NeueHealth

NeueHealth

First Quarter 2024 - Earnings Presentation

May 8, 2024

Privileged & Confidential | © 2024

Disclaimer

Statements made in this presentation that are not statements of historical fact, including statements about our beliefs and expectations, are forward-looking statements and should be evaluated as such. Forward-looking statements include information concerning possible or assumed future results of operations, including descriptions of our business plan and strategies. These statements often include words such as “anticipate,” “expect,” “plan,” “believe,” “intend,” “project,” “forecast,” “estimates,” “projections,” “outlook,” “ensure,” and other similar expressions. These forward-looking statements include any statements regarding our plans, expectations and guidance/forecasts. Such forward-looking statements are subject to various risks, uncertainties and assumptions. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. Factors that might materially affect such forward-looking statements include: our ability to continue as a going concern; our ability to comply with the terms of our credit facility or any credit facility into which we enter in the future, including financial covenants; our ability to receive the remaining proceeds from the sale of our Medicare Advantage business in California in a timely manner; our ability to obtain any short or long term debt or equity financing needed to operate our business; our ability to quickly and efficiently complete the wind down our IFP businesses and MA businesses outside of California, including by satisfying liabilities of those businesses when due and payable; potential disruptions to our business due to corporate restructuring and any resulting headcount reduction; our ability to accurately estimate and effectively manage the costs relating to changes in our businesses offerings and models; a delay or inability to withdraw regulated capital from our subsidiaries; a lack of acceptance or slow adoption of our business model; our ability to retain existing consumers and expand consumer enrollment; our and our Care Partner’s abilities to obtain and accurately assess, code, and report risk adjustment factor scores; our ability to contract with care providers and arrange for the provision of quality care; our ability to accurately estimate our medical expenses, effectively manage our costs and claims liabilities or appropriately price our products and charge premiums; our ability to obtain claims information timely and accurately; the impact of any pandemic or epidemic on our business and results of operations; the risks associated with our reliance on third-party providers to operate our business; the impact of modifications or changes to the U.S. health insurance markets; our ability to manage any growth of our business; our ability to operate, update or implement our technology platform and other information technology systems; our ability to retain key executives; our ability to successfully pursue acquisitions and integrate acquired businesses; the occurrence of severe weather events, catastrophic health events, natural or man-made disasters, and social and political conditions or civil unrest; our ability to prevent and contain data security incidents and the impact of data security incidents on our members, patients, employees and financial results; our ability to comply with requirements to maintain effective internal controls; our ability to mitigate risks associated with our ACO Reach businesses, including any unanticipated market or regulatory developments; and the other factors set forth under the heading “Risk Factors” in the Company’s reports on Form 10-K, Form 10-Q, and Form 8-K (including all amendments to those reports) and our other filings with the SEC. Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this release to conform these statements to actual results or changes in our expectations.

NeueHealth: A Value-Driven Healthcare Company

A value-driven, consumer-centric care model grounded in strong, ongoing relationships with provider and payor partners and proactive consumer engagement

NeueHealth

Value-driven care delivery and provider enablement business partnering with leading health plans, government programs, and medical groups to deliver high-quality, affordable care to all consumers

2024 Forecasts:

~$1 Billion	$15 – $25M	475-500k
Value-Based Revenue	Adjusted EBITDA(1)	Consumers Served

NeueCare

Comprehensive community-based care delivery with wrap around care management and care coordination

2024 Forecasts:

$310- $320M	330-345k
Value-Based Revenue	Value-Based Consumers(2)

centrum HEALTH

ASSOCIATESMD

PREMIER MEDICAL ASSOCIATES

NeueSolutions

Provider enablement tools and services and REACH ACOs

2024 Forecasts:

$690 – $700M	~45k	~106k
Value-Based Revenue	REACH ACO Consumers	Enablement Services Consumers

NeueHealth™ (ACO REACH)

NeueSolutions

(1) Adjusted EBITDA is a forward-looking non-GAAP financial measure. A reconciliation of Adjusted EBITDA to the most directly comparable GAAP financial measures is not provided because the company is unable to provide such reconciliation without unreasonable effort. Please see the appendix to this presentation for important information about the use of these non-GAAP financial measures and the absence of such reconciliations.

(2) End of year 2024, inclusive of Medicare Advantage, Medicaid and Commercial ACA consumers.

