 2024.

Total facility level operating costs and expenses represented 45.0% (or $325.4 million) or total revenue for the nine months ended September 2025 vs 75.4% (or $167.7 million) for the same period in 2024, a decrease of 30.4%.

The gross profit for the nine months ended September 2025 was $398.1 million (or 55.0% of total revenue) as compared to $54.6 million (or 24.6% of total revenue) in the same period in 2024, a $343.5 million increase for the nine months ended September 2025 vs the nine months ended September 2024.

From a corporate and other costs perspective, the general and administrative expenses as a percentage of total revenue for the nine months ended September 2025 decreased to 4.7% (or $33.8 million) from 13.1% (or $29.2 million) for the same period in 2024.

Operating income for the nine months ended September 30, 2025 was $244.7 million compared to $16.4 million for the nine months ended September 2024.

Net income attributable to Nutex Health, Inc. improved by $68.5 million from a loss of $(9.5) million for the first nine months of 2024 to income of $59.0 million in the first nine months of 2025.

Adjusted EBITDA attributable to Nutex increased $226.9 million (or 1408.6%) from $16.1 million in the first nine months of 2024 to $243.0 million in the first nine months of 2025.

Finally, our balance sheet remains very strong with cash and cash equivalents at September 30, 2025 at a record high of $166.0 million, up $125.4 million (or 308.6%) from $40.6 million as of December 31, 2024.

Our continued success with the collection efforts related to the independent dispute resolution arbitratioprocess is allowing us to get paid more fairly for the services we provide and was a big part of this process.

With regard to accounts receivable, our balance at September 30, 2025 was $387.4 million, an increase of $155.0 million from $232.4 million at December 31, 2024.

Of the $387.4 million in A/R, $296.5 mill (or 77%) relates to visits in the IDR process, which was similar to our position at the end of 2024. During the third quarter 2025, the company collected $219.4 million in cash, of which $32.2 (approximately 15%) related to A/R at 12/31/24.

Regarding cash flow, net cash from operating activities was very strong at $177.7 million for the third quarter of 2025, which was an increase of $154.6 million from the same period in 2024.

On the liability side, our total bank/equipment type debt increased by $7.7 million to $49.1 million at September 30, 2025 from $41.4 million at December 31, 2024, with the majority of this debt related to equipment loans at our hospitals for such items as an MRI's, Xray's, Ultrasound's and CT machines.

Outside of this normal $40+ million of bank/equipment-type debt, the only other items of materiality that look like debt on the balance sheet are the liabilities related to financing and operating lease liabilities - which are just the future lease payments due to our landlords on our hospital facilities.

These are reflected on the balance sheet because the accounting rules require us to aggregate all lease payments that we pay to a landlord for the entirety of each lease term (which might be 15-20 years of payments) and then present value the total lease payments for each back to the inception of that lease and record both a right of use asset and, correspondingly, a right of use liability on the balance sheet for that result.

As a result, on our balance sheet at September 30, 2025, the net asset balance for the operating and financing right of use assets amounted to $253.1 million (which is 26.2% of the total assets) and the net liability balance for the operating and financing right of use liabilities amounted to $309.7 million (which is 58.8% of the total liabilities).

Most investors and analysts don't view these right of use liabilities as real operating debt, so I wanted to clarify that for you.

With all this said, our balance sheet remains very solid and we continue to strengthen it with our positive operating performance.

Our current financial position has positioned us well to execute on all of our initiatives in our 2025 operating plan, including the opening of three new hospitals later this year as Tom mentioned earlier. With that, I'll now turn it over to Warren Hosseinion. Warren—"

Warren Hosseinion, President

Thank you Jon, and good morning everyone. Thank you all for joining us today. I'm pleased to provide an update on Nutex Health's population health division, which supports our commitment to value-based care.

