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# EDITED TRANSCRIPT

PRVA - Privia Health Group Inc Q4 2025 Earnings Call

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## PRESENTATION

### Operator

Good morning, ladies and gentlemen, and thank you for standing by. My name is Kelvin, and I will be your conference operator today. At this time, I would like to welcome everyone to the Privia Health fourth quarter conference call. (Operator Instructions). I would now like to turn the call over to Robert Borchert, SVP, Investor and Corporate Communications. Please go ahead.

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**Robert Borchert** - Privia Health Group Inc - SVP, Investor & Corporate Communications

Thank you, Kelvin, and good morning, everyone. Joining me are Parth Mehrotra, our Chief Executive Officer; and David Mountcastle, our Chief Financial Officer.

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This call is being webcast and can be accessed in the Investor Relations section of [priviahealth.com](http://priviahealth.com), along with today's financial press release and slide presentation. Following our prepared comments, we will open the line for questions. Please limit yourself to 1 question only and return to the queue if you have a follow-up so we can get to as many questions as possible.

The financial results reported today are preliminary and are not final until our Form 10-K for the year ended December 31, 2025, is filed with the Securities and Exchange Commission.

Some of the statements we'll make today are forward-looking in nature, based on our current expectations and view of the business as of February 26, 2026. Such statements, including those related to our future financial and operating performance and future business plans and objectives are subject to risks and uncertainties that may cause actual results to differ materially.

As a result, these statements should be considered along with the cautionary statement in today's press release and the risk factors described in our company's most recent SEC filings.

Finally, we may refer to certain non-GAAP financial measures on the call. Reconciliation of these measures to comparable GAAP measures are included in our press release and the accompanying slide presentation on our website.

Now, I'd like to hand the call over to our CEO, Parth Mehrotra.

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**Parth Mehrotra** - Privia Health Group Inc - Chief Executive Officer, Director

Thank you, Robert, and good morning, everyone. Privia Health delivered a very strong 2025 as we continue to execute extremely well and drive growth across our markets.

This morning, I'll summarize our performance and business highlights, then David will discuss our 2025 financial results and our 2026 guidance before we take your questions.

Privia Health's outstanding operational execution and the strength of our diversified business model clearly demonstrate our ability to perform in all types of market and health care regulatory environments. We are proud to deliver on our mission to achieve the quadruple aim: better outcomes, lower costs, improved patient experience and happier and more engaged providers.

New provider signings and implementations remain strong across all markets, which provides great visibility through 2026. We added 591 providers, a 12.3% increase year-over-year. We ended the year with 1.54 million value-based attributed lives, up 22.7%. The combination of

Implemented Provider growth and very strong value-based performance helped increase Practice Collections 16.9% in 2025. We continue to show strong operating leverage across the platform and G&A expenses.

Adjusted EBITDA for the year increased 38.8% to \$125.5 million, with EBITDA margin as a percentage of care margin expanding 480 basis points to reach 27.2%.

On December 5, we completed the acquisition of Evolent Health's ACO business. This added over 120,000 value based attributed lives across existing and new states. We also entered Arizona in April with our anchor partner, IMS. IMS was implemented on the Privia platform at the end of Q3, and we are seeing strong sales momentum in the state.

We deployed \$180 million for these transactions, and our cash balance ended the year at \$480 million. This was only \$11 million below a year ago due to the tremendous cash flow generation of our business as we converted 130% of EBITDA to free cash flow.

Our 2025 performance and momentum position our business extremely well. We expect to drive EBITDA growth of approximately 20% at the midpoint of our 2026 guidance and convert 80% of EBITDA to free cash flow.

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This positions Privia to end 2026 with approximately \$600 million in cash, assuming no new business development. Our 2025 results and 2026 guidance further demonstrate our ability to continue to compound EBITDA and free cash flow in a very difficult health care services environment.

Privia's national footprint now includes a presence in 24 states and the District of Columbia, including the Evolent Health ACO business. At year-end 2025, we had 5,380 implemented providers caring for over 5.8 million patients. We continue to demonstrate very high gross provider retention of 98% and patient NPS of 87 across our footprint.

Privia's diversified value-based platform serves over 1.5 million patients through more than 130 commercial and government programs. Our total attributed lives increased 23% from a year ago. This was driven by new provider growth across our markets, the addition of the Evolent ACO and our entry into Arizona.

Commercial attributed lives increased more than 16% from last year to reach 910,000. Lives attributed to the CMS Medicare programs were up 52%. Medicare Advantage and Medicaid attribution increased 15% and 23%, respectively, from a year ago.

We remain highly focused on generating positive contribution margin in our value-based book. We have proven that we can build scale and manage risk without depending on any one particular contract, while we continue to implement clinical and operational enhancements in our medical groups.

Our performance over the past few years is a testament of our approach to value-based care and the strength of our actuarial underwriting, clinical operations and physician-led governance structure.

Now I'll ask David to review our financial results and 2026 guidance in more detail.

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**David Mountcastle** - Privia Health Group Inc - Chief Financial Officer, Executive Vice President

Thank you, Parth. Privia Health's strong operational performance continued through the fourth quarter.

Implemented providers grew 130 sequentially from Q3 to reach 5,380 at December 31, an increase of 12.3% year-over-year.

Implemented provider growth, along with solid value-based performance and ambulatory utilization trends, led to practice collections increasing 9.6% from Q4 a year ago to reach \$868.7 million. Adjusted EBITDA, which is reconciled to GAAP net income in the appendix, increased 26.4% over the fourth quarter last year to reach \$31.5 million, representing 27% of Care Margin.

This is a 390-basis point margin improvement year-over-year as we continue to generate significant operating leverage.

For the year, we exceeded the high end of our updated 2025 guidance provided in November for all key operating and financial metrics, with practice collections and platform contribution coming in at the high end.

Practice collections increased 16.9% to reach \$3.47 billion. Care margin was up 14.4% and adjusted EBITDA grew an exceptionally strong 38.8% to reach \$125.5 million. All metrics were substantially higher than our initial guidance that we provided at the beginning of 2025, reflecting our strong execution amidst a very challenging environment.

Our business continues to generate very strong financial leverage as conversion from EBITDA to free cash flow was 130% in 2025. We ended the year with \$479.7 million in cash with no debt. Given our outstanding cash generation with minimum capital expenditures, we expect to end 2026 with approximately \$600 million in cash, assuming no capital deployment for new business development.

