

PUBLIC TO PRIVATE LBO



PRIVIA
HEALTHCARE

SEPTEMBER 6, 2025

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EXECUTIVE SUMMARY

COMPANY OVERVIEW

Privia Health Group, Inc. (NASDAQ: PRVA) is a technology-enabled physician-enablement company founded in 2007 and headquartered in Arlington, Virginia. The company partners with independent physician groups, health plans, and health systems to improve care delivery, reduce administrative burden, and accelerate the shift to Value-Based Care (VBC). Its model integrates providers into single-tax-ID medical groups, supported by a proprietary technology platform and management services organization (MSO).

- **Scale:** Approximately 4,800 affiliated providers, serving 5.2 million patients across 1,200 sites of care in 14 states and the District of Columbia. Annual provider churn remains below 3%, demonstrating strong alignment and retention.
- **Revenue Growth:** Total revenue has grown from 966 million in 2021 to a projected 2.05 billion in 2025, representing a compound annual growth rate of roughly 20%. Adjusted EBITDA is expected to reach 94.5 million in 2025, compared to 41 million in 2021.
- **Shareholders:** The company's ownership base is anchored by leading institutional investors, including BlackRock (15%), FMR (11.4%), Durable Capital (9.4%), Vanguard (9.3%), and Rubicon Founders (4.7%).

Privia generates revenue through a hybrid reimbursement model, combining Fee-For-Service (FFS) arrangements that provide near-term stability with VBC contracts that offer long-term margin expansion. In 2024, FFS accounted for approximately 70% of revenue, with VBC contributing the remainder through capitated payments, shared savings, and care management fees. The company's performance in the Medicare Shared Savings Program (MSSP), with a quality score of 85.7%, underscores its ability to deliver superior clinical outcomes and strong payer alignment.

Last (4/9/2025)	23.17
Open	23.15
Previous Close	23.12
Change on Day	0.05
Change % on Day	0.20%
Day High/Low	23.28 / 23.14
52 wk High/Low	26.09 / 16.47
Volume (M)	0.03

Beta 5Y	0.82
Market Cap (M)	2,837.50
Shares Out. (M)	122.7
Float %	80.40%
Shares Sold Short (M)	3.3
Dividend Yield %	-
Diluted EPS	0.11
P/Diluted EPS	210.40x

Total Revenues (M)	1,900.10
EBITDA (M)	27.7
EBIT (M)	19.6
Net Income (M)	14.8
Total Assets (M)	1,272.50
Total Enterprise Value (M)	2,504.70
Cash (M)	390.1
Total Debt (M)	6.6

Table 1: Market data

As of September 2025, Privia has a market capitalization of approximately 2.84 billion, supported by trailing twelve-month revenues of 1.9 billion and 2025E Adjusted EBITDA of 94.5 million. Shares most recently traded at 23.17, implying a 25.9x multiple of 2025E Adjusted EBITDA. Over the prior twelve months, the stock has traded between 16.47 and 26.09, with an average daily trading volume of 0.95 million shares. The proposed transaction contemplates a 29x entry multiple, reflecting a 10% premium to the current market price and positioning the company at the higher end of its historical trading range.

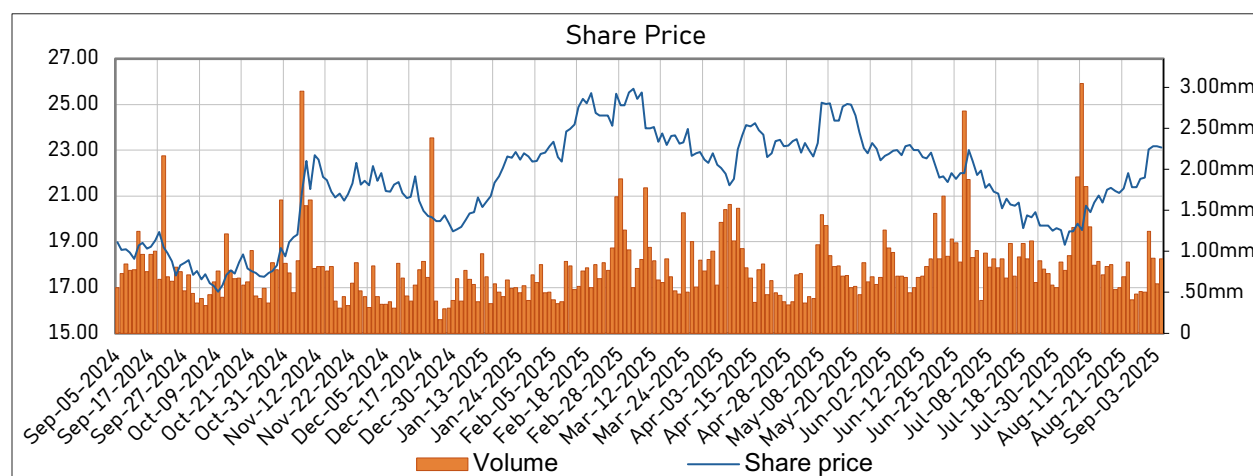


Figure 1: Share price and volume

	Current		Offer (excluding fees)		Change	Post acquisition	
	\$M	Multiple	\$M	Multiple	%	\$M	Multiple
Enterprise value	2456	25.9x	2740	29.0x	+11.6%	2740	29.0x
Cash	390	4.1x	390	4.1x	0%	100	1.1x
Debt	6	0.1x	6	0.1x	9%	500	5.3x
Equity	2,840	30.1x	3124	33.1x	+10%	2340	24.7x

Table 2: Use and source of funds

INVESTMENT MERITS

Privia Health offers a compelling opportunity for private ownership, supported by structural healthcare tailwinds, a capital-light business model, and a proven track record of growth and retention. The company combines stability from FFS revenues with long-term upside from accelerating VBC penetration, positioning it to benefit from demographic and policy shifts in the US healthcare market.

Key investment merits include:

U.S. healthcare spending is projected to increase from 17.6% of GDP in 2023 to 20.3% by 2033, driven by an aging population and the rising prevalence of chronic conditions. This creates sustained demand for scalable, value-driven care models—an environment in which Privia Health's operational platform is purpose-built to thrive. The following highlights capture the core operational capabilities driving Privia's long-term growth:

- **Scalable Provider Enablement Platform:** Privia's integrated model combines single-tax-ID medical groups, risk-bearing ACO entities, and a tech-enabled services platform. This supports efficient operations across all payer types and reimbursement models.
- **Rapid National Expansion with Local Customization:** The company enters new states through tailored partnerships with local medical groups and health systems, enabling fast, capital-light deployment while maintaining physician autonomy and governance.
- **Robust Provider Growth Engine:** In 2024 alone, Privia added 484 implemented providers, reaching a total of 4,789, an 11.2% YoY increase. This steady growth is fueled by strong recruitment, onboarding, and integration capabilities.
- **Technology-Driven Operational Efficiency:** Privia's cloud-based technology stack integrates proprietary and third-party tools to streamline revenue cycle management, patient engagement, population health, and clinical operations at scale.
- **High-Performance Value-Based Operations:** With over 1.26 million attributed lives across 100+ at-risk contracts, Privia transitions providers thoughtfully into risk-bearing arrangements, maximizing both clinical outcomes and financial results.
- **Provider Satisfaction and Retention:** Annual churn remains under 3%, driven by physician-led governance, operational support, and alignment of incentives, reinforcing the sustainability and stickiness of Privia's provider base.

Together, these factors underpin a scalable and defensible growth model. Privia is well-positioned to continue expanding its footprint, increase the share of VBC in its revenue mix, and improve margins under disciplined private ownership.

FINANCIAL OVERVIEW

Privia Health has demonstrated consistent revenue growth, supported by its scalable, capital-light model and expansion into new markets. While early years reflect volatility linked to investment in platform build-out and stock-based compensation, the company has transitioned into sustainable profitability with a clear path to margin expansion.

Key financial highlights:

- **Revenue growth:** Total revenue increased from 966 million in 2021 to 1.9 billion in 2024 and is projected to reach 2.9 billion by 2030. This represents a compound annual growth rate of approximately 12% from 2024 to 2030.
- **Profitability:** EBIT turned positive in 2023 after two years of losses driven by expansion costs. By 2030, EBIT is projected to exceed 140 million, reflecting scale benefits and improved operating leverage.
- **EBITDA trajectory:** Reported EBITDA has grown from 27 million in 2020 to 24 million in 2024, with significant expansion expected post-2025. By 2030, EBITDA is forecast to reach 161 million.
- **Adjusted EBITDA:** After accounting for stock-based compensation, Adjusted EBITDA provides a clearer picture of underlying cash flow. Adjusted EBITDA is projected to grow from 90.5 million in 2024 to 226 million by 2030, highlighting meaningful operating leverage and scalability.
- **Margins:** Gross profit margins are improving steadily, rising from 9.7% in 2020 to more than 12% projected by 2030, supported by growth in VBC and efficiencies in the physician enablement platform.

Overall, Privia's financial profile demonstrates a transition from a high-growth, investment-intensive phase toward a more balanced model with consistent revenue growth, positive operating income, and expanding Adjusted EBITDA margins. This trajectory underpins the investment thesis, providing confidence in the company's ability to support leverage while continuing to invest in expansion and VBC penetration.