As a reminder, our overarching strategy at Nutex Health is to build an integrated healthcare delivery system, combining hospitals and medical groups, also referred to as IPAs. Our IPAs are comprised of networks of primary care physicians and specialists located around our facilities. The IPAs enroll patients from different health plans and are responsible for the total care of these patients. By combining hospitals and IPAs, we believe we will be able to deliver care that is coordinated, cost-effective and with better outcomes for our patients. Our IPAs would send patients to our hospitals, and our hospitals would deliver more efficient and cost-effective care, reducing the medical loss ratios in our IPAs. This is a long-term strategy that will take several years to bear fruit, but we are in this for the long run at Nutex Health. One thing we would like to note is that the physicians in our IPA can refer their non-IPA patients to our emergency rooms as well, and we are already starting to see this in Phoenix, Arizona.

We currently have over 40,000 patients enrolled in our IPAs in various risk-based arrangements. Of note, I am happy to report that we now have slightly more than 1900 Medicare Advantage members in our Houston Physicians IPA. In Phoenix, we now have over 30 primary care physicians and a robust specialist network. Phoenix is now in its first Medicare Annual Enrollment Period and we will find out soon have many patients we will enroll. In the first nine months of 2025,, our IPAs generated $23.1 million in revenue, a 5.6% as compared to$23.0million in the first nine months of 2024. This is despite the fact that we divested two non-core assets in mid-2024 that were generating revenues but had operating losses. Our IPA in Los Angeles is very profitable. Houston is now profitable and Florida continues to be profitable. Margins continue to be moderated by ongoing investments in new markets such as Phoenix and Dallas.

With that, I will now turn it over to Wes Bamburg, our Chief Operating Officer.

Wes Bamburg, COO

Thank you, Warren, and good morning, everyone. I'm pleased to share the company's operational results, which demonstrate our ability to deliver high-quality care while achieving steady growth and service line development.

As previously reported, our overall visits increased by 13.9% in the first nine months of 2025, compared to the same time period in 2024 and our mature hospital visits increased by 1.8% in the first nine months of 2025 vs the same time period in 2024.

Our continued growth reflects the successful execution of our core model. Specifically, this success is powered by our leadership teams' focus on our key strategic growth objectives: increasing overall volume, developing new service lines, and expanding our observation and inpatient services to safely manage more complex patient needs. By leveraging our efficient

operating model, we achieve superior patient outcomes and satisfaction, fueling our continued growth.

Having joined Nutex Health in early October and with over 20 years of experience working across the largest publicly traded healthcare companies in the U.S., I have developed a comprehensive understanding of the critical elements required for sustained outperformance in our industry. My initial observations confirm that Nutex possesses the fundamental strengths necessary to thrive in this evolving landscape.

With a sound operational model, financial discipline, and uncompromising patient-centered philosophy, Nutex is exceptionally well-positioned for the future. These positive attributes are the key elements that will allow us to navigate industry challenges, expand our market share, and continue to serve as a trusted, high-value provider for the communities we support. I am confident that our best years of strategic growth and value creation lie ahead. Back to you, Jenn.

Jenn Rodriguez, Closing

Thank you, Wes, and thank you to Tom, Jon, and Warren for those updates. We'll now move to Q&A. Operator, please provide instructions for our callers.

Operator

Thank you. Ladies and gentlemen, if you would like to ask a question, please press star, one on your telephone keypad and 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 keys. One moment please while we poll for questions.

The first question comes from the line of Anthony Vendetti with Maxim Group. Please proceed.

Anthony Vendetti

Thank you. Maybe I'll start with just a high-level question and then ask you a little bit about what happened at Red River micro-hospital, why was it closed. I saw you just recently reopened it. Maybe just talk about the process there.

Then just in terms of the relationships you have with the 25 facilities now that you have open in 11 states, if you could just maybe, Tom, provide an overview of how you contract with the physicians. I know I think Jon mentioned on the call, after the first year they get an equity stake. Are they all pretty much follow the same template in terms of how you negotiate with the physicians that staff that hospital? Are there targets they need to reach to get that equity stake? Maybe just talk about that high level and then just talk about the situation at Red River. Thanks so much.