Overview of Q1 2024 Results for Continuing Operations

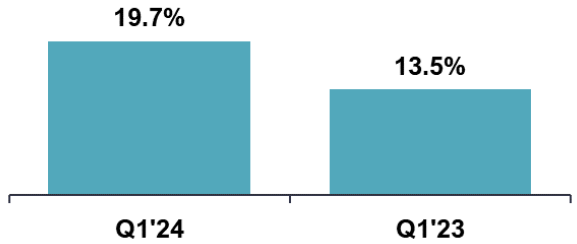
Strong Results Through Q1 Position NeueHealth for Continued Success in 2024

Enterprise Metrics ($M)

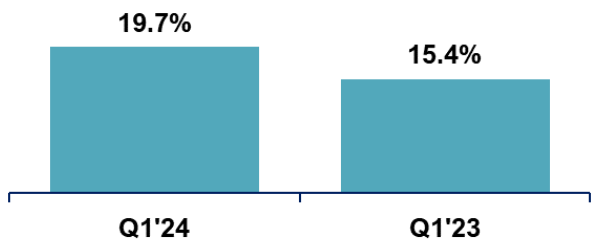
Revenue



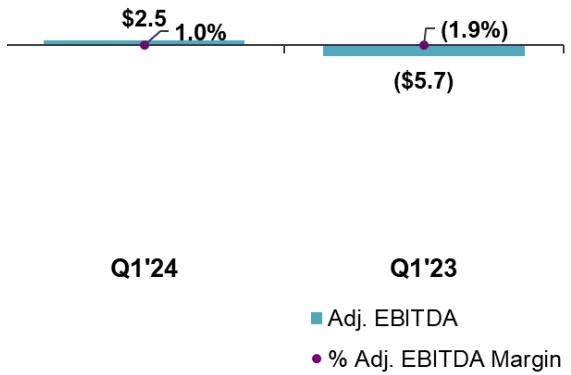
Gross Margin



Adj. Operating Cost Ratio(1)



Adjusted EBITDA(2)



Key Considerations

- Q1 '24 Revenue of $245.1 million slightly below expectations due to prior year development in ACO REACH business as well as moderately lower volume in NeueCare segment, which is expected to be made up through in-year growth in consumers served
- Q1 '24 Gross Margin improvement over Q1 '23, primarily due to continued strong performance in NeueCare
- We believe NeueHealth Adjusted EBITDA of $2.5 million for Q1 '24 provides a solid foundation to continue to advance our care model and value-based capabilities this year

(1) GAAP Operating Cost Ratio for Q1'24 was 27.3%, and for Q1'23 was 26.5%. A reconciliation of Adjusted Operating Cost Ratio to Operating Costs for applicable periods is contained in the appendix to this presentation

(2) GAAP Net Income from Continuing Operations for Q1'24 was $5.7 million and GAAP Net Loss from Continuing Operations for Q1'23 was ($53.9) million. A reconciliation of Adjusted EBITDA to Net Loss for applicable periods is contained in the appendix to this presentation

Balance Sheet and Liquidity Highlights

Focused on building a strong foundation for long-term sustainable growth

Summary Balance Sheet

($ in thousands)	March 31 2024	March 31 2023
Assets		
Cash and Cash Equivalents	$112,762	$87,299
Current Assets of Discontinued Operations	$149,352	$822,570
Other Current Assets	712,351	179,058
Total Current Assets	$974,465	$1,088,927
Long-Term Investments	$12,650	$14,499
Goodwill and Intangibles, Net	90,345	93,238
Other Non-Current Assets	27,668	28,816
Total Other Assets	$130,663	$136,553
Total Assets	**$1,105,128**	**$1,225,480**
Liabilities and Other		
Current Liabilities Discontinued Operations	$345,048	$699,758
Total Liabilities Continuing Operations	$1,002,114	$780,340
Redeemable Noncontrolling Interests	$98,761	$88,908
Redeemable Preferred Stock	920,417	920,417
Total Shareholders' (Deficit) Equity	(1,261,212)	(1,263,943)
Total Liabilities and Other	**$1,105,128**	**$1,225,480**

Q1'24 Key Considerations

- $256.4 million in total cash and investments, including $143.7 million in regulated entities.
- Non-regulated cash and short-term investments were $62.8 million at the end of the first quarter.[1]
- On April 9, 2024, the Company announced that it entered into an incremental amendment to its credit facility with NEA that increases the term loan commitment by up to $30 million. The Company intends to use proceeds of this incremental commitment for general corporate purposes, including to support its 2024 strategic priorities.

