

Astrana Health

Fourth Quarter and Year End 2025 Financial Results Conference Call Transcript – Prepared Remarks March 2, 2026

Speakers:

- Brandon Sim, President & Chief Executive Officer, Astrana Health
- Chan Basho, Chief Financial Officer & Chief Operating Officer, Astrana Health

Operator

Good day, and welcome to the Astrana Health Fourth Quarter and Full Year 2025 Earnings Conference Call. All participants will be in listen-only mode.

[Operator Instructions]

After today's presentation, there will be an opportunity to ask questions. Please note this event is being recorded. I would now like to turn the conference over to management for opening remarks. Please go ahead.

Brandon Sim

Good morning and thank you for joining us today.

Astrana delivered another year of record revenue, adjusted EBITDA, and free cash flow, extending our track record of consistent performance. In a year marked by regulatory recalibration, industry cost pressure, and broader market volatility, our model performed exactly as designed—demonstrating stability, predictability, and operating leverage.

Our mission remains clear: to deliver high-quality, high-value, and accessible care to communities nationwide. We are building the nation's leading patient-centered, payer-agnostic healthcare platform, and our results reflect the advantages of that strategy. By empowering providers to deliver the highest quality care at the lowest total cost, we create durable value for patients, physicians, payers, and shareholders.

The predictability of our delegated risk model—combined with our integrated care model, diversified payer and market exposure, and technology-driven leverage—provides clear visibility into long-term, scalable growth. Periods of complexity tend to differentially reward operational excellence. In that environment, we expanded deliberately, strengthened our competitive position, and further advanced a business designed to compound consistently across cycles.

I'll begin first with highlights for 2025, then turn the call over to Chan to review our financial results and guidance in greater detail before we open the line for questions before we open the line for questions.

In the fourth quarter, total revenue was \$950.5 million, increasing 43% year over year, and adjusted EBITDA was \$52.5 million, up 50% year over year. For the full year of 2025, revenue reached \$3.2 billion, adjusted EBITDA totaled \$205.4 million, free cash flow was \$104.5 million, and non-GAAP adjusted EPS on a fully diluted basis was \$2.20—each a record for the company.

42 Stepping back, since 2019, through multiple regulatory cycles, evolving risk adjustment models, varying
43 macroeconomic and cost trend conditions, and a global pandemic, Astrana has grown revenue by 467%,
44 representing a 34% compound annual growth rate. Over that same six-year period, adjusted EBITDA
45 increased 279%, or 25% annually, and free cash flow grew 727%, or 42% annually.

46 Taken together, this performance reflects the remarkable consistency and scalability of our model. It
47 underscores the strength of our fully delegated care approach, where aligned physicians, disciplined risk
48 management, and a purpose-built technology and AI-driven platform work together to deliver predictable
49 clinical and financial outcomes over time.

50 This sustained performance is the result of deliberate execution against a clear strategic framework,
51 quarter after quarter.

52 First, we continued to grow membership deliberately. We ended the year serving 1.6 million members in
53 value-based care arrangements, driven by sustained demand from both payer and provider partners for
54 coordinated, accountable care.

55 Our expansion remains measured, grounded in disciplined underwriting and aligned partnerships across
56 all of our markets. We focus on cultivating physician leadership, partnering with high-quality payers, and
57 deploying the Astrana care model—enabled by our technology and AI-driven infrastructure—to scale with
58 visibility and control.

59 That disciplined approach was reflected in a constructive Annual Enrollment Period, with mid-single digit
60 growth in Medicare Advantage membership year over year, supported by strong alignment with our payer
61 partners.

62 More broadly, that disciplined growth translated into strong performance across both our core and
63 expansion markets. California revenue grew 50% year over year, reflecting continued strength in our
64 foundational market. Outside of California, revenue grew 90% year over year as newer markets scaled. At
65 year-end, approximately 19% of total revenue was generated from membership outside California,
66 reflecting continued geographic diversification and a progressively more balanced revenue base.

67 Importantly, this growth is anchored in strong provider engagement across the platform, with high
68 retention and disciplined provider network expansion.