INCOME STATEMENT

Fiscal year	2020A	2021A	2022A	2023A	2024A	2025P	2026P	2027P	2028P	2029P	2030P
Total Revenue	817.1	966.2	1,356.7	1,657.7	1,736.4	1,900.1	2,071.1	2,257.5	2,460.7	2,682.1	2,923.5
Gross Profit	82.6	63.7	134.8	161.5	176.9	189.4	207.1	248.3	270.7	321.9	350.8
Operating income (EBIT)	25.4	(217.1)	(19.0)	20.7	17.1	19.8	22.2	56.8	73.2	119.2	143.9
Net income	31.3	(187.9)	(8.5)	23.2	14.4	15.0	(15.8)	12.2	12.5	42.4	58.4
EBITDA reconciliation											
EBIT (GAAP)	25.4	(217.1)	(19.0)	20.7	17.1	19.8	22.2	56.8	73.2	119.2	143.9
EBITDA	27.3	(214.7)	(14.4)	27.3	24.3	27.9	31.2	67.8	86.2	134.2	160.9
Stock based compensation	0.5	253.5	67.4	37.1	56.7	67.0	65.0	65.0	65.0	65.0	65.0
Adjusted EBITDA	29.5	41.4	60.9	72.3	90.5	94.9	96.2	132.8	151.2	199.2	225.9

Table 3: Base case Income Statement selected financials

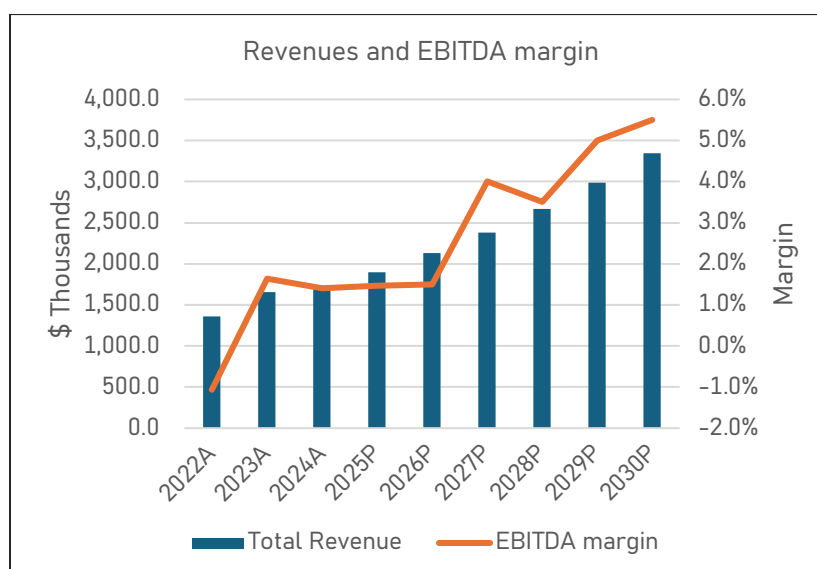


Figure 2: Historical Revenues and EBITDA margin

KEY RISKS

While Privia Health presents a compelling growth opportunity, investors should carefully consider the risks inherent in its business model, regulatory environment, and capital structure. The company's exposure to FFS revenues, reliance on government reimbursement, and multi-state operational complexity create areas of potential vulnerability that must be actively managed under private ownership.

Key risks include:

- Revenue mix exposure: Approximately 70% of revenue remains tied to FFS arrangements. A slower-than-expected shift to VBC could limit margin expansion and place pressure on valuation multiples.
- Leverage sensitivity: Privia's capital-light model, while efficient, offers limited asset backing. Introducing leverage through the proposed transaction increases reliance on consistent cash flow generation to meet debt service obligations.
- Regulatory dependency: The company's margins depend heavily on reimbursement frameworks set by CMS and Medicare Advantage risk-adjustment policies. Regulatory or policy changes could directly impact profitability.
- Expansion execution: Privia operates in fourteen states and the District of Columbia, each with its own Corporate Practice of Medicine (CPOM) rules, payer dynamics, and regulatory constraints. Missteps in compliance or contracting could slow geographic expansion.
- Margin pressure: Rising labor costs and increased technology investments may outpace reimbursement adjustments, reducing operating leverage and constraining profitability.
- Competitive landscape: The physician-enablement space remains fragmented and competitive, with larger payers and integrated health systems investing heavily in VBC models that could erode Privia's market position.

Taken together, these risks highlight the importance of disciplined execution, prudent capital management, and proactive regulatory engagement. Addressing these challenges will be critical to realizing the full value creation potential under private ownership.

EXIT STRATEGY

The long-term exit strategy for Privia Health under private ownership should build on its scalable, capital-light model and its positioning in the structural shift toward VBC. With continued revenue growth, margin expansion, and deeper penetration into value-based contracts, Privia will be well-placed to deliver multiple attractive exit options to financial sponsors and strategic acquirers.

Potential exit paths include:

- Sponsor-to-sponsor sale: Privia's profile as a scalable, technology-enabled physician-enablement platform aligns with private equity interest in healthcare services platforms. A secondary buyout could deliver liquidity while allowing the next sponsor to continue scaling VBC penetration.
- Strategic acquirer: Large payers, integrated delivery networks, and health systems are actively seeking physician-alignment solutions. Privia's platform could create contracting synergies, enhance quality metrics, and provide technology-enabled care coordination at scale.
- Public market re-listing: An IPO could provide an attractive exit if Privia demonstrates accelerated EBITDA growth, higher VBC penetration, and a margin profile more in line with leading healthcare services peers. Public investors may assign premium multiples to a proven VBC platform with visible growth.

Timing considerations:

- A three- to five-year hold period would allow sufficient time to expand into new markets, shift further into VBC, and deliver operating leverage.
- Exit multiple sensitivity suggests returns remain attractive across scenarios, provided EBITDA growth and VBC penetration are achieved.

Overall, the most compelling exits will depend on execution against the value-creation plan. A successful strategy would position Privia as either a consolidation platform for private equity or a strategic asset in the healthcare ecosystem, while retaining the flexibility of a potential IPO re-listing.

A SCALABLE GROWTH STORY WITH EXECUTION RISK

Privia Health combines the scale and stability of a FFS foundation with the margin expansion potential of VBC, supported by a capital-light model and strong provider retention. The company is positioned to benefit from long-term healthcare tailwinds and has demonstrated consistent revenue growth. At the same time, profitability remains modest, leverage introduces new risks, and execution across multiple states and regulatory frameworks will be critical. In the base case, assuming an entry multiple of 29x and an exit multiple of 27x, the transaction is projected to deliver a gross IRR of 28.3% and a gross MOIC of 2.07x. The opportunity is attractive, but its success will depend on disciplined management, continued growth in VBC, and careful navigation of regulatory and operational challenges.

02

OVERVIEW

THE COMPANY

Privia presents a compelling LBO opportunity with predictable revenue, high provider retention, and embedded margin expansion. Under private ownership, the company can accelerate its VBC mix shift, optimize cost structure, and pursue targeted tuck-in acquisitions.

BUSINESS MODEL

FOUNDED: 2007

HEADQUARTERS: Arlington, Virginia

TICKER: NasdaqGS: PRVA

EMPLOYEES: 1,140 (As of 2025)

Privia Health Group, Inc. is a technology-driven national provider-enablement company. It partners with provider groups, health plans, and health systems to improve care delivery, reduce administrative burden, and support a transition to VBC. The company's differentiated model integrates providers into single-tax-ID medical groups with a tech-enabled platform and provider-led governance.

Privia Health offers a comprehensive suite of services through its technology-enabled, provider-aligned platform that enables independent practices to thrive across both Fee-For-Service (FFS) and Value-Based Care (VBC) environments. The platform comprises:

- **Privia Medical Groups:** Single-TIN medical groups that provide centralized contracting, clinical integration, and economies of scale.
- **Privia Technology Solution:** A proprietary stack integrating EHR optimization, performance dashboards, population health tools, and patient engagement.
- **Management Services Organization (MSO):** Delivers non-clinical support such as billing, scheduling, compliance, and credentialing.
- **Accountable Care Organizations (ACOs):** Focused on Medicare Shared Savings Program (MSSP) and Medicare Advantage contracts to drive quality outcomes and shared savings.
- **Privia Care Partners:** Extends value-based infrastructure to providers who wish to retain their existing tax ID structures.

Privia operates a hybrid model that scales across reimbursement frameworks:

- **FFS Model:** Management fees from practice collections, primarily from independent practices aligned under Privia Medical Groups.
- **VBC Model:** Shared savings, performance bonuses, and capitation payments via ACOs and direct contracts with payers.
- **Revenue Visibility:** Over 95% of revenue is recurring or transaction-based with long-term provider relationships and contractual structures.

The pie chart below visually breaks down Privia's revenue sources, reflecting the Company's balanced exposure across both FFS and VBC arrangements. As illustrated, FFS patient care continues to represent the largest share of revenue at 66%, followed by VBC streams such as capitated payments (12.3%), shared savings (10.3%), and care management fees (3.7%). Administrative services within the FFS model contribute an additional 7.2%, while other revenues make up a minimal portion. This diversified revenue composition underscores Privia's ability to scale across reimbursement frameworks and reinforces the stability and predictability of its income streams.