Thomas Vo

Okay. Great. Thank you very much, Anthony, for that question. I'll tackle the first question with Red River. Yes, you're correct. Red River was one of the 21 hospitals that came with us when we merged (audio interference). However, if you remember in 2022, it was a really tough year for us with the introduction of the No Surprises Act, which resulted in a roughly 5% (phone) reduction in revenue. Because of the reduction in revenue at that time, Red River was not in a position to be profitable. In fact, it sustained operating losses and so subsequently we closed down Red River, in addition to all the hospitals (audio interference).

Now that our reimbursement (inaudible) is better, (inaudible) arbitration and, on top of that, Sherman as a town has grown quite a bit the last two years. There's been multiple IT companies begin there. As an example, just right down the street from us, there's a company that's making chips—well, not the chips, but they make the waffle that the chip sits on. Lots of economic development, a lot of new (audio interference) so a combination of that and better reimbursement, we just felt that it was time to reopen the hospital.

Does that answer your question, Anthony?

Anthony Vendetti

Yes. Then in terms of maybe just a follow-up to that on the physicians. The physician group that you contracted with when you reopened that hospital, is that a new group? How did that come about?

Thomas Vo

Can you hear me okay?

Anthony Vendetti

You cut out just a little bit, Tom, but go ahead.

Thomas Vo

Okay. Yes, I'm sorry about that. In any event, so yes, the physician group is a brand new group, not the old group that was running it before. The way that we've structured this is that Nutex Health owns 70%, the physician group owns 30%. We also structured a physician staffing service contract with the physicians to essentially run the hospital and staff the hospital with us. When we rolled up our hospitals, Nutex Health owned an average of 80% of the hospitals, the minority shareholders own roughly 20%. This model is very consistent with our previous structures that we contracted with the physicians.

Anthony Vendetti

Okay. Does that sort of answer my second part of the question, (inaudible) most of the other micro-hospitals, or are there some situations where that template is different depending on the state that you're in?

Operator

Pardon me, Anthony. I think Tom disconnected real quick. One moment. We'll be right back.

Jon Bates

I think the answer to your last question is the structure is very similar. There's no material differences in the structure, in fact. There's not a lot that you would expect to change. State by state, certainly there's different relationships with some of the doctor groups in general, but across the board, there's not really a major change or differentiator because of a certain state when we open these up.

There's a lot that's improved and changed, as Tom indicated, at the Sherman location, both with the companies that are building in and out around it and just the whole structure in the way where Nutex is now versus where it was a couple of years ago. There's a lot of positives that support the concept for reopening it, and we're pretty excited about it being opened.

Anthony Vendetti

Okay. Then just lastly, Jon, in terms of the structure, as you said, the template is mostly or pretty similar across your micro hospitals. Maybe just talk about the incentives the physicians have to get to profitability. Does their equity stake depend on that? What metrics does it depend on after the first year or the second year? Maybe just give a little more color on that, that would be helpful. Thanks.

Jon Bates

Anthony, are you talking about the non earnout type ones? These ones that now are just opening up as in position without the earnout concept? Is that what you're asking? Or are you asking specifically about those?

Anthony Vendetti

Both. If you can talk about the earnout ones versus the non-earnout, that would be great.

Thomas Vo

By the way, Jon, I'm back on. I apologize about that, Anthony. Really bad technical difficulties today. Okay.

Jon Bates

Tom, I can answer the question. I answered the first part. He's asking now about the structure of the earn-out facilities, how it's different from, say, one like Sherman or something that's opening up.

Anthony, as I know we've talked about in the past on earnouts, which we've described in pretty in detail in the Qs, remember, those we calculate the number of shares at the end of that two-year period, right, to go through and value what their position would be. There is in the scenarios if they have a 20% stake or 30% stake, which is normally the case, somewhere in that arrangement, somewhere around that amount, that on the earnouts, they ultimately resolve in the sales at the end of the two-year period and where that earnings structure is at the same multiple, of course, that the original companies when the Company went public back in 2022, the same calculator and all that, and that's how they get given those shares based on their defined ownership at the beginning.