This positions us with significant financial flexibility to take advantage of opportunities as they present themselves in the current market. Our outstanding 2025 performance positions us well to continue our momentum through 2026.

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Using the midpoints of our new 2026 guidance, implemented providers are expected to increase 10.6% year-over-year to reach 5,950 by year-end.

Attributed lives are expected to be approximately 1.58 million. We expect practice collections to grow 6.6% and care margin 13% at their respective midpoints.

We are guiding to adjusted EBITDA growth of 19.5% at the \$150 million midpoint and expect 80% of full year 2026 adjusted EBITDA to convert to free cash flow as we become a full cash taxpayer this year.

While our guidance for 2026 assumes no acquisitions, we will remain disciplined and strategic in our capital deployment. We expect to continue to actively seek business development deals, both in new and existing markets to continue to grow the business and compound our EBITDA and free cash flow.

Over the last two years, our EBITDA growth rate has averaged 32%, far exceeding our target growth rate of 20%. The midpoint of our 2026 guidance will result in more than a doubling of EBITDA in the past three years.

Privia's consistent growth and our ability to compound EBITDA and free cash flow across economic, health care and regulatory cycles over the past nine years validates the strength of our business model. Privia's business momentum, powered by the consistent execution by our provider partners and our employees has positioned us well to continue to drive growth and profitability as we build our national footprint. I would like to take this opportunity to thank each one of them for their continued hard work.

Operator, we are now ready to take questions.

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## QUESTIONS AND ANSWERS

### Operator

Josh Raskin of Nephron Research.

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### Josh Raskin - Nephron Research - Analyst

Hi, thanks. Good morning. Can you speak to tech investments, including AI and maybe advancements that you're making on your model for physicians? I'm interested in any new capabilities that you've implemented, maybe efficiencies you're seeing on both the administrative side and the revenue cycle side? And then lastly, anything Athena has rolled out that you think is making an impact on your implemented provider base?

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### Parth Mehrotra - Privia Health Group Inc - Chief Executive Officer, Director

Yeah, thanks for the question, Josh. So, I think it's very timely, and I'd like to just step back maybe.

I think, just to structure our thoughts, there are three components when we think about AI-related investments, and I'll go into a little bit deeper.

So, the first is, I think it's important to understand in our business model, we are very uniquely positioned with our medical group structure, with single tax ID medical groups, with the ACO entity and then with the full tech and services platform where we are deeply embedded in the workflow that we have access and ownership of a lot of data across every single patient, five-plus million; every single specialty; every single practice across the whole care continuum.

So, the medical groups have access to every single patient encounter, the clinical records. Our MSO has access to every single claim that goes through the RCM engine. And then we have every single patient interaction with the doctor, with our service lines, with after hours, everything is documented.

So, this -- it leads us to be a real perfect model where it's a very data rich environment, and we are really excited on all potential applications of AI.

So, with that being true, the second key point is what buckets of investments we can make to enable us to benefit from all of this innovation that's going to happen now and into the next two, three years that will lead us to enhance margins and then ultimately, shareholder returns.

And we look at these in five broad buckets effectively. One is, every single corporate function at Privia on the corporate side.

So, we're on Google Cloud, Google Workspace as an example. We are implementing Gemini in every single thing that we do in a HIPAA-compliant manner as an example. We are working with our existing technology partners. So, you mentioned athenahealth.

There's also Salesforce, there's Workday on every single corporate function. And then, there are new innovators that are innovating across the spectrum that we are continuously piloting.

So, that's on the corporate side and then, on the physician practice side, I think there are three buckets: the entire fee-for-service workflow, the entire value-based workflow and then the patient engagement workflow where we are looking at different applications of AI with both existing vendors that we work with like Athena, but then also new companies.

So, we invested in Navina last year, as we talked about, helping us with clinical decision support with suspect medical conditions, with better documentation of patients. We are looking at everything that's happening on the revenue cycle side, all the innovations coming through, scribing as an example and I think this will be a balance between what existing partners can do and what new innovations will happen over the next few years, a balance between how much we can implement sooner versus a little bit of delayed gratification as these models are becoming better and faster as we're all reading about and the last bucket is actual care delivery.

So how our doctors interact with patients in a capacity-constrained manner. There's a shortage of PCPs, shortage of nurse practitioners and APPs. And so, I think the productivity enhancement that we can get across our whole organization is massive and then ultimately, the last bucket is how does all that lead to tangible ROI and margin improvement as we grow and then also scale this company.

So, I think if you look at Slide 11, on our investor presentation this morning, we've gotten the business to -- if you look at the midpoint of our guidance for 2026, at 29% EBITDA margin as a percentage of care margin.

That's very close to what we thought at IPO as our long-term range, 30% to 35%. I think with all that we see from what we can do with AI, I think we can get to the high end of the range or even exceed it over the next many years.

There's no reason why a company like ours with this much opportunity should not be able to do that. So, I think that's going to lead to really good results for the shareholders as the margin improves.

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**Operator**

Jailendra Singh, Truist Securities.

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**Jallendra Singh** - Truist Securities - Analyst

Thank you and good morning and congrats on a strong quarter. I was wondering if you can provide some color on practice collection trends for both Q4 and 2026 guidance.

I mean Q4 results and '26 guidance are both pretty solid, but that's the one metric with some variability versus consensus, and what you have typically seen. You also noticed in your slide deck that care center locations declined slightly, like 40 from Q3 to Q4. I'm not sure if that's the primary driver for practice collections not growing in '26 at the rate we have historically grown.

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**Parth Mehrotra** - Privia Health Group Inc - Chief Executive Officer, Director

Yeah, thanks for the question, Jallendra. So, on practice collection, there are two or three things. So, one is Q3 to Q4. In Q3, as you recall, we recognized there's a lot of prior-period true-up on our value-based book from '24.

That's obviously led to the great outperformance on EBITDA. But that's -- we -- I think we talked about this last quarter where Q3, we had some prior period adjustments so that quarter-over quarter, the comps get a little bit tougher. And then, annually, there are two or three variables.