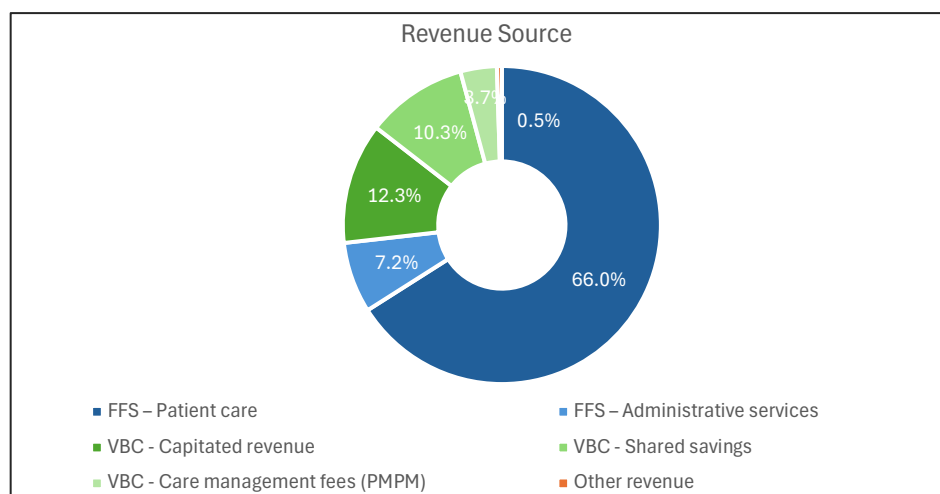


Figure 3: 2024 revenues split

TOP-LINE GROWTH TRAJECTORY

From 2021 to 2025E, Privia Health's revenue grew from \$966 million to a projected \$2.05 billion, representing a compound annual growth rate (CAGR) of approximately 20% (Figure 4). This topline expansion reflects both organic growth and strategic market entries, supported by the scalability of its platform and steady provider onboarding. Despite this strong revenue trajectory, operating income has remained modest, growing from a GAAP operating loss of \$217 million in 2021 to a projected positive operating income of \$21.2 million by 2025E (management's expectations). This reflects ongoing improvements in operating leverage, driven by disciplined cost management and enhanced platform efficiencies.

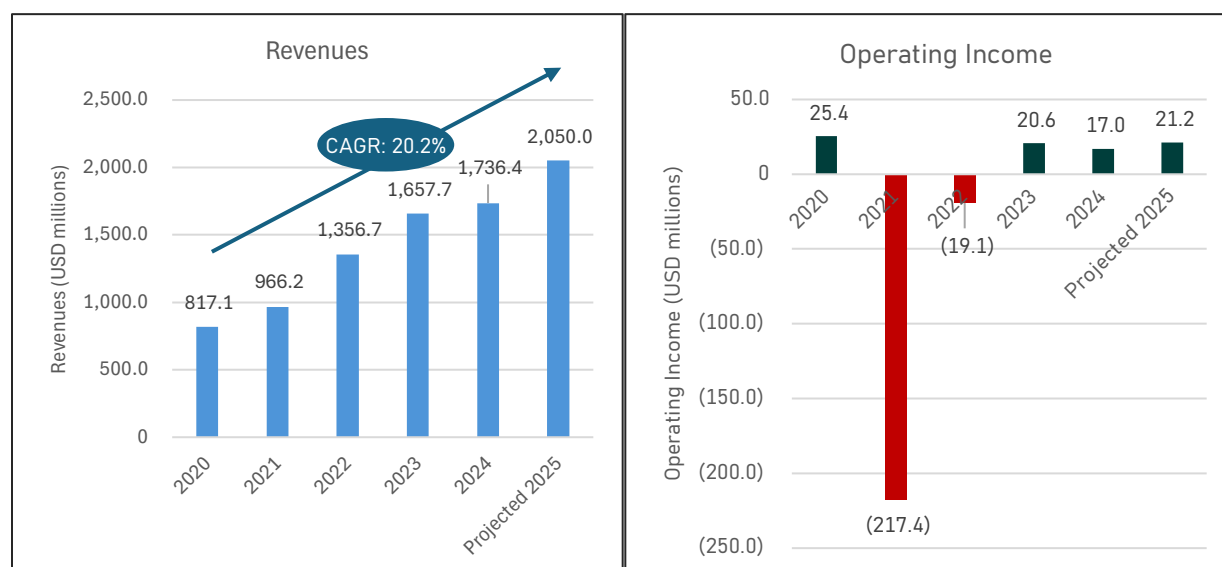


Figure 4: Revenues and Operating Income

KEY HISTORICAL MILESTONES AND CURRENT SITUATION

- **2013:** Launch of the first Privia Medical Group in Reston, Virginia, partnering with a four-provider practice.
- **2014–2020:** Grew to support 3M+ patients and generated over \$576M in total shared savings.
- **April 2021:** Completed its Initial Public Offering (IPO) and listed on the Nasdaq under the symbol “PRVA”.
- **2021–2025:** Rapid geographic expansion from 6 to 14 states and D.C., including high-profile partnerships with Novant Health (NC), Beebe Healthcare (DE), and OhioHealth (OH).
- **2023–2024:** Entered additional states (e.g., Indiana, South Carolina, Washington) and launched multiple Accountable Care Organizations (ACOs), growing attributed lives under VBC to over 1.26 million.

ROBUST PAYER ENGAGEMENT

Privia maintains over 100 value-based contracts with both commercial and government payers, including:

- Medicare Advantage (MA)
- MSSP (Medicare Shared Savings Program)
- Commercial ACOs
- Employer-direct contracts

These contracts span upside-only, shared-risk, and full-risk models. The company reported \$176.6 million in MSSP shared savings in 2023, a 34% YoY increase.

QUALITY METRICS AND VBC PERFORMANCE

Privia’s model emphasizes clinical autonomy under a provider-led governance structure, driving consistent performance across national quality benchmarks. These include:

- **Above-average performance in CMS Star Ratings and HEDIS metrics**—two key quality reporting frameworks used by Medicare Advantage plans and commercial payers. Star Ratings, published by the Centers for Medicare & Medicaid Services (CMS), assess plan and provider performance across preventive care, chronic disease management, and patient satisfaction. HEDIS (Healthcare Effectiveness Data and Information Set), maintained by NCQA, tracks the quality of care and service outcomes across health plans nationally.
- **Strong provider engagement and low attrition**, enabled by alignment on clinical goals, shared savings, and governance participation.
- **High-quality care delivery across both primary and specialty services**, reinforcing Privia’s platform effectiveness at scale.

Privia’s quality leadership is further validated by its top-tier MSSP quality score of 85.7% in 2023, outperforming key peers such as Aledade (83.0%), Oak Street Health (82.3%), and Optum (72.4%). These CMS-published scores assess ACOs across domains like patient experience, care coordination, and clinical effectiveness. Privia also achieved a 7.62% aggregate savings rate, among the highest in the cohort—demonstrating its ability to deliver both high-value care and operational efficiency.

EXPERIENCED MANAGEMENT TEAM

Led by CEO Parth Mehrotra, the executive team brings significant experience in healthcare services, VBC, and multi-site operations. Key team members include experts in payer strategy, clinical quality, provider operations, and growth partnerships.

STRATEGIC PARTNERSHIPS & GREENFIELD STRATEGY

Privia Health has executed a disciplined greenfield expansion strategy, leveraging strategic anchor partnerships with leading regional health systems and physician organizations to efficiently enter and scale in new markets. These alliances enable Privia to establish medical group infrastructure, launch Accountable Care Organizations (ACOs), and rapidly implement VBC arrangements. Each partnership—whether through joint ventures, clinically integrated networks, or affiliation agreements—follows a replicable model that accelerates state-level activation while preserving local provider autonomy. This approach has successfully driven Privia's market entry into five new states over the past two years and remains central to its national growth strategy.

M&A TRACK RECORD

Privia has demonstrated discipline in bolt-on acquisitions of provider groups and infrastructure partners. While M&A has not been its core growth driver, the company has selectively executed deals to:

- Accelerate state-level density
- Build ACO capabilities
- Expand technology integration

PROCESS

CURRENT OWNERSHIP

As a public company, Privia Health's top institutional shareholders include BlackRock (15%), FMR (11.4%), Durable Capital Partners (9.4%), Vanguard (9.3%), and Rubicon Founders (4.7%) (Figure 5). These leading investors collectively reflect strong institutional confidence in Privia's long-term value creation potential.

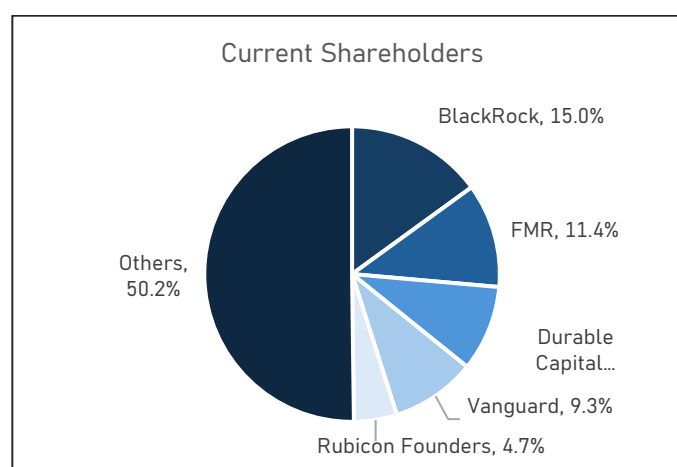


Figure 5: Current Shareholders

BIDDING STRATEGY

The proposed public-to-private transaction at \$25.55 per share contemplates a 10% premium to Privia Health's current share price of \$23.23, reflecting a compelling value proposition for shareholders while ensuring alignment with the company's long-term strategic vision. While a 10% premium may appear modest compared to typical take-privates, Privia is already trading at a rich valuation multiple relative to peers, making it difficult to justify a materially higher premium without overstressing fundamentals.