[1]The $112.8 million cash and cash equivalents includes $50.0 million of restricted cash and cash equivalents.

NeueHealth 2024 Outlook

NeueHealth

- Revenue of ~$1 Billion
- Adjusted Operating Cost Ratio 15% - 16%, excluding corporate costs. Including corporate costs this is expected to be 19% - 20%[(1)(2)]
- Adjusted EBITDA between $15 million and $25 million[(1)]

NeueCare

- 330,000 to 345,000 Year-End 2024 Value-Based Consumers
- Revenue of $310 – $320 Million

NeueSolutions

- 145,000 to 155,000 Consumers, including ~45,000 Year-End ACO REACH Consumers
- Revenue of $690 Million – $700 Million

(1) Adjusted Operating Cost Ratio and Adjusted EBITDA are forward-looking non-GAAP financial measures. Reconciliations of Adjusted Operating Cost Ratio and Adjusted EBITDA to the most directly comparable GAAP financial measures are not provided because the company is unable to provide such reconciliations without unreasonable effort. Please see the appendix to this presentation for important information about the use of these non-GAAP financial measures and the absence of such reconciliations.

(2) Adjusted Operating Cost Ratio excludes share-based compensation expense.

Appendix

Non-GAAP Reconciliation: Adjusted EBITDA

($ in thousands)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Net Loss	**($4,177)**	**($169,461)**
Loss from discontinued operations	9,865	115,543
EBITDA adjustments from continuing operations		
Interest expense	2,930	7,787
Income tax (benefit) expense	663	1,259
Depreciation and amortization	4,562	5,483
Transaction costs	1,121	1,852
Share-based compensation expense	18,627	33,320
Gain on troubled debt restructuring	(30,311)	—
Change in fair value of warrant liability	(2,072)	—
Restructuring and contract termination costs	(58)	301
ACO REACH care partner bankruptcy	1,248	—
Impairment of goodwill and long-lived assets	131	—
Change in fair value of contingent consideration	—	(1,827)
EBITDA adjustments from continuing operations	($3,159)	$48,175
Adjusted EBITDA – continuing operations	**$2,529**	**($5,743)**

Non-GAAP Reconciliation: Adjusted Operating Cost Ratio

($ in thousands)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
GAAP Operating Cost Ratio	**27.3%**	**26.5%**
Impact of Share-based compensation expense	(7.6)%	(11.1)%
Adjusted Operating Cost Ratio	**19.7%**	**15.4%**

Forward-Looking Non-GAAP Measures

This presentation contains Adjusted EBITDA and Adjusted Operating Cost Ratio, which are non-GAAP financial measures. These non-GAAP financial measures are additions, and not substitutes for or superior to the most directly comparable GAAP financial measures, Net Income (Loss) and Operating Costs, respectively. Additionally, Adjusted EBITDA is not intended to be a measure of free cash flow available for management's discretionary use as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. The presentation of these measures has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Because not all companies use identical calculations, the presentation of these measures may not be comparable to other similarly titled measures of other companies and can differ significantly from company to company.

Reconciliations of projected Adjusted EBITDA and projected Adjusted Operating Cost Ratio to the most directly comparable GAAP financial measures are not provided because the Company is unable to provide such reconciliations without unreasonable effort. The inability to provide a reconciliation is due to the uncertainty and inherent difficulty predicting the occurrence, the financial impact and the periods in which the non-GAAP adjustments may be recognized. With respect to Adjusted EBITDA, these GAAP measures may include the impact of such items as interest expense, income tax expense, transaction costs, depreciation and amortization, share-based compensation expense, restructuring and contract termination costs, impairment of goodwill, intangible or long-lived assets, financial solvency or contractual counterparties, changes in the fair value of contingent consideration, changes in the fair value of equity securities and derivatives, gains on troubled debt restructuring, and the tax effect of all such items. Historically, the Company has excluded these items from non-GAAP financial measures. With respect to Adjusted Operating Cost Ratio, these GAAP measures may include the impact of share-based compensation. The Company currently expects to continue to exclude these items in future disclosures of non-GAAP financial measures and may also exclude other items that may arise (collectively, "non-GAAP adjustments"). The decisions and events that typically lead to the recognition of non-GAAP adjustments, such as a decision to exit part of the business, are inherently unpredictable as to if or when they may occur. For the same reasons, the Company is unable to address the probable significance of the unavailable information, which could be material to future results.