So one is, if you look at Page 10 of our press release where we break out revenue by source, you'll see the capitated revenue line went up by close to \$100 million. And that was a result of increase in lives, in capitation as well as the percentage of premium we are recognizing.

That's not going to carry forward in '26. I mean we're pretty prudent with our guidance. I don't think you're going to see -- we're not assuming -- the guidance does not assume that that will repeat itself and then also on the Evolent ACO business, it's important to highlight, like, we are not recognizing any premium revenue in practice collections on our value-based book other than this capitated line.

So that makes the comps tougher. I think the right way to look and compare is at the care margin line. That's what we are focused on, on what Privia can get from a shared savings perspective and our shareholders can, and that's growing pretty consistently.

So, at the midpoint, care margin is growing low double digits, which is very consistent with how we've looked at the business.

So hopefully, that clarifies on the collections. But, overall, it's pretty strong trends, just some year-over-year nuances and then on the care centers, I think it's just rounding instead of being precise, it's 1,300-plus care centers. The provider growth speaks for itself.

The implemented providers is really strong. We had one of our best sales year, best implementation years. You can see the year-over-year growth. You can see the guidance for next -- for this year, for '26. So that's the key metric there.

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**Operator**

Lisa Gill, JPMorgan.

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**Lisa Gill** - JPMorgan Chase & Co - Analyst

Hi, good morning and thanks for taking my question. Sorry, I just have a question around utilization trends. Obviously, it's been a really strong utilization environment the last few years. What are your thoughts around some of the changes around ACA and Medicaid enrollment and any potential impact that it could have?

**Parth Mehrotra** - Privia Health Group Inc - Chief Executive Officer, Director

Yeah, thanks for the question, Lisa. So, look, I think as we've said previously, we really have to bifurcate utilization into ambulatory physician, community-based physician practice, primary care and OBs, peds, the community-based care utilization versus the inpatient that you see more in the post-acute or acute facilities.

I think we've consistently said and that holds true that post-COVID, as the trends normalized, the ambulatory utilization continues to stay elevated, and we expect it to remain elevated. And that's actually a good thing. That's the lowest cost setting.

You want patients to interact with their primary care providers and we don't see that utilization coming down. I do think, like you pointed out, with what's happening with the ACA population, with Medicaid, all the changes either enforced by the government or otherwise payers reacting to it, you're going to see a lot of churn. We expect that to happen.

I think our diversified model across commercial, MA, MSSP, Medicaid, ACA positions us really well. I mean it's reflected in our results.

We don't have a big Medicaid population, don't have a big exchange population. Whatever we have tends to get normalized. People tend to see their primary care provider, children tend to see their pediatrician even if they lose coverage or move on.

So, we see a lot of uninsured or self-insured folks show up. So, we don't see any trends abating for us. So, I think that bodes well for our business. Overall, I do think for the acute and post-acute care, I mean, there's going to be nuances as all of this normalizes over the next couple of years.

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**Operator**

Jeff Garro, Stephens.

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**Jeff Garro** - Stephens Inc - Equity Analyst

Yeah, good morning and thanks for taking the question. I want to ask about EBITDA to free cash flow conversion. Conversion guidance was 90% a couple of years ago and 80% last year and now here in 2026, you also materially outperformed on that metric ultimately in 2025.

And I know there's a couple of moving pieces with taxes and folding in ECP. So, I was hoping you could help us bridge between those historical expectations, 2025 outperformance and the FY '26 guidance on EBITDA to free cash flow conversion.

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**Parth Mehrotra** - Privia Health Group Inc - Chief Executive Officer, Director

Yeah, absolutely, I'll start and then David will give some of the specifics. So, look, I think you've highlighted one of the strongest elements of our business model. Again, look at Slide 11, you look at the -- this is nine years of data, including this year's guidance. I mean we've averaged over 100% conversion. We love free cash flow.

You can quote me on it. It's the cleanest, purest metric. You can't adjust it. It's either in the bank or it's not I think we manage a negative float in this business, and we've tried to do that, obviously, whether at some point, we're going to start paying taxes here, real cash taxes as we run down the NOLs, and David will walk through some of the nuances.

But I think we're really focused on how we can better manage that negative float, focus on collections, get money to our providers.

It's a strength of our business model relative to others in the space and I think enterprise value to free cash flow is a key metric here that normalizes across companies and across business models in the physician enablement or even clinic-based models where you can see

the strength where we barely -- we have no CapEx and everything is expensed on the P&L, and it's a very clean metric. So, I think we're going to manage that as the best we can.

Obviously, our guidance always assumes more normalization. And then if things turn out better, that's what we hope benefits the shareholders. We expect to pay taxes in -- cash taxes in '26. So that's reflected in the 80% and then I'll let David answer any specifics on that one.

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**David Mountcastle** - Privia Health Group Inc - Chief Financial Officer, Executive Vice President

Yeah, I mean -- outside of that, I would just say we had a really good collection year. And we had a few timing issues at the year-end that I think we were originally expecting them to come in beginning of January, and they came in at the end of the year. So, we did have a little bit of timing there at the end, but we are definitely confident in our 80% or more for 2026, and we will become a full cash paying tax payer in '26. So that is going to put a little hit in our number for '26.

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**Operator**

Whit Mayo, Leerink Partners.

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**Whit Mayo** - Leerink Partners LLC - Analyst

Hey, thanks, good morning. Parth, you're going to have \$600 million of cash at the end of the year. You don't have any debt, not very efficient to have this much cash sitting on the balance sheet. So just maybe any updated thoughts around capital deployment and if the priorities have changed at all?

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**Parth Mehrotra** - Privia Health Group Inc - Chief Executive Officer, Director

Yeah, I appreciate that question, Whit. Look, I think, first of all, we really love our position in this space. The strength of the model, the cash flow generation, the balance sheet strength, relative to others, private or public companies. I think our answer is consistent to that question.

Our priority will be to continue to deploy capital to keep compounding the business. You saw us deploy \$180 million last year. We've doubled EBITDA '23 to '25. On a rolling basis, we're going to double it again in '24 to '26 in probably the toughest health care MA regulatory environment.

And I think our ability to use cash to acquire assets across this ecosystem and keep compounding our units, whether it's entering new states, adding implemented providers, adding lives, we can acquire medical group tax IDs, ACO entities, MSO entities. It's such a diversified business model.