For current ownership, the value proposition also includes the opportunity to retain a minority stake and continue benefiting from the upside created under new, more active ownership. With concentrated ownership among top institutional holders, the bidding strategy will prioritize early engagement with these key stakeholders. Their collective stake of nearly 50% positions them as pivotal in facilitating a smooth transition, underscoring the importance of demonstrating value creation and strategic continuity under private ownership. Public-to-private transactions rarely attract multiple concurrent bids, especially when a credible party engages early and offers a strong premium relative to trading multiples. As such, pre-empting the process with a compelling proposal not only increases deal certainty but also aligns with market precedents, where speed, discretion, and stakeholder alignment often outweigh drawn-out auctions.

03

INVESTMENT ANALYSIS

INVESTMENT HIGHLIGHTS

STRATEGIC OPPORTUNITY IN VBC

The U.S. healthcare system is undergoing a structural transformation, driven by the dual pressures of escalating costs and a rapidly aging population. According to the Centers for Medicare & Medicaid Services (CMS), [national health expenditures \(NHE\) grew 7.5% in 2023 to \\$4.9 trillion](#) (Figure 6), representing [17.6% of GDP](#). Looking forward, healthcare spending is projected to rise at an average annual rate of [5.8% from 2024 to 2033](#), consistently outpacing projected GDP growth of 4.3%. This will drive healthcare's share of the economy from [17.6% in 2023 to 20.3% by 2033](#), underscoring the unsustainable trajectory of U.S. healthcare costs.

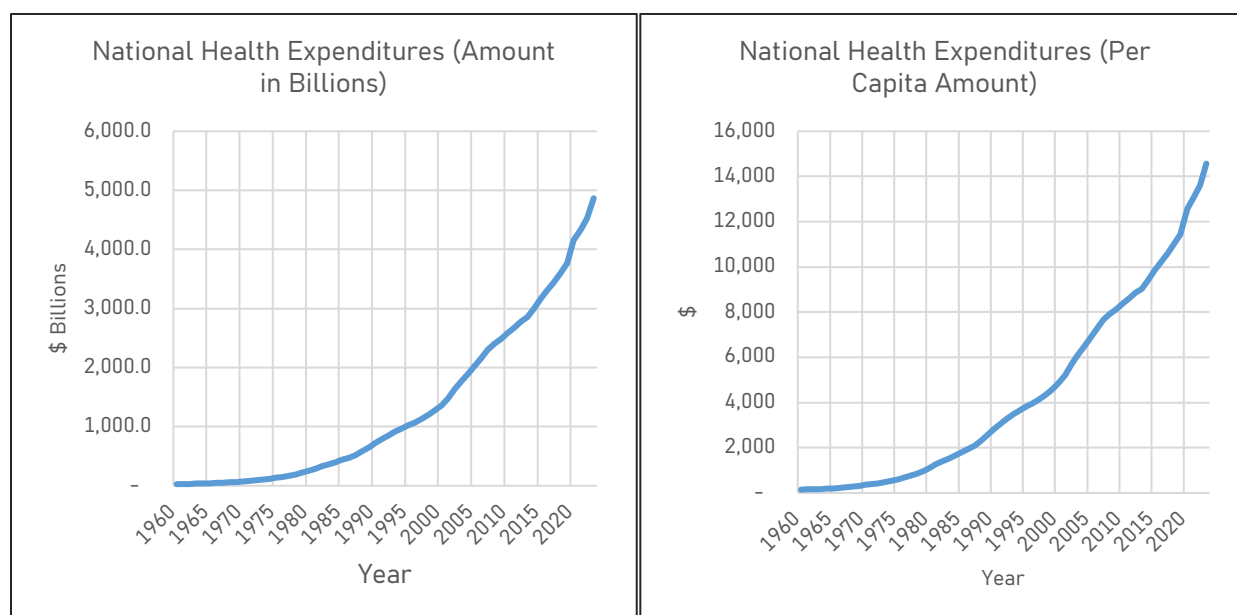


Figure 6: National Health Expenditures in billions and per capita

The expenditure data presented in these charts is reported in nominal terms and is not inflation-adjusted. However, as this is the official CMS dataset, it provides a consistent reference point. Even without adjusting for inflation, the trajectory clearly illustrates the exponential growth of healthcare costs—at a pace that has consistently outstripped general inflation.

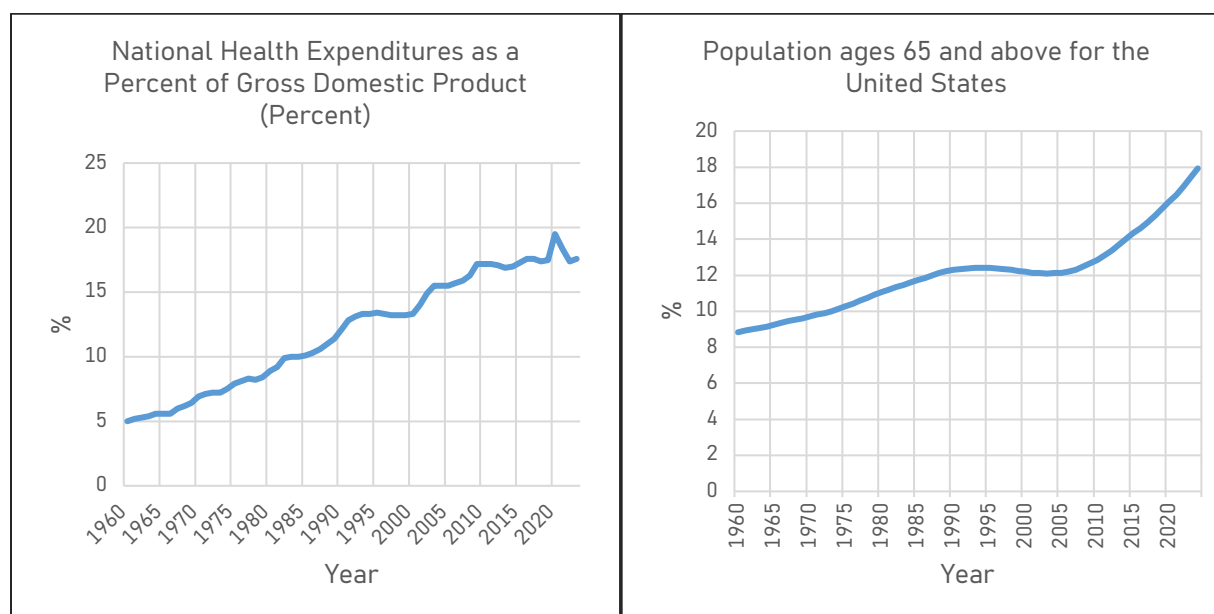


Figure 7: National Health Expenditures since 1960 in absolute value, per capita and percentage of GDP, source: [CMS](#)

In 2024 1 in 6 people in the United States were 65, sources: [Census](#) [FRED](#) [St. Louis](#)

At the same time, the demographic landscape is shifting in ways that magnify these pressures. The U.S. population aged 65 and older is projected to nearly double from 46 million in 2016 to 98 million by 2060, at which point seniors will represent almost one in four Americans. Already in 2024, 1 in 6 Americans (17%) (Figure 7) is 65 or older, compared with just 1 in 20 a century ago. This aging curve is placing immense strain on Medicare, Medicaid, and long-term care programs while accelerating demand for chronic disease management, primary care, and coordinated health services that can prevent costly hospitalizations.

In this context, VBC emerges as one of the most compelling themes in healthcare transformation. By shifting provider incentives away from volume and toward outcomes, VBC seeks to bend the cost curve while improving care quality. It aligns payers, providers, and patients around shared goals: reducing avoidable hospitalizations, improving chronic disease outcomes, and minimizing unnecessary utilization. These models are increasingly relevant to high-cost, high-need Medicare Advantage and managed Medicaid populations, where the majority of future growth in healthcare demand will occur.

The macro tailwinds behind VBC are undeniable. Policymakers are accelerating adoption through expanded shared savings programs and risk-based contracts. Payers and employers are pushing providers into performance-based arrangements. And technology platforms are enabling proactive population health management at scale. For investors, this thematic shift creates a clear opportunity to back platforms and operators already embedded in the transition, capable of capitalizing on rising demand for accountability, transparency, and efficiency in care delivery.

Privia Health, with its hybrid reimbursement model, scalable provider-enablement platform, and proven track record in value-based programs, is strategically positioned to benefit from this systemic evolution.

