

Claritev Q4 2025 Earnings Script

Todd Friedman, VP, Investor Relations

Thank you, operator. Good afternoon and welcome to Claritev's fourth quarter 2025 earnings call. Joining me today are Travis Dalton, President and Chief Executive Officer; and Doug Garis, Chief Financial Officer. Jerry Hogge, Chief Operating Officer will also join for Q&A. During our call, we will refer to the supplemental slide deck that is available in the Investors portion of our website along with the fourth quarter 2025 earnings press release issued earlier this afternoon.

Our remarks and responses to questions today include forward-looking statements. These forward-looking statements represent management's beliefs and expectations only as of the date of this call. Actual results may differ materially from these forward-looking statements due to a number of risks. A summary of these risks can be found on the second page of the supplemental slide deck and a more complete description in our annual report on Form 10-K and other documents we file with the SEC.

We will also be referring to several non-GAAP measures which we believe provide investors with a more complete understanding of Claritev's underlying operating results. An explanation of these non-GAAP measures and reconciliations to their comparable GAAP measure can be found in the earnings press release and in the supplemental slide deck.

With that, I would now like to turn the call over to Travis.

Travis Dalton, President & CEO

Thank you, Todd. Good afternoon everyone and thank you for your time today.

I am excited to share our Q4 results, 2026 guidance and transformation progress. However, first I would like to reflect for a moment on the state of our journey here at Claritev and the industry.

As I near my 2nd anniversary as CEO of Claritev I can't help but reflect on what we have accomplished and what lies ahead. When I joined the company, we faced a set of challenges that required a well thought out, long-term, strategic plan. We set out very intentionally to create Vision 2030, not Vision 20 minutes, and are very committed to that.

That is not meant to be dismissive of immediate results and short-term objectives. But to be clear, our goal – and the focus of this management team - is to build a well run, disciplined healthcare technology company, that delivers sustainable, profitable growth. A business that solves real and pressing problems in healthcare today and the future, specifically with laser focus in the areas of transparency and affordability which are key to better health outcomes and economics going forward.

I am exceedingly proud of the work we have done to lay a foundation, clarify our purpose, align and recruit talent, and focus our company and associates on key performance metrics. That combination of Clarity, Alignment and Focus, when applied against our digital transformation and the introduction of proven horizontal products into new vertical markets, has

allowed us to turn to profitable growth sooner than expected. Simply put, our strategy is working. Most importantly it has allowed us to prioritize and work with urgency to help our clients with their most pressing needs.

One comment on my remark that we have returned to profitable growth sooner than expected... One year ago, we stood on this call and provided initial guidance of flat to down revenue, with significant negative Free Cash Flow. I'd be remiss to not take a moment and give recognition to the nearly 3,000 associates at Claritev who showed up every day, aligned to our mission of making healthcare affordable for everyone in line with our Vision 2030 Plan, and delivered these results that far exceed what anyone thought we could do in the Year of the Turn.

On that note, let me turn to the foundational reasons why Claritev is positioned to keep winning in this market. We operate in a highly complex and sometimes fragmented and misaligned industry. Our fundamental belief is that increased transparency, better data, and technology for providers, payers and employers will lead to more alignment and better decision-making. Costs continue to rise, high cost claims are increasing, the regulatory environment is fluid, and waste, fraud and abuse are real challenges to tackle. As evidenced by our results, we are well positioned to meet these pressing needs with our network innovation, claims intelligence, transparency, and predictive employer tools that ultimately benefit the healthcare consumer.

That combination of solutions, designed to complement and augment each other when used together, is the real strength of our business. I'm often asked about our true competitive advantage, and I say it centers around five things:

- One, the comprehensive network that we have developed over decades
- Two, the deep workflow knowledge and substance of our client relationships as evidenced by recent renewals and sales growth
- Three, the proprietary IP, business rules, ability to analyze data, flexibility to adapt quickly, and technology scale
- Four, very high provider acceptance. For all of the noise around payer-provider friction, we achieve greater than 90% acceptance across all our solutions, actually reducing the abrasion inherent in the market.
- And five, a long history of regulatory expertise that is invaluable to our clients trying to adapt to a constantly changing state and federal environment.