And I think there are a lot of companies that are challenged, public and private. I think a lot of medical groups, hopefully, as all of this disruption goes through as venture capital dollars, private equity dollars stop chasing the space that happened in the last five years.

I think it hopefully, given our track record, gives us the ability to be the partner of choice from a long-term perspective for a lot of the physician groups out there. So, I think our priority is to keep compounding the business.

Obviously, as we've stated before, we like to keep a sufficient cash balance for a rainy day. We don't like leverage on businesses that have -- could potentially have variability in shared savings. As we all know, pandemics happen, hurricanes happen we're supporting our medical group.

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So, there's a rainy-day fund. But then we also have the flexibility to return capital as a last resort if our stock price -- if it deviates meaningfully from what we think is intrinsic value, we have that option too. But I think the priority is going to be, continuing to deploy capital and keep compounding the business the way we've been doing.

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**Operator**

Matthew Gillmor, KeyBanc.

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**Matt Gillmor** - KeyBanc - Analyst

Hey, thanks for the question. I wanted to ask about the Evolent acquisition. Now that you've owned the asset for a few months, I was curious if you had any updated perspective about the business or the synergy within the acquisition. I was particularly curious about the cross-sell discussions with Privia platform into that physician base, whether that's new or existing states. Thank you.

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**Parth Mehrotra** - Privia Health Group Inc - Chief Executive Officer, Director

Yeah, I appreciate the question, Matt. So, we just closed this in December. I think we're really excited to have the team join us and be part of the Privia family.

I think the provider groups that they focused on are really solid. I think you see their MSSP results. It's publicly available. Our hope is, we can increase that savings rate pretty meaningfully into the next few years. You can compare the savings rate on that book relative to our overall savings rate, and I think there's a lot of opportunity there just on the core business that they run.

I also think it allows us to have an offering in this Care Partners model where providers are not on our technology stack that we can go out and reach out to a lot more providers that may have partnered with other companies that may not be doing that well to get them at least have a relationship with Privia in an ACO entity and then obviously, cross-sell into our full medical group business model and I think that will happen over time, both on the existing Evolent providers.

There will be opportunities in some of the existing states where we have the medical group presence and then obviously, in new states as we enter over time.

So, I think that will materialize itself over the next few years. But we are really excited to have that business be part of our offering. And I think we're going to realize as many synergies as we can going forward.

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**Operator**

Sean Dodge, BMO Capital Markets.

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**Sean Dodge** - BMO Capital Markets - Analyst

Yeah, thank, thanks. Maybe just staying on the Evolent ACO acquisition, Parth you mentioned increasing their savings rate up to the levels of the other Privia ACOs, maybe as quickly as this year. Just mechanically, how do you do that?

What are the first couple of levers you can pull there to drive that? And then initially, you said it would contribute positively to EBITDA in 2026. Just any quantification you can share on how much you've embedded in the guidance for '26 from the Evolent acquisition?

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**Parth Mehrotra** - Privia Health Group Inc - Chief Executive Officer, Director

Yeah, I appreciate it, Sean. So just to be clear, I didn't say it will happen this year. I think it will happen over time.

These things take time. We just got the business. I think rule number one is don't do anything stupid and disruptive and get to know these provider practices and implement how Privia does things hopefully a little bit better, given that MSSP has been a core part of our business model, as you've known for many years. And I think it's the same blocking and tackling. I mean, we've known that -- we've been in that program for the last eight, nine years. We have a playbook that we run.

You have all the quality metrics that you want to improve. There's some basic blocking and tackling. I think it's a little bit nuanced given that these providers are not on our platform.

So we are focused on making sure we have the right level of engagement with the practices, right level of data that comes through the technology stack that's implemented on top of their existing infrastructure, getting the patients to see their doctors, making sure we prevent the ED rates and inpatient rates, all of those things.

So, there are like basic stuff that obviously every ACO does and then all the nuances as we stratify the population, look at where you have some high acuity patients, manage those, things like that. So, I think we're going to run our playbook -- and so this will happen over time.

So please don't expect that this will be like a one-year thing, but we do feel really good about the business. And then on your second part of the question, the acquisition is accretive you saw their savings rate.

It makes money, there are synergies to be had we didn't break out the EBITDA. It's all included in our guidance. I mean, that's why, we grew EBITDA 39% last year. We're growing another 20% this year. Part of that is from the acquisitions that we did, and that's a core part of the strategy.

Our growth algorithm is going to be based on same-store provider growth, same-store care center growth, adding new providers, adding lives into value-based arrangement and then doing deals that are accretive. So, I think we're going to keep doing all of those 4 things and hopefully keep compounding EBITDA here.

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**Operator**

Andrew Mok, Barclays.

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**Andrew Mok** - Barclays - Analyst

Hi, good morning. The corporate G&A expense dropped sharply in the quarter. Was there anything to call out driving the beat? And is this the right run rate to think about for 2026 even with the moderation in practice collections growth for next year?

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**David Mountcastle** - Privia Health Group Inc - Chief Financial Officer, Executive Vice President

There's not really anything to call out. I mean we definitely had some sequential, I would say, decreases in things like legal and some of our consulting.

I would look at our 2026 guidance as maybe a better way to look at all of our expenses. We do expect to continue to gain leverage on the G&A line. But I would say nothing other than sort of normal decreases around the operating business flow.

**Operator**

Matthew Shea, Needham and Company.

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**Matt Shea** - Needham & Company - Analyst

Hey, good morning and thanks for taking the question. One of the things that's impressed us is the continued provider growth in existing markets. So, it's good to hear you're already seeing strong sales momentum in Arizona.

I guess it would be great if you could expand on that comment and what you're seeing in Arizona in particular as well as any other noteworthy markets and as we look across the broader network, and you touched on this a bit, but do you expect your sales or growth efforts to be different in the value-based care ACO-only states versus the implemented provider states? Or is it the same playbook and resources sort of across markets? Thanks.

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**Parth Mehrotra** - Privia Health Group Inc - Chief Executive Officer, Director

Yeah, I appreciate the question, Matt. So, look, our playbook in the core medical group business is the same across all our markets. Our objective is to develop really-dense delivery systems with a very low-cost provider base with community-based providers at the forefront. That materializes differently in every state.