You talk about incentives. Certainly, they're incented to do as well as they can, not only in the first two years. not just to get the stock. But in most scenarios, they're also operators and employees of the facilities so they benefit from working in the facility and seeing the profit from that as well, and giving good outcomes, of course. They're tied in. In some cases, they have a relationship on the asset entity, which is the private side and, of course, they're employees and owners in the actual hospital side of it. Then they are also, in a lot of cases, tied into the doctor billing side, which the doctor billing side, which we do the billing for them, but the doctors own 100% of that. They have a benefit on that side. That's for the earnout ones, right?

Then these others that aren't affiliated with an earnout, I think everything else we just described. I mean, they have an ownership in that facility. As it becomes profitable, they benefit from that, and they share in the ups and the downs of the corporate group, which is the whole idea. We want everyone to be lockstep side-by-side with each other as we grow, and it takes time to do that. I think we have a great partnership in place, specifically in Sherman along with all other facilities as well. I think that's going pretty well.

Tom, you can add to that.

Thomas Vo

Yes. Anthony, you're right. I think Jon has already hit the nail on the head for most. But for the ones that earnout and receive Nutex share, in essence, their success is dependent on Nutex success now so that when the ocean rises, all the boats rise. I think that that is a very nice privilege for physicians to have because that is very unique in healthcare. Not too many companies could offer stocks like that to healthcare employees.

Then on top of that, like Jon said, the physician also has an equity ownership on the professional entity, which is a physician entity. The physician makes an hourly wage when they work, but then if the professional entity is profitable, then they will also be profitable in addition to owning Nutex stock.

For the physicians that did not roll up their Nutex shares, then they stay at the local level and if the facility is profitable, then they get a minority distribution quarterly on top of their potential profitability on the physician side as well as hourly work.

We treat the physicians very fairly. As you can see on our financials, we did a fair amount of minority equity distribution in the first nine months. Then you can see on the minority profit, the physicians also did very well.

Anthony Vendetti

Okay. Great. That's very helpful. I'll jump back in the queue. Appreciate it.

Jon Bates

Thank you, Anthony.

Operator

The next question comes from the line of Bill Sutherland with The Benchmark Company. Please proceed.

William Sutherland

Thank you. Good morning, guys. I think I'll just leave it at one question in the interest of time. I'm curious, as this process moves ahead, the IDR process, are you starting to have any different kinds of discussions with some of the payers as far as just wanting to have more productive negotiation talks prior to moving to the claims process?

Thomas Vo

Yes. Bill, thank you for covering us and thanks for being on the call. But yes, the answer is yes. Over the past, I would say, three to four months, we're hearing a lot more from payers to try to negotiate better in the work rate contracts. We evaluate every single one of them, and we take these very, very seriously. If the contract is fair and reasonable, we would definitely take it. We're in the process of evaluating all of them. That's right.

William Sutherland

In the course of doing that, as you move a payer away from realizing the claim wins, will it really result in the same kind of financial impact in terms of the margins on that business?

Jon Bates

The reality—well, we'll see, right, as we go through. It depends on where the price points land. But remember, even when you determine a fair and reasonable payment, which hopefully we will

be able to get and avoid having to go through the IDR process, one of the benefits of avoiding it is the fees related to going through it.

As we're early stage in some of these where we have been able to get a reasonable contract and avoid the necessity of going into the IDR process, so far, the perception is that the net impact when it comes to bottom line should be nominal. Because of the revenue, in some cases you'll get similar revenue, maybe slightly less, but very close, but you're removing 24% to 26% of the cost. It ends up being, I think, in a very similar position. But it's early stage.

I think as we finish out the year and walk into the first part of next year, with all the other activity going on from a regulatory standpoint, I think we'll start to see movement one way or the other, and we're watching it very closely. We're very interested, as Tom indicated, in having contracts if we can because we all would like to avoid the process of having to go through the time and effort and cost of going through the IDR process if you could avoid it.