PRIVIA HEALTH POSITIONED TO CAPITALIZE ON SYSTEMIC TAILWINDS

Privia Health is uniquely positioned to capture the accelerating momentum behind VBC. As healthcare costs surge and the population ages, demand is rising for scalable, technology-enabled solutions that can manage chronic conditions, streamline care delivery, and shift the cost curve. Privia's platform addresses these needs directly supporting over 4,300 credentialed providers across more than 950 care sites, with over 1.26 million attributed lives under value-based arrangements.

With the U.S. healthcare system projected to reach \$7.7 trillion in national health expenditures by 2032 ([Privia 2024 annual report](#)), Privia's \$2.4 trillion total addressable market across Medicare Advantage, MSSP, commercial risk, and Medicaid VBC populations offers significant runway for growth. The company's flexible partnership model, single-TIN medical groups, and tech-driven infrastructure enable rapid scaling in both existing and new geographies.

As payer and employer pressure for cost-effective care intensifies, Privia's hybrid reimbursement model and proven outcomes position it as a mission-critical partner. The growing need for physician alignment, clinical integration, and population health insights will only amplify the relevance of Privia's solution set in the years ahead.

FRAGMENTED, HIGH-GROWTH MARKET

Only 10% of primary care lives in the U.S. are currently managed through VBC enablement platforms—a modest figure that underscores how early the market still is in its transformation. Just a few years ago, that figure was closer to 4%, and macro trends are accelerating its growth: rising healthcare costs, expanded CMS risk-sharing models, increased payer pressure on providers, and the growing shift from FFS to performance-based reimbursement.

While Privia Health holds an estimated 3–4% share (Figure 8) of this enablement segment, that small footprint is strategically meaningful. It translates into leadership within a highly fragmented and dynamic space—and positions Privia to scale rapidly as VBC penetration expands from 10% toward 30–50% over the next decade.

The market remains highly fragmented and nascent, comprising a diverse ecosystem of players:

- Physician enablement platforms (Privia, Aledade, agilon)
- Advanced primary care providers (Oak Street Health, ChenMed)
- Startups and niche operators (Pearl Health, Equality Health, Lumeris)
- Vertically integrated giants (Optum)

Amid this fragmented landscape, Privia stands out for its:

- Proven scalability and track record in new markets
- Hybrid model that balances FFS and VBC
- High clinical quality (85.7% MSSP score) with over 1.26M attributed lives
- Capital-light structure and strong provider alignment model

This positions Privia not only as a current leader in VBC enablement, but also as a long-term beneficiary of a structural shift reshaping how care is delivered, financed, and measured in the U.S. healthcare system.

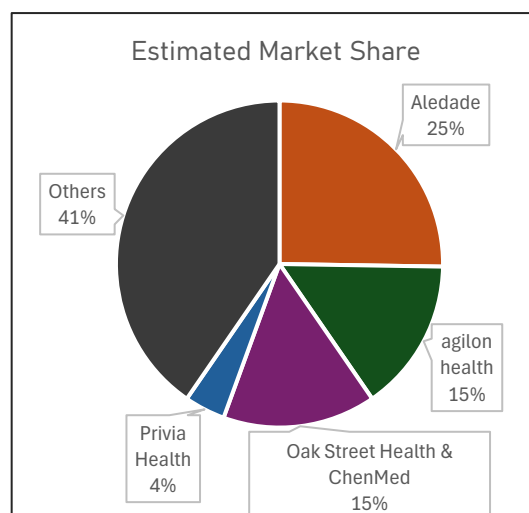


Figure 8: Estimated Market Share

QUALITY AS A COMPETITIVE ADVANTAGE

Privia Health's top-tier CMS quality score of 85.7% (Figure 9) in the 2023 MSSP positions it as a leader in VBC execution. This strong performance unlocks multiple strategic and financial advantages:

- **Stronger economics:** High quality scores directly increase shared savings payouts—Privia earned over \$108 million in shared savings, with a 7.62% aggregate savings rate, outperforming peers.
- **Physician alignment:** Superior clinical outcomes enhance Privia's value proposition to providers, driving recruitment, retention, and engagement in value-based arrangements.
- **Market differentiation:** Outperforming major competitors like Aledade (82.98%), Oak Street (82.28%), and Optum (72.36%) signals operational excellence and positions Privia favorably with payers and partners.
- **Scalable impact:** Delivering these results across a large base of 179,000+ assigned beneficiaries demonstrates Privia's ability to maintain quality at scale.
- **Investment upside:** In a healthcare system shifting toward performance-based reimbursement, Privia's proven quality performance enhances revenue visibility, margin potential, and long-term sustainability.

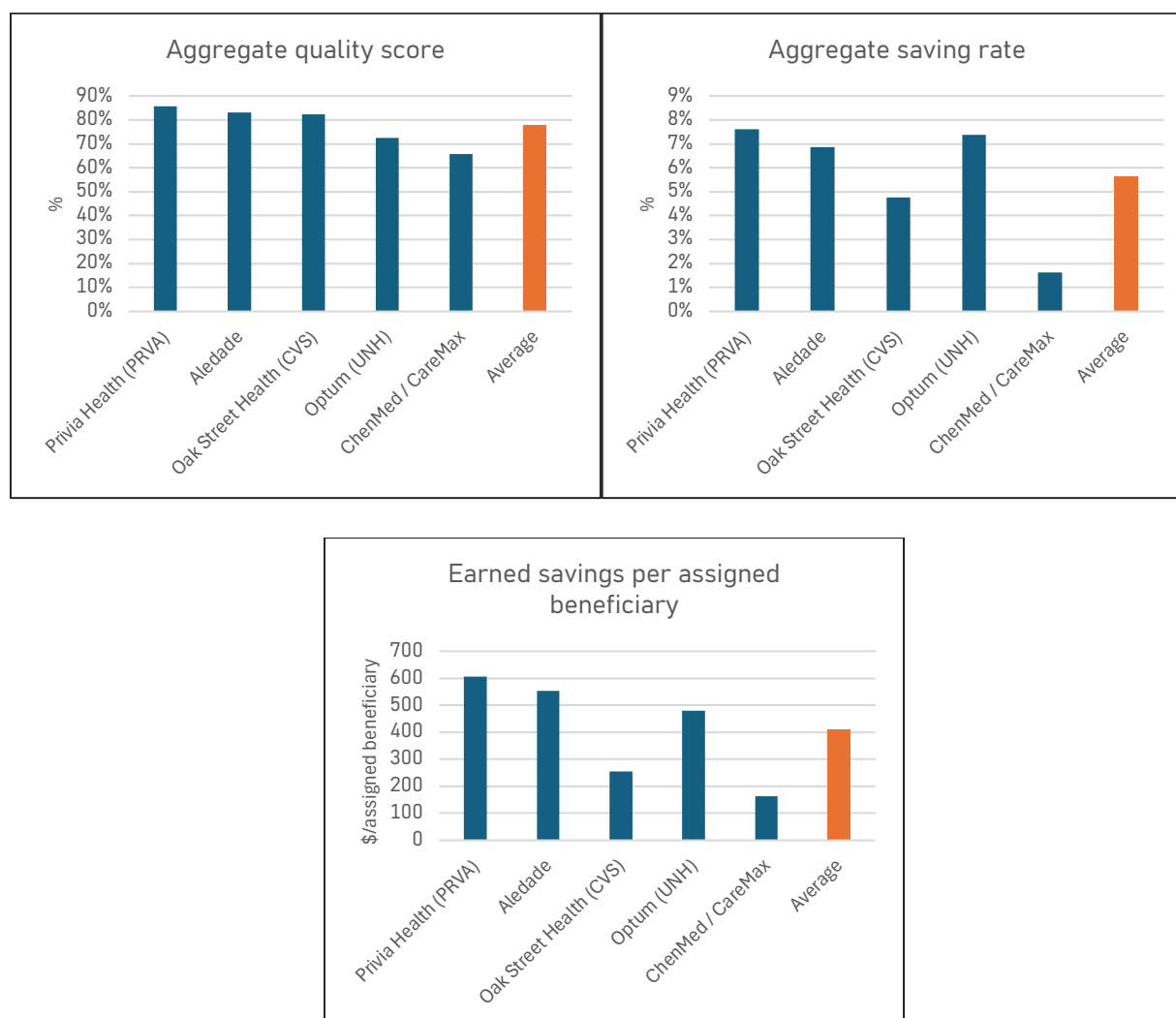


Figure 9: Privia's quality metric compared to its peers and the average. Source: CMS

HIGH BARRIERS TO ENTRY IN VBC ENABLEMENT

The transition to VBC is a critical evolution in U.S. healthcare, driven by the need to improve outcomes and reduce costs. However, becoming a scaled VBC enabler involves complex challenges and substantial investment. The following points outline the core requirements and market implications of this shift:

- **Why It Matters:**
The shift from FFS to VBC is both a policy mandate and a financial necessity to curb rising healthcare costs.
- **What It Takes to Succeed:**
Becoming a scaled VBC enabler requires:
 - a) Significant investments in data infrastructure, population health analytics, and interoperability.
 - b) Robust capabilities to manage financial risk across diverse patient populations.
 - c) Ongoing clinical R&D and care model innovation to improve outcomes and align incentives.
- **Market Dynamics:**
 - a) These high demands create steep entry barriers.
 - b) Smaller or regional players often lack the resources to compete effectively.

- c) Scaled platforms like Privia Health hold a clear advantage due to their existing tech backbone and provider alignment model.