We establish presence, work with a great anchor group if we can get a pretty sizable anchor partner like we did with IMS. Doctors know doctors the best.

Before we show up in a state, this model pretty much does not exist on how physicians can be autonomous, independent and yet be part of something bigger like a Privia. I think our objective is to then showcase what we've done in other states. The payers know us.

They know the playbook that we run and then offer that delivery network to the payers of health care because this is where cost can really be taken out, quality can be improved. Independent practices can stay alive and so, there's a win-win here given all the cost pressures and everything that we hear that's wrong with the health care ecosystem. So, I think how that materializes, to your question, I mean, we got a great anchor group, great set of physicians with IMS. I think they're super excited to be part of Privia.

They see what we've done elsewhere. So, I think it leads us to then reaching out to and running full steam ahead in a state like that. It's a great state in terms of population growth, percentage of Medicare Advantage lives as a percentage of total, the networks around these patients and the opportunity that's there with independent providers given the health system dynamics and the payer dynamics in the state.

So that's our playbook and I think, again, that's kind of generally speaking, the case in all our markets. There are some nuances in particular markets, some hit up in some year than others. It's an ebb and flow that happens.

But as a portfolio approach, you've seen us, again, on Slide 11, just speaks for itself, that implemented provider growth hopefully just continues to tick up. And I think the way we sell just the ACO only versus the full stack, I think it just depends by state. I think there are obviously nuances to both. We have a very ROI-driven value prop in each.

There's a separate sales team for each, but there'll be cross-sell opportunities. So we'll just try to optimize that but the medical group value prop, obviously, is a much deeper discussion versus an ACO only. Some of the competitors that we deal with are also different in both of those.

But I think our overall story should resonate with physician practices. I mean, they're looking for a full solution. Whether we get them in one or the other, we're kind of indifferent as long as we get them. And then I think, we'll just continue to go full steam ahead on both.

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**Operator**

Jack Slevin, Jefferies.

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**Jack Slevin** - Jefferies LLC - Equity Analyst

Hey, good morning. Thanks for taking the question and congrats on the really strong results. I want to touch on a little bit of the MA contracting environment, and acknowledging, you've got less full risk in your book and sort of have been on the front end of getting ahead of utilization swings, but what we're seeing right now.

I think there are a lot of concessions that are being given by payers to value-based players that are driving value. I'd just be curious to hear your take on how that might develop for your business as you look at 2026 and then beyond the 2027, with some of the payers looking to claw back margin but also sort of acknowledging the value that's being brought from PCP led provider groups in the space. Thanks.

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**Parth Mehrotra** - Privia Health Group Inc - Chief Executive Officer, Director

Yeah, thanks for the question. I mean, it's pretty nuanced. And just to take a step back, look, I think us foresighting what might would have happened in the MA environment and that transpiring over the last few years, given all the headwinds that all of you have written on this call, I think it was similar to a call on shorting mortgage-backed securities before 2008.

I just think the dynamics were so challenged that, whether by luck or by foresight or by execution, we kind of avoided some of the traps. Look, we've continued to have a belief that shared risk is the right model where the doctor, an entity like Privia and the payer all have skin in the game.

I think what you're seeing is an adjustment in the industry by the payers. And I think you've seen a little bit of round robin with how the payers have reacted. It was payer X in two years ago, payer Y last year, payer Z this year.

The lives are moving between those entities as they adjust benefits, as they prioritize it differently between three or four of the big MA players out there, as you've seen and noted on.

So I think the answer to your question is really nuanced on a geography-by-geography basis, which payer we are dealing with, what risk pool, what's the MLR trend? What are they willing to do with us? Are they willing to share risk? What's the benefit design?

So our payer contracting team has just done a fantastic job navigating through all of this. And so I think it just depends on the market and the geography. I don't think it's a cookie-cutter answer that has broad application as each payer is treating it differently.

I think they have margin pressure. They're trying to adjust depending on the payer and the geography. So I think we're just continuing to be very sophisticated and nuanced about this. We are very forward leaning. We love to take as much risk as we can if we can manage it. If the payer gives us a contract that compensates us well to take that risk and compensates the physicians that are working extra hard to perform in these contracts.

You have to recognize the amount of work that the physicians have to do. We have to do increases to manage a high-cost patient population and to deliver results. You got to get paid for it. If you don't get paid for it, I don't think anybody wins.

You can't have physician practices lose money as they -- especially community-based doctors that are on the front line of health care, it's the lowest cost setting. They can impact quality, cost, outcomes, as we all know, really well. And you got to compensate them for doing all the hard work.

So I think we're just going to continue to look for opportunities with our payers, keep getting our delivery networks more dense, adding capabilities in impacting the total cost of care and delivering it and showing that to the payers.

So hopefully, we'll be pretty forward-leaning. And when the tide turns, which I think it will. I think these things get normalized. I think we're going to flush through V28 over a couple of years here.

I think the payer environment will stabilize. And so I think it positions us really well and if there's some delayed gratification in ramping up risk, we'll do that because the doctors don't go anywhere, the patients don't go anywhere. It's just coming to a consensus with the payers on the right contract structure. So I think we'll continue to be forward leaning there.

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**Operator**

David Larsen, BTIG.

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**David Larsen** - BTIG LLC - Analyst

Hi, congratulations on another good quarter. Can you just confirm the Evolent Care Partners EBITDA and revenue? Is it \$10 million of EBITDA on \$100 million of revenue? And then how many of those doctors do you think you'll be able to convert over to like your core Privia, Athena platform where you're doing all the billing in AR for them?

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**Parth Mehrotra** - Privia Health Group Inc - Chief Executive Officer, Director

Yeah, thanks for the question, David. So I look, I don't think we disclosed any of those numbers. I think those were numbers that Evolent might have disclosed in their earnings call over the last, couple of quarters, including this week.

So we're not disclosing that, but I would say our revenue recognition methodology is different. We're not recognizing any premium revenue as part of that book. So you know whatever numbers you're getting from them may be different for us.

Our EBITDA and top line include everything. You'll see the results when CMS announces MSSP in August. So we're not going to break down EBITDA by any acquisition like we've not done it for any acquisition or any line of business.