Talking about our competitive advantages, let me take this moment to comment about AI at Claritev. Technology has been a massively positive force improving healthcare. AI is giving us the opportunity to tackle the biggest challenges that still exist — fragmentation and sensitivity of data, misaligned incentives, complexity of workflows, and access. AI is reshaping the way we develop, work, and our collective future. These persistent challenges are the opportunity for impact and the time is now.

Our four-plus decades of working with clients across the ecosystem are a major advantage along with the competitive moat we have created with unique IP. The competitive advantages I just listed become even more pronounced when considered alongside our extensive AI strategy. There will be winners and losers in this market and we believe three core ingredients will be crucial going forward: 1) embedded workflow domain expertise 2) client agreements and data rights access, and 3) trust. We will work with our clients and other AI frontier data partners where appropriate.

We are prioritizing AI where it supports clear client outcomes (revenue, cost, risk reduction) and can be embedded directly into workflows to find more value for our clients by simplifying cumbersome manual processes, driving measurable revenue growth, and taking real costs out of the system. We have clear examples of success including the use of AI to enhance our surprise bill services, advance our payment & revenue integrity products, and workflow automation around credentialing and other key areas. AI must function within claims adjudication, payment workflows, contracting, and reconciliation processes that work across payers, providers and employers.

Let me end with trust. We have 40+ years of making and keeping promises with our clients. They trust us to act responsibly, to govern well, and they believe in the integrity of our data and solutions. The moat is no longer code. It is the data, workflow distribution and trust that

will matter most. Simple tools will go by the wayside first, but the long term winners will be platforms that support data-rich workflows. Those will be the technologies where AI will enrich what we are capable of delivering. That's us....and when you add all of that up we not only like our position but embrace the AI revolution.

We published a strategy brief on Claritev.com this morning that lays out our AI position in greater detail, and we will go deeper on this topic at our Investor Day on March 16. Quite simply, between the combination of our competitive advantages and our AI leadership, nobody is better positioned to meet the coming demands impacting affordability than we are.

Turning to the results...

We are on the Way Up as evidenced by our Q4 highlights, full year results and 2026 guidance. We achieved 6.2% revenue growth in Q4 YoY, continuing to demonstrate not only durability but that our vertical market strategy is working against our product roadmap. Doug will give a fulsome update on the numbers, but I am also really pleased with our bookings of \$23 million in Q4, representing a record for the company. That result, along with our expected full year bookings growth in 2026, bodes well for our future and creating sustainable growth. Let me give a few quick highlights

- As previously reported we have renewed our top clients and continue to expand our solutions and whitespace with them in key areas like NSA and PRI.
- We continued to expand our market presence with momentum in the TPA and broker verticals with additional Q4 client acquisition. The same can be said for our provider and government market segments with some exciting announcements to come very soon.
- We deployed a number of features and solutions that reinforce our culture of innovation. One new solution made possible through our digital transformation is our Network Builder. The Claritev network of 1.4 million providers is one of the least appreciated assets we operate. A key feature for our clients is our capacity to deliver the whole network or to curate a specifically tailored narrow network addressing geographic needs, like niche specialties or rural access gaps. While we have been delivering bespoke networks for decades, with Network Builder we are now able to create those networks in minutes with a few keystrokes, replacing what used to be a lengthy, manual process.
- And, we are expanding our footprint internationally in the Middle East, signing two additional clients that will create momentum for growth in 2026.

Overall in 2025, we acquired 30 new logos across all our vertical markets and grew our bookings number year over year. We had more diversification in our selling activity, including significant expansions of our Payment and Revenue Integrity solutions. We also have more

telemetry into our selling motion than ever before, allowing us to strengthen our win rates and increase average deal sizes. I expect 2026 to be an even bigger record setting sales year for Claritev.

The exciting part is we are just getting started. We are well into our digital transformation that will create a stronger and more durable operating and technology platform for the long haul, complemented by our product teams and AI leadership. All of this bodes well for Claritev's future, but most importantly for our clients and our ability to serve their emerging needs.

With that, I'll turn it over to Doug.