EXPANDING NATIONAL FOOTPRINT

As of 2025, Privia Health operates across 14 states and the District of Columbia, with a network of approximately 4,800 affiliated providers serving over 5.2 million patients at 1,200+ care sites. This expanding national presence creates meaningful operating scale, payer relevance, and local brand strength—key enablers of success in VBC.

Recent expansion into new markets:

- Indiana (2024), through a multi-specialty anchor partnership
- South Carolina, Washington, and other states since 2023

Privia's rapid expansion demonstrates the replicability of its business model and its ability to establish physician-aligned networks that scale efficiently. This distributed yet integrated footprint positions Privia as a leading platform for risk-bearing care delivery, contract negotiation leverage, and clinical performance at scale.

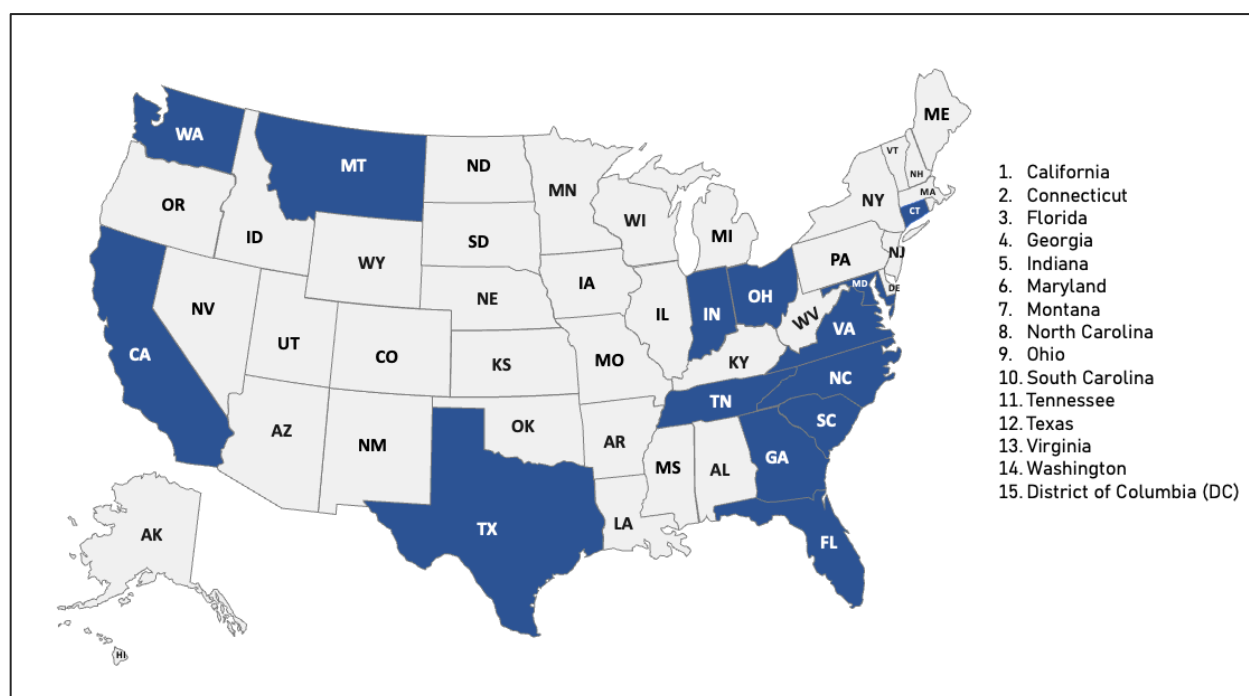


Figure 10: Privia's presence in 2025

GROWTH STRATEGY: ORGANIC AND INORGANIC EXPANSION

Privia Health's expansion model is rooted primarily in organic growth, enabled by its capital-light provider enablement platform. By partnering with independent provider practices, Privia can enter new markets through greenfield expansion, leveraging its scalable infrastructure to bring immediate operational, technological, and contractual advantages to its affiliates. This approach allows the company to avoid the heavy capital commitments associated with building or acquiring clinic networks, while still achieving rapid growth in provider count, covered lives, and VBC contracts.

Organic growth is driven by three core pillars:

1. **Practice Affiliations** – Recruiting independent practices into the Privia network, thereby increasing provider count and patient volume.
2. **VBC Penetration** – Expanding the proportion of revenue generated through VBC arrangements, particularly Medicare Advantage, MSSP ACOs, and commercial risk contracts.
3. **Geographic Expansion** – Entering new states via partnerships with health systems or local provider groups, replicating the platform's proven model in diverse markets.

On the inorganic growth front, Privia has been less acquisitive than many of its peers, choosing to avoid large-scale clinic acquisitions. Instead, its “inorganic” growth has largely come through strategic partnerships with health systems, payers, and provider groups that accelerate entry into new regions. For example, partnerships with major health systems in Texas and Florida have allowed Privia to scale rapidly without outright acquisitions. While the company has not relied heavily on M&A to date, its platform could be leveraged in the future for bolt-on acquisitions of technology assets, provider groups, or regional enablement platforms if strategically aligned.

This dual approach positions Privia as a growth platform capable of scaling efficiently and sustainably, with organic provider network growth at its core and selective inorganic opportunities as an enhancer. Importantly, the capital-light nature of its strategy means that growth does not require the same level of balance sheet intensity as asset-heavy operators, reinforcing Privia's appeal as a scalable consolidator in the VBC space.

MARGIN DYNAMICS: FFS VS. VBC

The economics of healthcare delivery are shifting decisively from volume to value. Under the traditional FFS model, providers are reimbursed for each service rendered, regardless of outcomes—generating predictable revenue but often yielding thin or breakeven margins. According to the 2025 [MedPAC](#) report, even highly efficient practices often struggle to exceed modest profitability under this structure.

In contrast, VBC models such as Medicare Advantage and ACOs offer providers an opportunity to capture [higher net margins](#) by aligning incentives with quality, efficiency, and care coordination. Industry research ([Mercer, Milliman](#)) suggests that well-executed VBC contracts can improve provider margins by 3–5% or more, depending on risk tolerance and operational capability.

Privia Health is built to capitalize on this economic realignment. Its hybrid reimbursement model supports providers through the transition, offering:

- **Shared savings opportunities** and performance incentives
- **Technology and analytics infrastructure** for care coordination and risk management
- **Proven track record** in managing attributed lives under VBC contracts (e.g., 85.7% MSSP quality score)

For affiliated providers, Privia enables both economic upside and operational support—a powerful combination that attracts high-performing physicians and reinforces retention. For the company, this model enhances overall margin performance and creates a scalable, defensible economic advantage in a healthcare system moving steadily toward value-based reimbursement (Table 4).

Aspect	FFS	VBC	Economic Advantage of VBC
Payment Model	Payment per service/procedure	Payment based on outcomes & efficiency	Incentivizes quality, efficiency, cost control
Provider Margin Range	0% to 5%	3% to 10% (Medicare Advantage higher)	Higher and more stable margins under VBC
Cost Growth Rate	Higher growth over time (6-8%)	Lower growth (3-5%)	Reduces long-term expenditure growth
Hospital Readmission Rate	15-20%	Reduced by 5-7%	Avoids unnecessary hospitalizations
Patient Satisfaction	Variable	Typically 20-30% higher	Improved patient outcomes and experience
Care Coordination	Limited	High (proactive population health mgmt)	Decreases redundant tests, reduces waste
Incentive Alignment	Volume-driven	Outcome-driven	Aligns stakeholders on cost and quality
Shared Savings	None	50%+ of savings shared with providers	Providers rewarded for efficient care delivery

Table 4: FFS Vs VBC

PROVIDER RETENTION AND CHURN

A core strength of Privia Health's growth model lies in the stability and loyalty of its affiliated provider base. With annual provider churn consistently below 3%, Privia demonstrates industry-leading retention—a key indicator of platform stickiness and alignment.

This high retention rate is not incidental. It reflects a combination of structural, financial, and operational incentives that Privia embeds into its model, including:

- Multi-year affiliation agreements that foster long-term commitment
- Access to scale payer contracting, which independent practices cannot achieve on their own
- Shared technology and administrative infrastructure that reduces cost and complexity

For providers, Privia offers the rare ability to retain clinical autonomy while benefiting from the scale, tools, and support typically reserved for larger health systems. This creates meaningful switching costs, making it difficult for competitors to displace Privia-aligned practices.

The result is a stable, recurring revenue base and a strong foundation for expanding patient panels and deepening payer partnerships. In a fragmented and often transient provider landscape, Privia's exceptional retention is not just a metric—it's a competitive advantage that enhances scalability, credibility, and margin stability.

INVESTMENT CONSIDERATIONS

OPERATING MODEL ADVANTAGE

Privia Health's operating model is designed for scalability, efficiency, and long-term margin expansion. At the core is a capital-light approach—by enabling providers rather than owning physical infrastructure, Privia generates revenue growth with minimal incremental cost, creating strong operating leverage as the platform scales.

A key enabler of this efficiency is the company's investment in technology and centralized services. Privia has enhanced its platform with advanced analytics, population health tools, and interoperability features that improve clinical workflows and patient engagement. These digital capabilities directly support success in VBC.