William Sutherland

Yes. Sounds good. Thanks for all the color, guys.

Operator

The next question comes from the line of Carl Byrnes with Northland Capital Markets. Please proceed.

Carl Byrnes

Thanks for the question and congratulations on your success and progress. I'm just wondering, now that you've got greater history with respect to the IDR process, what are you thinking in terms of budgeting relative to timeline to breakeven on start-ups going forward? Then I have one quick follow-up. Thanks.

Jon Bates

Yes, Carl, it's a great question. Thanks for raising it. Yes, no, there's no doubt that with the movement in the direction of what we feel like the requirement to have to go through the IDR process, it's been a very successful process for us. Now it does, as we mentioned before, it takes time to get those dollars in, so it can be anywhere between, say, five to seven months to fully realize and get paid on a claim that does go through the process. You get the first payment within 30 to 60 days, and then you have to go through that process.

The long answer to your short question is, the breakeven process is moving up, certainly, and I think we'll continue to watch that closely, but we budget for something taking somewhere between 12 to 15 months normally to get to a breakeven position. It probably shifts easily by a quarter if we continue to be successful and open these up. But remember, it still takes from day one, five to seven months for the dollars to come in at the fair and reasonable rate. As a result, you really can't

see it prior to that point if you still end up having to submit 60% to 70% of our claims through the process. But it certainly does improve.

Actually, what it gives us probably more is it might be a little bit of an improvement on getting the breakeven, but the bigger impact is on the back end in year one and year two, where you're just at a more solid, more reasonable, more what we would expect level of profitability a little bit sooner on the back end. But you still have to wait probably the first nine months to a year to get to a breakeven scenario.

Hopefully that helps answer your question, Carl.

Carl Byrnes

No. Great. Excellent. That's very helpful. Then shifting gears a little bit, are you seeing other opportunities like Homer G. Phillips in St. Louis? What might we expect over the next 12, 24 months there? Thanks.

Thomas Vo

Yes, Carl, are you referencing our St. Louis Hospital, the former Homer H. Phillip (phon) Hospital?

Carl Byrnes

Exactly, yes.

Thomas Vo

Yes. That is on the agenda to be open this year, and we hope to open either mid or late December. But the strategy is essentially the same, providing the best customer service, providing accessibility care to that population. The location of where that hospital is, is essentially very close to downtown St. Louis, which is essentially a healthcare desert. We hope to capitalize on that by providing the best care so that people could start using us.

Does that answer the question, Carl?

Carl Byrnes

Yes, yes. I'm wondering if there's other opportunities that you're presented with that are similar to that, that could be opportunistic going forward.

Thomas Vo

Oh, yes. The problem with micro-hospitals are that they just don't exist or, if they do exist, they are located in areas where it is very difficult to make profitable. That's why historically we've had to build these from the ground up, and I think we mentioned this. Because if a hospital doesn't

exist, then Nutex Health does not have a hospital to operate in. However, there are certain hospitals that are existing out there that we strategically look to acquire. Yes, we are essentially in the lookout to acquire any of those existing hospitals, assuming that they fit all of our criteria.

Yes, there are opportunities out there, few and far in between but you just have to look.

Carl Byrnes

Understood. Cool. Great. Congrats again. Thanks.

Thomas Vo

Thank you, Carl.

Operator

The next question comes from the line of Bradford Seagraves with Northbank Capital Management. Please proceed.

Bradford Seagraves

Hi. Thank you. Can you please provide an update on the buyback? How much you've bought and at what price.

Jon Bates

Brad, I'm sorry. Were you talking about buyback? Oh, of the share buyback, is that what you're asking?

Bradford Seagraves

Yes.

Jon Bates

Okay. No. At this point, we're in the process of putting that in place. At this point, no shares have been bought back.