69 Second, our growth continues to be anchored in disciplined risk progression.

70 For more than 30 years, we have taken a measured approach to assuming full risk—entering
71 arrangements only when rates are aligned with underlying medical cost trends and when the data,
72 infrastructure, and clinical programs are in place to manage that risk responsibly. That philosophy
73 underpins the long-term stability and predictability of our business.

74 In the current environment, some participants have responded to elevated medical cost trends in the
75 industry by retrenching from risk exposure. That can be prudent when rate alignment or operational
76 readiness is constrained.

77 But our model was designed to operate through complexity. Our performance is driven through care
78 delivery infrastructure, technology, and physician alignment—not by coding intensity or arbitrage. We
79 prioritize repeatable economics over transient performance. The strength of our care model, payer
80 relationships, and technology platform enables us to secure appropriate economics and manage medical
81 cost volatility across cycles with discipline and predictability. As a result, we are able to expand
82 thoughtfully into full-risk structures even as others recalibrate.

83 We are still on track for approximately 80% of our revenue and more than 36% of our owned membership
84 to be in full-risk arrangements by the end of the first quarter 2026, reflecting alignment with patient
85 outcomes while maintaining clear control over the pace and structure of risk assumption.

86 Consistent with our prior commentary, several full-risk contracts that were expected to commence in mid-
87 2025 instead began in early 2026 as part of a coordinated implementation process. The economics of
88 those arrangements were agreed in line with our underwriting standards, and we are seeing encouraging
89 early performance as they come online.

90 Third, we continued to deliver strong clinical outcomes while maintaining disciplined control over medical
91 cost trend in 2025.

92 Across both our legacy Astrana and legacy Prospect businesses, medical cost and utilization trends
93 remained well controlled in both the fourth quarter and full year. Legacy Astrana performed slightly ahead
94 of our projected 4.5% cost trend, and legacy Prospect met expectations. This performance underscores
95 the durability of our delegated care model and our ability to manage medical cost volatility across diverse
96 populations.

97 Engagement remains a core driver of performance. Annual Wellness Visit completion rates approached
98 80% in our legacy Astrana markets, with meaningful gains in newly integrated Prospect populations. This
99 level of engagement enables earlier intervention, tighter care coordination across care settings, and more
100 predictable cost management.

101 These outcomes are powered by our proprietary platform, which embeds real-time insights, next-best-
102 action workflows, and automated authorization processes directly into provider and care team workflows,
103 increasingly supported by AI agents. More than two-thirds of prior authorizations are automatically
104 approved, improving access while reducing administrative burden. Within our delegated risk model,
105 providers operate with transparent performance data and financial alignment, reinforcing accountability
106 at the point of care.

107 Importantly, technology engagement directly translates into measurable performance. Engaged providers
108 using our internally built platform achieved a 24% higher gap closure rate and a 30% higher Annual
109 Wellness Visit completion rate compared to less engaged providers. These differences translate into
110 stronger quality performance and more consistent financial results, and we expect similar improvements
111 over time as newly integrated populations adopt our platform.

112 We see this translate into predictable cohort maturation in our expansion markets. Southern Nevada
113 achieved run-rate profitability in 2025, with a 20% year over year improvement in medical loss ratio. This
114 improvement reflects the scalability of our delegated care model, which we have observed across prior
115 expansion markets. As we launch our full-risk delegated model in Texas this year, we expect to see a
116 similar maturation curve over time.

117 Fourth, our Astrana Care Enablement technology platform continues to drive meaningful operating
118 leverage across the enterprise, enabling disciplined, capital-efficient growth in new markets while
119 expanding margins within our existing business.

120 On the growth side, our platform makes the J-curve shallower and accelerates time to profitability as we
121 scale into new markets by standardizing and automating workflows, accelerating clinical integration, and
122 embedding real-time data and risk infrastructure from day one. This was demonstrated by the successful
123 onboarding and integration of a new care enablement client and its affiliated hospital at the beginning of

124 the year. We also launched a fully delegated partnership with a large payer partner in Texas on January
125 1st, expanding our delegated Medicare Advantage footprint with limited incremental overhead.

126 Within our existing operations, we continue to drive measurable efficiency gains. G&A as a percentage of
127 revenue was 6.8% in 2025, down 75 basis points year over year despite \$26 million of one-time
128 transaction-related costs, and down 110 basis points on an adjusted basis. This reflects operating leverage
129 embedded in our platform as revenue scales, and we believe our model supports continued EBITDA
130 margin expansion as we scale revenue and continue embed AI-driven automation across the enterprise.