Doug Garis, Chief Financial Officer

Thank you, Travis, and good afternoon, everyone.

I have a lot to cover today, so I will move quickly through my remarks highlighting Q4 and full year 2025 before I give you the set-up for what we believe will be the main catalysts for growth this year. We've also posted a supplemental deck on our investor relations website for more detail to support our remarks.

To start, 2025 can be understood most clearly in the remarkable pivot in our financial performance that began in Q1 and progressed throughout the year. Revenue, Adjusted EBITDA and Free Cash Flow all ended the year well ahead of our initial guide. And our 2026 guidance reinforces our posture as a business on the Way Up, with a growing top and bottom line, and an emerging business model built for durable growth over many years to come. So let's get right to the numbers.

Total revenue in Q4 was \$246.6 million, up 6.2% year-over-year. Growth in Q4 came from both our core business and expansion areas. Recall that Q4 is the last quarter with a one-time revenue benefit of about \$5 million in our P&C business, which falls under the Network service line. In total we had about \$18 million of non-recurring revenue in 2025, with roughly ~\$2 million of benefit in Q1 and \$5M of benefit in quarters two, three and four that will not repeat this year.

Adjusted EBITDA was \$151.3 million for the quarter, up 7% at a 61.4% margin, and we generated \$36.4 million of Levered Free Cash Flow in the quarter. We also deployed about \$5 million for a small tuck-in acquisition we completed in November. We ended the year with \$28 million of total cash and \$17 million of unrestricted cash. Our net leverage at the end of the year was 7.7 times, an improvement of nearly a half a turn from our ending position at the time of our debt-refinancing transaction in January.

As a reminder, since the debt-refinancing transaction concluded in January last year, we expect Q1 and Q3 to be cash consumption quarters and Q2 and Q4 to be cash generating quarters in the near term.

For the full year, revenue was \$965.4 million, an increase of 3.7% and Adjusted EBITDA was \$602.6 million, an increase of 4.5% over 2024. Most notably, Levered Free Cash Flow, which we forecasted to be a use of \$70 million to start of the year, finished the year near the midpoint of our most recent guide with a use of (\$12.3 million).

As I frame up our 2026 guide, I want to highlight a few areas that will be relevant to your models going forward. In Q4, we began to see the expected shift of some previously capitalized costs to OpEx, particularly around cloud computing costs; which is normal for technology companies that move from on-prem data center usage to the cloud. This will have a zero-dollar cash flow impact this year as we expect total capital investments to remain consistent. This transition will increase OpEx (and thus decrease Adjusted EBITDA), with a corresponding

reduction to related CapEx in 2026 and going forward. I want to be clear that our primary financial objectives this year are driving revenue growth (at good margins), combined with a keen focus on improving Free Cash Flow. As we move through our digital transformation, additional costs will shift to OpEx and we fully expect to realize meaningful synergies as we outlined in previous calls. At the end of the day, we are focused on total dollars spent (whether expense or capital), so you will hear us focus more on Free Cash Flow and Adjusted Cash Conversion as key metrics to highlight progress against our multi-year strategy.

From a Go-to-Market perspective, Q4 capped a remarkable year of improved sales motion. We exceeded our internal expectations, finishing the year with \$67 million in ACV booked and having closed more than 650 opportunities. In 2025, we closed more than 100 deals over \$100K of ACV (up 30%) with the average deal size improving by 50% on a full year basis. The pipeline for 2026 is already strong and we expect to continue last year's momentum with both existing customer white space and new logo additions. We expect to deliver strong double-digit ACV bookings growth in 2026, which will begin to convert to revenue towards the end of this year and into 2027.

These results are rooted in the strength of our Core offerings, which were responsible for 94% of total revenue in 2025. This powerful combination of a durable core, alongside the investments we are making to deliver new and improved solutions to expanded end markets,

gives us visibility and confidence in achieving the strategic and financial objectives we laid out last year with our Vision 2030 plan. Simply put, we are getting more hits with more at bats.