Bradford Seagraves

Okay. Understood. Then more broadly, can you talk about capital allocation priorities? The cash is growing on the balance sheet. Curious to see what your thoughts are on what the uses of that cash might be.

Jon Bates

Yes, I can start on that, and then Tom can add to it as well. Certainly, the buyback concept that you referenced is something that we've already announced it, so it's something that we're very serious about. We'll look at that very closely in the very short term. Certainly, there's opportunities that we try to grow and add good situations when it comes to opening up hospitals. We talked about, yes, from time to time, we can find existing ones that we could potentially spend that money on, so I think that's a big one.

Then we'll look at some other opportunities outside of investments for now. We have other opportunities to look at service line improvements. There's the IPA business, which Warren talked about as well, so there's opportunities in those areas. That's kind of the direction that we're looking right now. We'll watch as we finish out the year to see if cash continues to be strong and look for some of those situations to pop up and make the decisions on where we spend that money.

Thomas Vo

Yes. To answer your question, Brad—excellent question, by the way, and this is definitely a good problem to have. But in essence, the cash buyback program as mentioned, we may or may not increase that in the future. That is to be determined. But on top of that, we are looking hard for existing facilities, like Carl brought up, to acquire so that we don't have to go through the buildup, ground-up process. Then thirdly, as Warren mentioned, we are looking to expand our IPA business so that we could have an IPA surrounding each of the hospital. The reason for that really is just a very good symbiotic relationship between the hospital and the IPA business which, once again, is very unique in the healthcare industry.

Then fourthly, we would like to invest into our current hospitals to expand additional services capabilities. As an example, I think I mentioned behavior health. We are investing quite a bit in upgrading our hospitals so that we can see more behavior health patients on the medical side, as an example. With those types of investments, we have to find specialists. We have to find the correct equipment. We have to find people that are skilled at handling behavioral health, as an example.

Those are all essentially capital allocations that we have currently. I'm sure there will be more need for capital allocation in the future, but those are basically the existing ones that we have at this point.

Does that answer your question, Brad?

Bradford Seagraves

Thank you. Yes. A last one for me. Can you talk about the inpatient utilization, where it was a year ago, where it is today and where you think it can go over the next 12 to 24 months?

Thomas Vo

Yes, absolutely. Over the past actually two years, we have began a push to admit more patients into our own hospital. This is not an easy process or a straightforward process because in order to

get more patients admitted, we need specialists. We need hospitalists. We need people that could take care of patients in the hospital. Over the past two years, we've been relatively successful at ramping more patients into our hospital and not have to transfer them out to other hospitals. We're doing very well from that standpoint.

As you can see from the revenue, that partly explains why the revenue has increased substantially more than the patient visit. That's one variable and one factor. But for now, as of today, I would say that we're only at roughly 25% to 30% inpatient capacity, and as we increase more, that number going will only get better. We have a system-wide initiative to admit as many patients as we can to our hospital so that these patients don't need to go off to other hospitals.

In fact, patients really love to stay at our hospital. None of them want to be transferred to all the big system hospitals because the care that they receive at our hospital is probably superior and second to none. But unfortunately, sometimes you just don't have the expertise and the specialists to take care of these patients and that's why we have to transfer them out. But if we can keep them in our hospital, we will definitely do that.

Bradford Seagraves

Great. Thank you.

Thomas Vo

Thank you, Brad.

Operator

The next question comes from the line of Gene Mannheimer with Freedom Capital Markets. Please proceed.

Gene Mannheimer

Thanks. Good morning. A lot to digest here. Congrats on getting the numbers current. I wanted to just— think that last question segues well into the revenue per visit being up so much. It sounds like you're not breaking out the arbitration revenue this quarter specifically. What is the reason for that? Maybe you can share, at a minimum, was it similar to last quarter, or greater or less than Q2?