But it is accretive, it is contributing meaningfully, to this year's EBITDA. That's why I think this was asked earlier on the call. We grew EBITDA 39% last year. We're growing another 20% this year, doubling EBITDA on a three-year rolling basis. And so, the Evolent transaction is part of that growth.

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**Operator**

AJ Rice, UBS.

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**A.J. Rice** - UBS - Analyst

Hi everybody, a specific question and then a broader one. On what's embedded in the guidance, I know shared savings was a big source of growth last year, you were at \$235 million, up from \$179 million in the prior year in contribution. What have you embedded in your guidance there? And you mentioned early successes in Arizona. I just wonder if you could just update us on some of your newer markets. Are there any wins worth calling out there? How are they progressing relative to your expectations?

**Parth Mehrotra** - Privia Health Group Inc - Chief Executive Officer, Director

Yeah, thanks, AJ. So look, I think our goal is to accrue prudently and that's been very consistent so I'm not going to say anything new here and then hopefully outperform. I think you saw the actuals for '25 come in materially higher. I mean, our initial guidance was \$105 million to \$110 million EBITDA. We ended the year at \$125 million.

A lot of it was related to shared savings some prior years, some in year, as we perform well. So I think our guidance again as we've taken the same methodology. I would not expect a material jump if we do better, we'll hopefully see in the results.

If we don't, then we'll hopefully stick with what we have. I think it just depends on the contract. We have a very diversified book, you've written all of you have written really well about all the trends that impact, various pools of risk. So it's still an environment we've got to navigate carefully.

We've got to perform in these deals. So I wouldn't expect the material step up and, there'll be some, but we'll see how the year progresses as we get data and we'll keep updating that.

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**Operator**

Your next question comes from, oh sorry.

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**Parth Mehrotra** - Privia Health Group Inc - Chief Executive Officer, Director

By the way, I forgot the second part of the question on the growth in another market. So look, I think it's a portfolio approach. I mean, we're now in, 24 states, some AO only, some with the full model. I think there's some markets that are doing really well. You can see overall how we progressed as a company.

We don't break out EBITDA by market or things like that, but, overall with our guidance we're close to 29% EBITDA care margin. So that should tell you that the whole company, the mature markets are running well ahead of that number, and there are some markets that are maturing, some are still negative EBITDA, some may not be doing that well. It's a portfolio approach.

We evaluate all our markets some markets, if we don't think are working well, we'll exit. We exited Delaware as an example a couple of years ago, so you'll see us be very prudent with this business.

I don't think you can make mistakes and I think if you think some deal structures or anchor partners or markets are not working well, and, we have an opportunity to do it differently.

I think you know you got to keep pruning the tree here to keep letting it grow really well so I think you know again the whole overall business is in is in a very good shape and then if their markets they always put some takes some do better one year, but we take a 5-10 year view like I said earlier to just develop very dense physician networks here, with community-based providers so that's our strategy overall.

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**Operator**

Elizabeth Anderson, Evercore ISI.

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**Ayush Vyas** - Evercore ISI - Analyst

Hey, good morning, guys. This is Ayush Vyas on for Elizabeth. Thanks for taking my question. CMS transitions from the ACO Reach program towards the new ACO LEAD model. How are you guys evaluating whether that framework sort of aligns with, previous long-term value-based

strategy? And then, as your value-based book continues to grow and scale, how do you think about maintaining the consistency of performance, across cohorts, particularly as the provider mix evolves?

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**Parth Mehrotra** - Privia Health Group Inc - Chief Executive Officer, Director

Yeah, I appreciate the question. Like with any new program, we'll evaluate it. It goes into effect next year. I think we're still going through the details of LEAD versus Reach. I think what bodes well is with Reach sunseting, it allows us to our sales team to reach out to a lot of physician practices and providers that may have participated in Reach.

And by the way, like '25 to '26, anybody who's in Reach is going to see, a pretty significant decline in the shared savings just given how they changed some of the elements of that program, and we're still studying LEAD, I think MSSP enhanced track versus LEAD.

We're doing the work, but if you have a pretty mature ACO and MSSP enhanced track that you've been in for the last many years like we have, the bar is pretty high to go to a new program overall, there'll be opportunities in particular states, so we'll evaluate it ACO by ACO you can participate in one, not both. So like with any program, any changes that CMS has done over the past 10 years, we will just evaluate it.

There may be cases where us. Enter into LEAD in a particular state or not, it just depends on the patient population, the state, the ACO, how we think the actuarial underwriting happens. So I think, it's just TBD as to, once we are in it, we'll obviously communicate it with you guys.

We do have some Reach lives today, so we'll see if they move into MSSP enhanced or LEAD. And then as we work with other new partners we'll see if it makes sense or not, but you know we're evaluating it like others. And, then the second question, look, I think it just varies, you got to ACO by ACO you got a go through the, maturity of the patient pool.

You have to look at the relative benchmarks. You have to look at which value-based contracts you're in. So while it's a generic question, again, the answer is much nuanced. This is healthcare it happens locally in every state, every pool, every patient population, every payer, every contract is different. I think that's a core value proposition and moat around this business. It's hard to replicate.

A lot of people can enter these businesses, but I think you all have seen it on how hard it is to make real money and real free cash flow.

So you got a have real capabilities and, a great team all around from a risk management perspective, underwriting perspective.

Influences delivery of care and, total cost of care management with these practices and how you work with them, the data, the technology stack, all of it is a core, competence of this business that is very hard to replicate, and I think given the diversity of our book and the number of contracts and the payers we work with and the scale we are operating this at across different types of patient populations on slide 6.

I think this speaks for itself and how we've been able to convert, deliver value to, the pairs, generate shared savings, share that with physician practices, and, obviously, EBITDA with our and free cash flow with our shareholders. So I think that just speaks for itself.

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**Operator**

Jessica Tassan, Piper's Sandler.

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**Jessica Tassan** - Piper Sandler Inc - Analyst

Congrats on the really strong year. So I'm interested to understand first kind of what are the specific AI tools that you rolled out nationally to all of your network providers what did that rollout process look like and then any early outcomes or savings.

Data that you can share and then I guess going forward what kind of clinical category would you maybe target for AI enabled improvement for example our care transitions and opportunities, end of life care planning an opportunity just curious if there's any, one or two categories that you'd call out thanks.