Now onto revenue guidance. We are initiating 2026 revenue at \$980 million to \$1 billion, representing 2 – 4% growth over 2025. Excluding the \$18 million of one-time revenue in 2025, we are modeling 4 – 6% growth this year. While we historically do not provide quarterly splits, given the addition of new ACV and the impact of the one-time revenue, we are providing direction to aid in your quarterly modeling. We would expect low single digit growth in Q1, with modest sequential growth in Q2 (due to the 1-time revenue headwind). Then, as revenue from new ACV ramps, we expect our growth rate to increase to between 3 - 5% for the second half of the year adding up to the full year guide. We have included a summary in the supplemental deck to help bridge the major revenue drivers this year. It provides more color on how you should model gross revenue retention, expansion and ACV conversion to get to our revenue range.

We are introducing full-year Adjusted EBITDA guidance of \$605 million to \$615 million, with margins of 61% to 62%. For a year-over-year comparison, keep in mind, the \$18 million of one-time revenue in 2025 flowed through at 100% margin. When normalizing for that impact, our guidance implies 3.5% to 5% Adjusted EBITDA dollar growth on a like-for-like basis.

As discussed earlier, we expect to incur \$10 to \$15 million of OpEx costs previously classified as CapEx related to our movement of technology infrastructure to the cloud. Additionally, we plan to invest \$20 to \$25 million in our go-to-market and delivery functions to

maintain momentum and best support the strong double-digit ACV bookings growth we have planned.

You'll also notice that we are returning to a dollar-based Adjusted EBITDA guide. We believe this better reflects how we are managing the business in 2026 — with a clear emphasis on revenue growth, disciplined investment, and improving Free Cash Flow. Importantly, should we outperform, we are prepared to thoughtfully reinvest incremental upside to further strengthen our growth trajectory.

We are forecasting total capital of \$160 million to \$170 million and we are projecting Free Cash Flow of \$0 million to \$10 million this year. One final point on Free Cash Flow. 2025 included our comprehensive debt-refinancing transaction, which distorted some of our metrics. In 2026, we expect to deliver double-digit Operating and Unlevered Free Cash Flow growth; with Adjusted Cash Conversion normalizing to pre-2025 levels at approximately 50-55%.

I'll add one last thread about the broader macro environment and how that impacts our internal projections. We have recently benefitted from a few positive market tailwinds. While there are many market trends we monitor, a few stand out. Out-of-network claims volume, medical inflation and claims mix are three key factors that underpin our modeling and have the greatest impact on our PSAV revenue.

In the past five years, out-of-network claims volume has remained consistent around 7% of total healthcare claims. Medical inflation has also remained at historically heightened levels.

We have traditionally modeled more conservative expectations for both volumes and inflation-related growth, which is reflected in our initial guide. And lastly, our mix has continued to favor certain out-of-network and higher priced services like behavioral health, urgent care and other specialties that can often occur at out-of-network providers from employer-sponsored health plans.

I wanted to end by sharing that our capital allocation priorities are clear and unchanged. At the highest level, we continue to focus on organic investments to fuel our Vision 2030 Plan—that's where most of our time and energy is directed. These investments are driving innovation, operational improvements, and enabling us to get fit for long-term and sustained growth. At the same time, we're maintaining a high priority on debt reduction with a renewed focus on value-creating M&A; both of which strengthen our balance sheet and position us for more flexibility in our capital structure going forward.

All of this aligns with our guiding principles to diversify and accelerate—expanding our solutions, verticals, and channels to drive growth—while also de-levering and de-risking our business to enhance cash flow and operating agility.

With that, I will turn it back over to Travis for some final remarks before taking your questions.

Travis

Before I turn the call over for questions, I want to make one last comment about moving from The Year of the Turn in 2025 into The Way Up in 2026. The opportunity ahead is real and exciting and the tools for disruption are here. That's a good thing.

We made The Turn successfully because of our focus on our clients, and the competitive advantages I described earlier. But a moat isn't enough...companies will need clear and delineated strategies to deploy value to clients in a rapidly changing environment. We are prepared to do that. Despite the turmoil we read about in healthcare, I believe in those across the ecosystem that care deeply about access, quality and costs, and the value we bring will continue to lift Claritev to new heights.

With that, I'll turn it to the operator for questions.