131 In combination, these four pillars—disciplined membership growth, measured risk progression, consistent
132 clinical execution, and technology-driven operating leverage—form a model that is structurally positioned
133 to expand margin and share across cycles.

134 Before turning it over to Chan, let me briefly address two important items.

135 First, on Prospect. Integration remains on track and continues to validate the strategic rationale for the
136 transaction. During the fourth quarter, we completed the standardization of financial reporting across the
137 combined organization, established live visibility into medical economics and utilization trends, and
138 aligned clinical workflows and organizational structure under the Astrana care model.

139 As a result of this progress and early performance, we now expect to achieve the high end of our
140 previously communicated \$12 to \$15 million in annualized synergies over the coming quarters.

141 Provider engagement has remained strong throughout the integration. More than six months after
142 closing, we continue to see over 97% gross retention among Prospect primary care physicians. This level
143 of stability reflects strong continuity of provider relationships and alignment with the Astrana model.

144 Looking ahead, I would also like to address the 2027 Medicare Advantage Advance Rate Notice.

145 While the industry-level rate update was approximately flat, our preliminary analysis suggests that the
146 impact to Astrana is expected to be meaningfully more favorable than for the industry at large, reflecting
147 the structure of our care model and strengthening our competitive position in the current environment.

148 First, we do not rely on audio-only visits or unlinked chart reviews for risk adjustment. CMS has estimated
149 that the disallowance of these diagnosis sources represents a 1.53% headwind to the industry, but given
150 our encounter-based, longitudinal delegated care model, we expect our exposure to this change to be
151 minimal.

152 With respect to the risk model revision and normalization, CMS estimates an industry headwind of 3.32%.
153 Based on our initial actuarial review of the updated risk model coefficients, we expect a materially lower
154 impact than the industry-wide estimate, given our historically conservative approach to risk adjustment
155 and our emphasis on preventive care, quality performance, and medical cost management.

156 More broadly, this environment favors organizations that generate performance through clinical
157 execution and disciplined cost control rather than coding intensity. That is precisely how Astrana operates.
158 As regulatory changes level the playing field with respect to risk adjustment, we believe the strength of
159 our clinical infrastructure and technology platform positions us to widen our advantage over time. Over
160 three decades and multiple regulatory cycles, we have demonstrated consistent growth and sustained
161 profitability. That track record gives us confidence in the durability of our model and the diversity of our
162 revenue streams.

163 As we enter 2026, we expect continued disciplined membership growth, measured risk progression, stable
164 medical cost performance, and further operating leverage from our technology platform.

165 We are operating from a position of structural strength. Our platform is designed to expand margins,
166 generate consistent free cash flow, and gain share across regulatory cycles. Our history demonstrates that
167 resilience clearly.

168 In an environment where underwriting discipline, physician alignment, and clinical execution matter more
169 than ever, we believe Astrana is structurally advantaged. We see opportunity—not constraint—to
170 continue compounding growth and advance our mission to provide high-quality, high-value care to the
171 communities we serve.

172 With that, I'll turn the call over to Chan to review our financial results and outlook in greater detail.

173

174 **Chan Basho**

175 Thank you, Brandon, and good morning, everyone.

176 Our fourth quarter and full year results reflect disciplined execution during a period of significant scale
177 and integration. We successfully closed the Prospect Health acquisition while continuing to invest in our
178 platform and maintaining solid performance across the legacy Astrana and Prospect businesses.

179 Before turning to the financial highlights, I wanted to address our annual report filing timeline. We will be
180 filing a Form 12b-25 due to a material weakness in internal controls over financial reporting related to
181 acquisition and purchase accounting processes. The matter relates to the timing and documentation of
182 certain control procedures. The financial results reported today are in accordance with U.S. GAAP, and
183 the matter did not result in any material misstatement or restatement of prior periods.

184 We have already implemented enhancements to our accounting processes and expanded our team's
185 resources, and will continue to invest in the accounting function in order to complete remediation on an
186 expedited basis. We expect to file the 10-K within the fifteen-day 12b-25 extension period.