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**Parth Mehrotra** - Privia Health Group Inc - Chief Executive Officer, Director

Yeah, I appreciate the question. Yes, so I mean this tags to what Josh asked right at the beginning of the call, so I'm not going to repeat all of that.

Hope you got some of that -- look, I think, from a category perspective, given the five buckets I described earlier, I mean, we're looking at, interaction with the patients, so we're looking at care gap closures, we're looking at chart prep, scheduling patients, interaction with patients, agentic AI as it relates to patient engagement. Medication adherence, risk assessment, obviously, clinical decision support.

So all of that to just, how the doctors interact with the patients, stratify the population, work with the high acuity, patients, and, just, there's so much productivity li we can get, given our physicians are capacity constrained, the ability and the need to work deeply with every patient is front and center as payment models evolved to different versions of value-based care, so I think all of those are elements we are focused on, obviously like I said, like there's a whole host of applications on revenue cycle on the fee for service workflows, and from a company perspective, like I said, I mean we're working with some existing companies that we work with today as they innovate, we invested in this business called Navina like we talked about last year. I mentioned it earlier, so that was pretty tangible.

For us, there are a number of new innovators in the space, that we are partnering with, piloting some of them, and, at some point once it's more baked, we'll obviously highlight more, but those are the categories and there are a lot of new companies out there and I think this is like I said earlier, I mean this is going to be a 3-5-7 year journey. The technology is evolving really fast.

The improvements that we see are and the applications are pretty amazing already but I think I think you're going to see a lot more adoption and how we can implement in every single one of those buckets so we're super excited on this journey I think it'll be a journey and I think it's going to be pretty margin accretive and productivity enhancing going forward for a business like ours.

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**Operator**

Michael Ha, Baird.

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**Michael Ha** - Robert W. Baird & Co Inc - Senior Research Analyst

Thank you. So as you look across the broader value-based care M&A landscape, it appears to be heating up in a pretty big way, only very recently, acquisitions being made, especially in South Florida, interest ramping up in California a lot of this coming from a couple of your large payer partners looking to really build greater market saturation, and some of these multiples we're hearing of they're not too far off from your own, but the quality of these assets appear to be much lower.

So I'm curious to hear your thoughts on all of this. How does it look to you? Does it seem rational? What do you think is driving the activity? Is it simply we're now entering the end of v28 and the narrative is beginning to pick up again? And as you look ahead, how does all that you're seeing today impact your own MA strategy? Thank you.

**Parth Mehrotra** - Privia Health Group Inc - Chief Executive Officer, Director

Yeah, that's a good question. Look, I'm not going to comment on what others have done recently or any particular deal. As we're not in the clinic MA space, so you highlighted two geographies in South Florida and Southern California that almost run very differently from a large part of this country from a healthcare delivery and risk taking and the concentration of population.

So those are very unique geographies. The assets are unique. Some of the payers have ROFRs on some of the assets, and so you're seeing that in transactions. I can't comment on the multiples they're paying or, we're just not in the MA clinic business. I mean, like I said, we believe in shared risk. We believe in community-based doctors staying autonomous, independent, and helping them.

I think to the broader questions other than, commenting on those specific transactions and the multiples. I think we'd asked this question earlier and I think we're positioned really well.

We have a very diversified model we can look at assets across the spectrum, ACO entities, medical groups, MSO entities, service providers, whatever have you, I think we can hopefully be a partner of choice. So I think we're going to be pretty aggressive. I think finding quality assets is key.

So I think what you highlighted there is very important. You could spend a lot of money buying a lot of things and they don't have the same quality of earnings they don't have free cash flow, they don't have EBITDA. I don't want to spoil slide 11 for you guys and our investors.

We are going to be very disciplined, and, if we can get an asset that we can improve, we're going to buy and integrate and synergize, and just be disciplined in how we do this.

So you know while we have a lot of balance sheet capacity with our cash balance, free cash flow and potential debt capacity, even though we don't like leverage on this business you know I think we are primed to do larger deals and make an impact and hopefully consolidate the space and continue this compounding of EBITDA, but I think we're going to be very thoughtful. We don't like to pay big multiples, especially for assets that are lower quality, so I think we're going to be pretty disciplined in how we approach this.

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**Operator**

Craig Jones, Bank of America.

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**Craig Jones** - BofA Merrill Lynch Asset Holdings Inc - Analyst

Great, thanks for the question, guys. So, I'm thinking more about the long-term 20% growth number you have out there.

So you've got a lot of levers in your portfolio to drive this every year, but I was wondering, could you break down how you see the components of driving that 20% growth in a, just a typical year among organic inorganic margin expansion or whatever it may be, and then which components do you view as, say, higher visibility versus lower visibility?

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**Craig Jones** - BofA Merrill Lynch Asset Holdings Inc - Analyst

Thanks.

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**Parth Mehrotra** - Privia Health Group Inc - Chief Executive Officer, Director

Yeah, I appreciate the question. So look, I think you got to go back to Slide 11, again, to look at this on a multiyear basis. And you highlighted some of the components, but those are -- you enter new states, you add implemented providers in existing and new states.

You add value-based lives in value-based contracts on which we have the potential to earn care management fees and 40% on shared savings versus our low double-digit management fees on the fee-for service book.

You can do M&A, and then you grow same-store and then you improve the cost structure like we've done, both on platform practice -- on platform contribution, so the cost of platform and then also on sales and marketing and G&A. So as you've seen on that Slide 11, like, every year is different.

The components are different, but they all work together. Some years, we've scaled the cost structure really well. Like this past year, you look at '22 to '23, we grew pretty fast. We entered five new states. The cost structure didn't scale.

So like adjusted EBITDA margin barely improved across those two years. So I think it will ebb and flow, but the direction is hopefully towards the upward right. And like I said earlier, with the application of AI and everything else, I think we're going to continue to get this margin profile better. If we do acquisitions, we're going to synergize them.

If we enter new states, some of them lose money in the first couple of years. So I think it just depends. But given the whole book where it stands today, I think you're going to see us pursue all those four components. It will be a combination of both organic and inorganic growth at our size now, I mean, the law of large numbers is going to start playing up.

So -- and given our balance sheet strength and all the questions we got on M&A... M&A is a core component of the strategy as we roll up the industry. So I think you're going to see us press on all 4. But how it evolves, which year, which components higher, lower, I think it will just vary, but we're going to keep executing on all of those.