To further reduce friction and cost, Privia centralizes core support functions such as:

- Revenue cycle management
- Payer contracting
- Compliance infrastructure

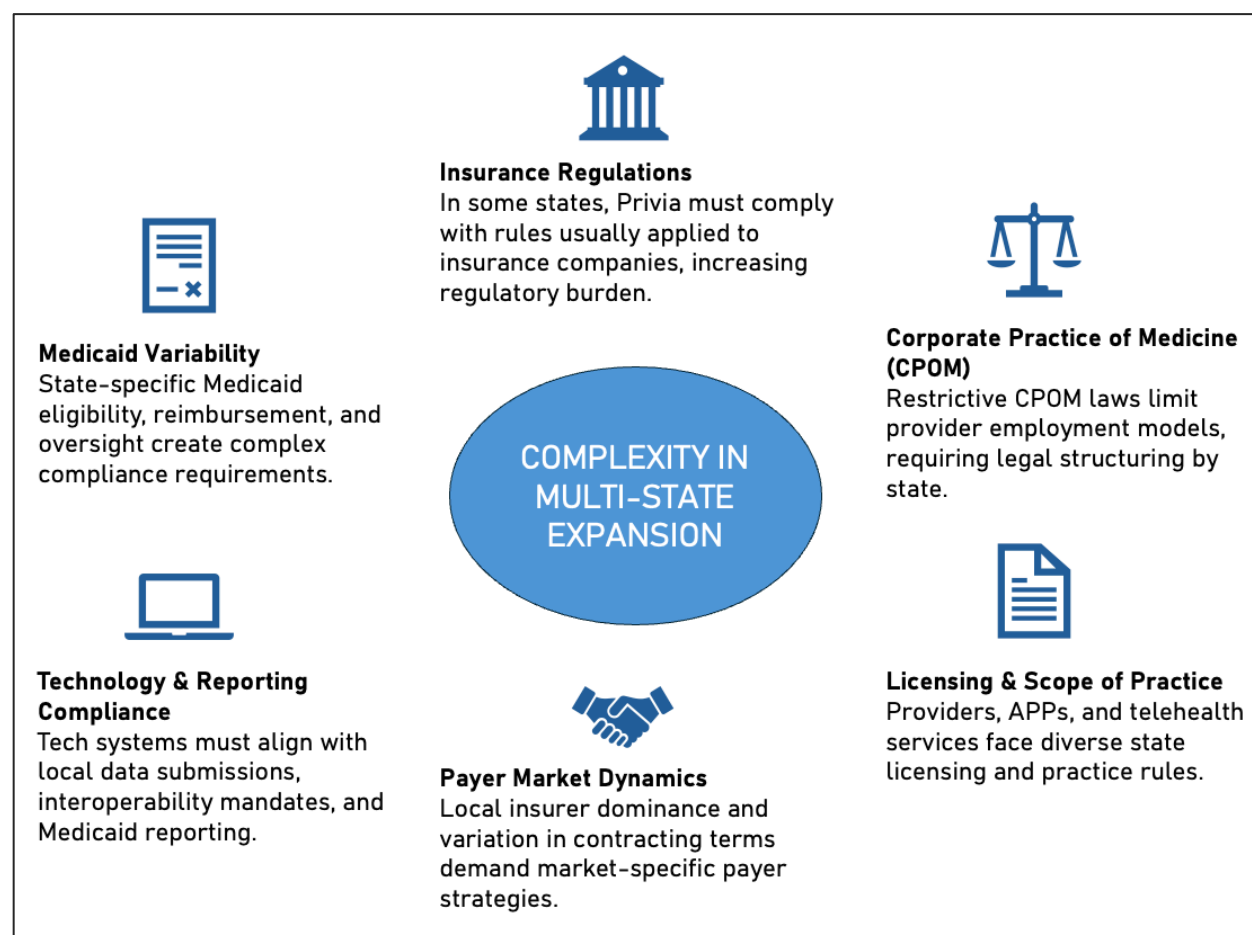
This allows providers to focus on clinical care while Privia standardizes and streamlines operations behind the scenes.

Importantly, the company has maintained cost discipline. Despite rapid growth in covered lives and affiliated providers, general and administrative expenses have grown more slowly than revenue, reflecting true operating leverage. As the mix of value-based revenue increases, the model offers further upside in margin efficiency—strengthening Privia’s position as a scalable and resilient healthcare platform.

INVESTMENT RISKS

REGULATORY COMPLEXITY IN MULTI-STATE EXPANSION

Expanding across multiple geographies in the U.S. introduces meaningful regulatory and operational complexity for Privia Health. While Medicare rules provide a consistent federal framework, programs such as Medicaid are state-administered and subject to varying eligibility criteria, reimbursement methodologies, and oversight requirements. In certain jurisdictions, Privia may even be required to adhere to regulations typically applied to insurance companies, adding further compliance burden. Beyond Medicaid, state-level laws governing provider contracting, risk-bearing entities, and Corporate Practice of Medicine (CPOM) rules differ widely, forcing the company to adapt its structure to local requirements. Additional challenges include state-specific licensing for providers, advanced practice providers, and telehealth services; restrictive CPOM laws in certain states that prohibit corporations from directly employing providers; payer contracting dynamics that vary by market, particularly where a few commercial insurers dominate; and the need for technology integration tailored to local reporting mandates, Medicaid data submissions, and interoperability requirements. Together, these factors make multi-state expansion a highly nuanced process requiring significant legal, administrative, and technological adaptation.



SLOWING TRANSITION TO VBC

While Privia Health remains strategically aligned with the long-term shift to VBC, recent data suggests a temporary slowdown in its own transition away from FFS. In 2023, FFS comprised 65.7% of total revenue; by 2024, that share had increased to 73.2%—a reversal from prior trends (Figure 11).

This shift reflects several operational and market dynamics:

- **Slower-than-expected ramp** of new value-based contracts in certain expansion markets.
- **Lag in attribution** and payment structures tied to Medicare Advantage and ACO participation.
- **Continued reliance on FFS revenue** to support near-term growth and expansion activities.

While the long-term thesis remains intact—driven by payer demand, regulatory alignment, and margin potential—this near-term regression underscores the execution challenges inherent in scaling VBC across multiple markets and payer types. Reaccelerating the mix shift toward risk-based arrangements will be a key focus area for Privia moving forward.

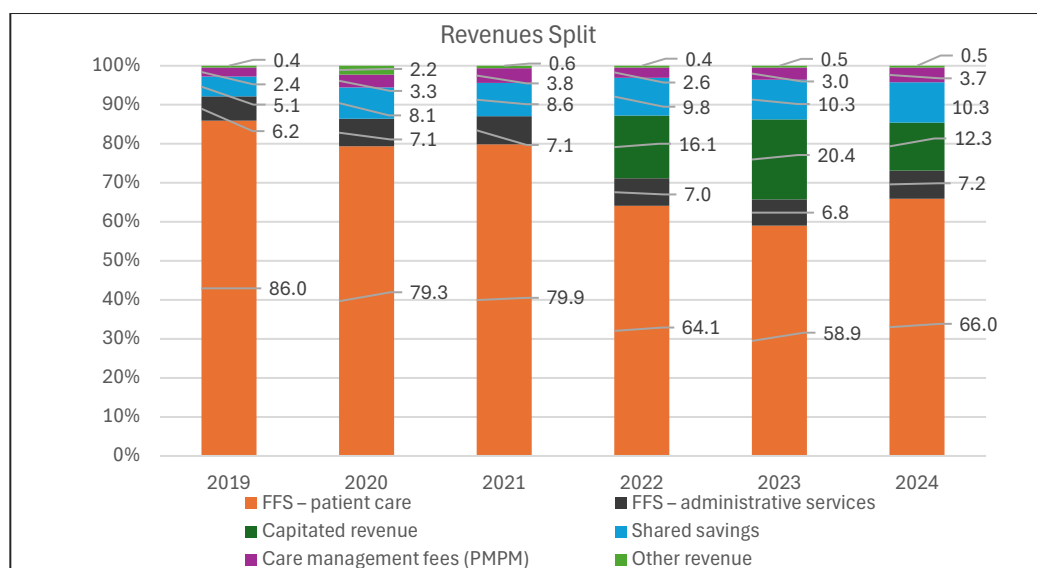


Figure 11: Revenues split evolution

IMPACT OF INFLATION AND TARIFFS ON PRIVIA HEALTH

Inflationary Pressures: Privia Health's business model, while asset-light, is not insulated from the broader inflationary environment.

- **Labor Costs:** Physician practices face rising wage pressures for clinical and administrative staff, including nurses, medical assistants, and care coordinators. Since much of Privia's cost structure is tied to affiliated practices, inflation in healthcare wages directly affects provider economics and indirectly impacts Privia's performance.
- **Technology & Infrastructure:** Inflation raises the cost of software licenses, IT services, and cybersecurity investments, all of which are critical to Privia's platform.
- **Provider Reimbursement Lag:** Unlike wages and input costs, payer contracts (both FFS and value-based) often adjust slowly to inflation, creating a margin squeeze until rates are renegotiated.
- **Patient Demand:** Persistent inflation may reduce disposable income, leading to deferred elective care, which could soften FFS volumes. Conversely, demand for cost-efficient primary care and value-based models may increase.