Jon Bates

Yes, I can speak to that. I mean, we're not breaking that specifically out because it's really part of our business now is the main reason. Comparatively, I think you've seen period-to-period-to-period an improvement there. It's of a similar nature. I know that we talked about how, if you remember, back in the first quarter when the collection percentages play into this, too, so that we only were seeing—it was early in the process at the end of the year and into the first quarter where the collection percentages were new, and so we were only in the 70-ish percent range. Now we've worked our way up into the 80% range. Some of that revenue was just the natural progression of

going back and realizing, okay, instead of 70% or 75%, which we were seeing kind of in the middle part of the year, now we're at 80%. The collection percentage is a decent amount of that uptick, which is a little bit of a cumulative impact going back and addressing that as realization continues to improve.

But in the revenue discussion, we talk about how much of our revenue within the quarter and the year related to the IDR process. That's kind of the direction we plan to go with that. Outside of that, I think we'll watch it closely and see if we can get more detail. We're more than happy to provide it. But I think we've been pretty transparent on that piece, at least the last couple of quarters now and I think today earlier, when you saw in the releases a discussion about the piece of our revenue that relates to that. We'll watch that closely and continue to work it from there.

Gene Mannheimer

Thanks. That's helpful, Jon. Appreciate it. Just going back to that inpatient utilization, I think, Tom, you're saying your occupancy is now about 25% to 30% across all your hospitals. How does that compare to, say, two years ago?

Thomas Vo

Two years ago, it was a lot less than that, Gene, unfortunately. I think partly because of the reduction in revenue back in 2022, we started this initiative and so now this initiative is a part of our normal operating procedure now. We hope to grow that inpatient volume to be much higher than that over the next few years.

Gene Mannheimer

That's excellent. Okay. One more statistic I want to just mention. It sounds like the mature hospitals visits decreased by about 0.5%. Normally, I think we'd want to see that marginally higher. Was there anything to call out that led to a decrease year-over-year?

Thomas Vo

Yes. We're scratching our head on that also, Gene. Nothing materially has changed in terms of operations. Our business development, marketing, physician outreach, physician care, everything is pretty much the same. The only thing that potentially could have occurred this year versus last year was that there was a COVID spike last year around late summer, whereas we're not seeing quite a high COVID spike this year. That may have been it, I'm not sure. But yes, it's a head scratcher for sure. But we're definitely going to continue to watch it and definitely going to focus on that so that we can continue the growth quarter-over-quarter.

Gene Mannheimer

Okay. That makes a lot of sense. Okay. Last question. With respect to stock-based comp, obviously, a lot of discussion around that. In terms of modeling that going forward, I realize there

are a number of factors to consider, but that Q3 number was relatively low. Is that the right way to think about it going forward, or could we continue to see some big swings there?

Jon Bates

Yes. I would say, Gene, it's a great question. First of all, I think we're definitely through the big portion of all the earnouts. We only have a few left, as we described in the Q. I think you're referencing in the table that we've provided in Note 11, where it talks about the three that are currently open and, in the period, where they can be calculated that run through kind of the debt line. I think that the way that calculation is done, which is all we can do, is use the data that we have so far with some level of a projection on it. If they continue to move in the direction or similar to what the others have done, it should be better than that, but we didn't want to be in a position to assume that at this point.

I think the numbers you have there are certainly ones that you can use from a projection standpoint. We are optimistic that maybe we can do better in that case. They have a decent amount of period in all three cases left before they get to the final stage. I believe one is—the earliest one is the end of the first quarter of next year and so that's still another six months of going into prime-time kind of maturity stage. Then the other two that are out there, all the way until the end of next year, so they're very, very early stage. I think it should improve from where you see it right now.

Gene Mannheimer

Okay. That's terrific. Thank you and congrats again.

Jon Bates

Yes. Thanks, Gene.

Thomas Vo

Thank you, Gene.

Operator

Thank you. This concludes the question-and-answer session. I'll hand the call back over to Jennifer Rodriguez for closing remarks.

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 second and third quarter 2025 earnings call, and we apologize for the technical difficulties. We've covered a lot, 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. This concludes today's conference. You may disconnect your lines at this time. We thank you for your participation.