187 We are pleased with the performance of the business in the fourth quarter and full year of 2025.

188 Total revenue for the fourth quarter was \$950.5 million, up 43% versus the prior year quarter, driven by
189 the full-quarter contribution from Prospect and continued organic growth in our Care Partners segment.
190 For the full year 2025, revenue was \$3.2 billion, representing a 56% year-over-year growth and at the high
191 end of our guidance range.

192 Adjusted EBITDA for the fourth quarter was \$52.5 million, up 50% versus the prior year period. Adjusted
193 EBITDA for the full year was \$205.4 million, up 21% year-over-year. Medical cost performance in the
194 quarter for both legacy Astrana and legacy Prospect remained well controlled for both and slightly better
195 than our expectations, continuing to reflect the differentiated outcomes of our fully delegated,
196 technology-enabled care model.

197 For the fourth quarter, net income attributable to Astrana was \$6.0 million, and earnings per share was
198 \$0.12, compared to negative (\$0.15) in the prior year period. Adjusted earnings per share for the quarter
199 was \$0.54, and for the full year 2025, adjusted earnings per share was \$2.20.

200 Turning to cash flow and the balance sheet.

201 For the full year 2025, free cash flow totaled \$104.5 million, with an over 50% conversion rate relative to
202 adjusted EBITDA. This exceeded the high end of our previously communicated conversion range and
203 reflects strong underlying cash generation. We continue to expect strong free cash flow growth into 2026
204 as new full-risk contracts ramp, working capital normalizes, and integration-related investments decline.

205 We ended the quarter with \$429.5 million of cash and \$648.7 million of net debt. Our net leverage ratio
206 on a pro-forma basis was 2.6 times. We continue to expect meaningful deleveraging over the next twelve
207 months through profitable growth, free cash flow generation, and disciplined debt reduction.

208 During the fourth quarter, we repurchased approximately 634 thousand shares at an average price of
209 \$22.23, reflecting our disciplined capital allocation framework and confidence in the long-term value of
210 the business. In addition, the Board has increased the maximum aggregate amount of shares that may be
211 purchased under the Company's existing stock repurchase program from \$50 million to \$100 million. The
212 Company may determine to continue to make repurchases under the program following the filing of the
213 10-K.

214 Entering 2026, we expect continued revenue growth and adjusted EBITDA expansion driven by growth
215 across our core and expansion markets, ramping full-risk contracts, realization of Prospect synergies, and
216 sustained cost discipline. While medical cost trends remain elevated across the industry, our disciplined
217 contracting approach, diversified payer mix, and proven clinical model position us to manage these
218 pressures while preserving margin discipline and cash flow generation.

219 For the full year 2026, we expect revenue in the range of \$3.8 billion to \$4.1 billion, adjusted EBITDA
220 between \$250 million and \$280 million, and free cash flow between \$105 million and \$132.5 million. For
221 the first quarter of 2026, we expect revenue between \$900 million and \$1.0 billion and adjusted EBITDA
222 between \$60 million and \$70 million.

223 The midpoint of 2026 guidance reflects our operating plan. The low end assumes a stacked downside case,
224 rather than a shift in underlying execution or operating trajectory.

225 Our guidance reflects a deliberately prudent planning framework. On the headwind side, we have
226 embedded expected declines in Medicaid and Exchange enrollment, adverse selection associated with
227 expected Medicaid and Exchange disenrollment, losses associated with new cohorts in expansion
228 markets, incremental new market entry costs, conservative medical cost trend assumptions, and zero
229 contribution from the California Hospital Quality Assurance Fund, or HQAF.

230 On the tailwind side, we have modeled improved 2026 Medicare Advantage rates, realization of Prospect
231 synergies, continued maturation of full-risk cohorts, and ongoing operating efficiencies driven by
232 automation and AI deployment.

233 Performance to the higher end of our range would be driven primarily by medical cost trends
234 outperforming our conservative assumptions, lower-than-modeled Medicaid and Exchange
235 disenrollment, stronger-than-expected new market maturation, and potential continuation of the HQAF
236 program.

237 Taken together, our guidance reflects disciplined underwriting, embedded conservatism, and confidence
238 in the durability and scalability of our operating model.

239 With that, operator, we are happy to take your questions.