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**Operator**

Daniel Grosslight, Citi.

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**Daniel Grosslight** - Citibank - Analyst

Hi guys, thanks for taking the question. Parth, you guys have been very forward thinking and frankly, right on taking on risk. I think that's been a recurring theme on a lot of these earnings calls. But it does seem like some of your competitors are now beginning to adopt your type of model or at least approach to risk taking, which I guess is good because imitation is the best form of flattery.

But it does, I would think -- or it might change the conversation you're having with physicians who are now hearing a similar pitch from others. So I'm just hoping you can talk a little bit about your provider recruitment over the next couple of years, if your conversations with providers have shifted at all? And if so, how has that sales pitch gone?

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**Parth Mehrotra** - Privia Health Group Inc - Chief Executive Officer, Director

Yeah, it's a good question. And I think it builds on some of the themes on the earlier questions. Look, I mean, arguably speaking, the barriers to entry -- the perceived barriers to entry in this business can be lower. Anybody can start an ACO if they raise capital from some VC or private equity fund.

The issue is performing and building core competence on how you deliver value and then execute day in, day out every year, year after year across cycles and deliver shared savings for the payers, for the doctors and generate free cash.

That's where the core competence is so I don't think the pitch is any different. We execute the way we do. Our track record speaks for itself. I think a lot of money got raised. A lot of money that was raised got spent in giving irrational, call it, contracts or economics to -- without

sharing the appropriate level of risk. We've said consistently, I'll repeat it, you got to share the risk with the doctor, an entity like Privia and the payer.

That's the best long-term strategy that can outlast eight, nine years of performance like you see on Page 11 across any cycle. You do artificial things and the viability of the business can be put to question. And we've seen that. Like a lot of companies have not performed well.

They're surviving. And so I think physician practices that may have partnered with an XYZ company. If they're happy, they're happy. If they're performing, it's good. We have a full service offering with our medical group that, again, a lot of the competitors don't have to join our medical groups for all lines of business, every patient, every specialty, technology stack, payer contracts, and then we have full suite of value-based, obviously, contracts to help them perform in those in a very integrated manner. We think that's a very differentiated approach.

And now we have a lot of history and data to speak for itself. So look, obviously, there are some competitors that are doing really well. I think we want them to perform really well because that's good for the industry. But I think the TAM is pretty large and hopefully, we're one of the survivors and consolidators.

And you'll have some great companies out there that do really well. And then hopefully, some of them which were not that great, hopefully, we can consolidate over time. So I think, hopefully, our results just speak for themselves as to how we're doing, but I don't think it's changing our strategy in any particular manner.

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**Operator**

Ryan Langston, TD Cowen.

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**Ryan Langston** – TD Cowen - Analyst

Thanks for squeezing me in. In the prepared remarks, you talked about the IMS acquisition saying there was pretty strong sales momentum in that state. I guess, can you just give us a sense on the organic pickup from IMS? I'm just trying to sort of understand broadly what the growth trajectory looks like on some of these larger deals as you ramp up in new states. Thanks.

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**Parth Mehrotra** - Privia Health Group Inc - Chief Executive Officer, Director

I mean, we don't break it out. I think you got the size of that group if you go to the website. So you can see it was a pretty meaningful group, a very large multi-specialty group, got themselves out of a health system. And then they found us, we found them and there are a lot of synergies in the business model.

So, like I said earlier on one of the answers to the question, I mean, when you get a sizable group, hopefully, the snowballing starts sooner. Our best salespeople are our physicians. If we do well for them, they speak for ourself, for us. And so I think, again, like it's a five-year strategy to build a big medical group there. I just don't think any one year makes a difference. We established ourselves. We established the sales team. We start knocking on doors and we start performing. So I think we're going to continue to expect hopefully new signings and implemented providers and you start small and build it up.

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**Operator**

Richard Close, Canaccord Genuity. Richard? Your next question comes from the line of Ryan Halsted of RBC.

FEBRUARY 26, 2026

**Ryan Halsted** - RBC Capital Markets Inc - Analyst

Morning, thanks for fitting me in. Maybe just one last question on your appetite for new business development. Just how are you thinking about kind of the best return on your investment as you're thinking about, either expansion into new markets or, as you were just alluding to maybe investing in some of your more recently entered markets and really trying to build density, just all in light of, the challenging payer landscape that you've been referring to, what, how does that sort of impact your philosophy on return on that invested capital?

**Parth Mehrotra** - Privia Health Group Inc - Chief Executive Officer, Director

Yes, that's a great question. Look, I think every deal is different and you got to evaluate it on its merit. Given our capital position and free cash flow profile, I think we have the luxury to do both. We have to take a portfolio approach. These markets and these dense networks take time to build.

I think -- so we are pressing on all cylinders. It's a little bit -- it may sound like everything everywhere all at once, but each market runs with its own P&L. They have business leaders that are responsible for growing those markets. We can do in-market BD as opportunities arise to continue to add to density. We can add new markets.

We can add new capabilities. We can buy businesses like we did with the Evolent deal. So you're seeing us do a whole wide variety of transactions over the last five, six years, at least the ones that we've disclosed being a public company. And I think you're going to continue to see that. I think we take a long enough view. The whole business is performing really well. So if there's a market where we know we're going to lose money as we invest and put the sales team on the ground and if it's a smaller anchor partner, but it's a big state with big good demographics and enough independent physicians.

We'll take a five-year view because we understand the unit economics of this business really well. I mean, when you get a business which is operating close to 30% EBITDA to Care Margin that we thought we would do five, six years ago, generating this much cash, I think we've seen across 15 states with the medical group model and now nine more states with the ACO-only model. I think we know what works, what doesn't work. We've seen a lot of issues over the years. We worked with a lot of payers.

So different health care geographies, different payer dynamics, different health system dynamics. So we take all that into consideration as we take that 5- to 10-year view. And I think we have the luxury to do that because very few companies are in this position where they can invest with that kind of a mindset. So I think we're pretty fortunate, and we're going to keep pressing on all those fronts.

**Parth Mehrotra** - Privia Health Group Inc - Chief Executive Officer, Director

Thank you for listening to our call today. We appreciate your continued interest and look forward to speaking to you again in the near future.

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