Tariffs and Trade Policy: Although Privia does not directly import physical goods at scale, tariffs and trade tensions affect the healthcare ecosystem in ways that ripple into its operations:

- **Medical Supplies & Equipment:** Practices in the Privia network may experience higher costs for imported medical devices, diagnostic equipment, and consumables. This indirectly pressures affiliated groups' profitability, which can affect Privia's management fees.
- **Technology Hardware:** Tariffs on semiconductors, networking equipment, or servers increase costs for data centers and technology infrastructure that support Privia's analytics and telehealth solutions.
- **Macroeconomic Drag:** Broad tariff escalation contributes to overall economic uncertainty, potentially dampening healthcare utilization and increasing payer caution in entering new value-based contracts.

The strategic Implications:

- **Resilience Through Capital-Light Model:** Because Privia does not own facilities or employ providers directly, it avoids the most acute fixed-cost exposure to inflation.
- **Contracting Strategy:** Inflation and tariff-driven cost pressures reinforce the importance of securing payer agreements that allow for periodic rate adjustments and aligning incentives under **value-based contracts**, where cost savings can offset rising input expenses.
- **Technology Investments:** Long-term, inflation in hardware costs underscores the need for scalable cloud-based infrastructure and vendor diversification to mitigate tariff-related risks.

PAYER CONCENTRATION AND CONTRACT RISK

Privia Health's revenue profile shows moderate to high payer concentration, with the top three payers accounting for 58% of total revenue and 79% of receivables (Table 5). In particular, Payer A alone represents 26% of revenue and 46% of receivables, creating a meaningful dependency on a single relationship.

This concentration introduces two key risks:

- **Negotiation leverage imbalance:** A dominant payer may pressure reimbursement terms or delay receivables.
- **Financial exposure:** Operational or contractual disruption with a top payer could have outsized impact on cash flow and EBITDA visibility.

While Privia's scale and contracting expertise are clear strengths, diversification of payer mix, and tighter receivables management will be important to reduce counterparty risk—especially as the company expands into new geographies with varying payer dynamics.

Payer	% of Total Revenue	% of Receivables
Payer A	26%	46%
Payer B	17%	19%
Payer C	15%	14%
Payer D	<10%	<10%
Top 3 combined	58%	79%

Table 5: Payers concentration

PROVIDER DEPENDENCY AND RETENTION RISK

Privia's growth and recurring revenue model rely heavily on retaining a stable base of affiliated providers, who operate under multi-year agreements but remain independent. While the company boasts industry-low churn (<3%), the platform's value proposition depends on maintaining strong alignment through technology support, clinical infrastructure, and access to VBC upside. A disruption in perceived value, leadership turnover, or misalignment in contract incentives could erode loyalty and weaken revenue visibility. In this context, provider engagement and retention represent not just an operational focus—but a core asset underpinning Privia's investment case.

ADDITIONAL KEY INVESTMENT RISK CONSIDERATIONS

While Privia Health's model benefits from strong structural tailwinds in provider enablement and VBC, investors should underwrite several foundational risks that could materially affect the durability of growth, margin scalability, and cash flow resilience—particularly under a levered, public-to-private construct. These risks may not be immediately visible in historical financials but can impact future valuation and execution feasibility.

1. LBO Suitability & Leverage Sensitivity

Privia operates with an asset-light model, with limited fixed assets or collateral. Its earnings power is heavily reliant on payer relationships and working capital efficiency. Under a leveraged structure, any volatility in claims collections or payment cycles can stress liquidity, requiring tight discipline in DSO management and covenant forecasting.

2. Valuation Compression Risk

The public market has historically valued Privia on VBC potential, but the business remains anchored to commercial FFS revenues (70%). If revenue mix continues to evolve slower than expected, or if MA earnings are pressured, valuation multiples could compress—particularly in a take-private or exit scenario reliant on forward EBITDA growth.

3. Regulatory & Government Program Exposure

Privia's performance is increasingly tied to government reimbursement models (e.g., MSSP, Medicare Advantage). Shifts in CMS policies—such as risk adjustment changes under the V28 framework or tighter quality thresholds—can alter economics even when contracts renew. Privia lacks pricing control in these programs, limiting its ability to offset headwinds.

4. Scaling VBC Margin Profitably

The transition from upside-only VBC contracts to risk-bearing models introduces timing mismatch: infrastructure and enablement investments are front-loaded, while shared savings or capitation upside may lag. This creates execution risk in realizing the full earnings potential from newly attributed lives or markets.

5. Macro Headwinds

Rising clinical and corporate wage inflation, cybersecurity compliance costs, and technology vendor escalators can all pressure MSO margins. While some costs may be passed through via MSA escalators, contractual lag effects can compress unit economics in real terms. Tariffs or supply shocks, though indirect, may also flow back via pricing negotiations with practice partners.

6. Asset-Light Model & Terminal Value Considerations

Privia's limited hard asset base and intangible-driven earnings (e.g., relationships, MSAs, platform fees) create valuation risk at exit. Sponsors should consider the implications for debt recoverability, covenant capacity, and terminal value durability in the absence of substantial owned infrastructure.

RISK MITIGATION STRATEGIES

MITIGATING RISKS ACROSS REGULATORY, OPERATIONAL, AND FINANCIAL DIMENSIONS

Successfully executing a take-private transaction in a complex, regulated, and rapidly evolving sector like healthcare requires not only recognizing inherent risks—but proactively planning for their mitigation. While Privia Health faces structural, operational, and macroeconomic uncertainties, several features of its model—and potential sponsor-led enhancements—provide robust levers to offset and manage downside scenarios.

Multi-State Regulatory Complexity

- **Localized Structuring Expertise:** Post-close, a private equity sponsor can invest in specialized legal, compliance, and regulatory talent (e.g., CPOM structuring, Medicaid compliance officers) to accelerate market adaptation without over-reliance on general counsel.
- **Centralized Knowledge Repository:** Developing a centralized database of state-by-state legal and payer frameworks can reduce duplication of effort, shorten time-to-market in new geographies, and ensure consistency in licensing, tech reporting, and contracting practices.

VBC Transition

- **Phased Attribution Targets:** Transition to VBC can be staggered based on market readiness, payer appetite, and provider maturity, ensuring operational bandwidth and outcomes are not compromised.
- **Incentive Alignment:** Expand the use of tailored VBC incentive structures at the provider level, linking performance metrics to both clinical outcomes and economic upside. This de-risks adoption and enhances provider buy-in.
- **Dedicated VBC Operating Unit:** Establishing a centralized team to oversee payer negotiations, risk stratification, and contract ramp modeling ensures tighter execution and faster learning cycles.

Inflation & Macro Pressures

- **Flexible Contracting Frameworks:** Embed inflation-linked escalators into payer MSAs and provider fee schedules where feasible, and revisit terms at more frequent intervals.
- **Vendor Consolidation & Cloud Migration:** Reduce reliance on expensive on-prem infrastructure and fragmented tech vendors by accelerating migration to scalable, cloud-based solutions with multi-region failover and cost predictability.
- **Workforce Planning:** Use shared services and labor analytics to optimize clinical support staffing ratios, reduce turnover, and implement regionally indexed wage bands.

Payor Concentration

- **Diversification Playbook:** Actively pursue payer diversification in new states through risk-sharing pilots, specialty carve-outs, and direct-to-employer partnerships, thereby reducing dependence on dominant incumbents.
- **DSO Governance & Escalation Protocols:** Implement weekly A/R tracking dashboards and automated escalation workflows with major payers to mitigate receivables risk and ensure cash visibility.

Provider Retention

- **Structured Provider Feedback Loops:** Formalize provider engagement through quarterly NPS surveys, advisory councils, and transparent platform roadmap updates to reinforce alignment and preempt dissatisfaction.
- **Lock-in Through Platform Value:** Expand use of proprietary analytics, clinical decision support, and administrative workflow tools that embed Privia more deeply into daily practice operations—making churn costlier for providers.

LBO Structure Resilience

- **Conservative Capital Stack:** Propose moderate initial leverage (4.0x–4.5x), with flexible covenant terms tied to collections performance and working capital health—not just EBITDA metrics.
- **Working Capital Reserve & DSCR Buffers:** Establish liquidity buffers and revolver access to manage timing mismatches in collections and payment cycles, particularly during the early integration phase.
- **Exit Readiness Planning:** From deal year one, document KPIs and milestones that enhance terminal value: payer mix evolution, VBC penetration rate, and contracted lives under risk.

STRATEGIC CONTEXT AND INVESTMENT RATIONALE

Tailwinds. The U.S. healthcare system is undergoing a structural transformation driven by demographic, policy, and operational factors. An aging population and rising chronic disease burden are increasing pressure on traditional FFS models. In parallel, the federal and commercial push toward VBC is reshaping reimbursement structures, prioritizing cost efficiency and quality outcomes. The market remains highly fragmented, with most providers operating in small, subscale practices—creating a compelling opportunity for platform-driven consolidation.

Differentiators. Privia Health is uniquely positioned to capitalize on these trends. Its physician enablement model integrates strong local governance with centralized tech infrastructure, offering:

- Robust physician governance that preserves clinical autonomy.
- A technology-enabled operating model that reduces administrative burden.
- A hybrid care delivery platform combining virtual and in-person services.

Investment Thesis. The company's platform supports both scale and profitability, making it an attractive take-private candidate. Key elements of the thesis include:

- A clear pathway for consolidation with minimal marginal cost.
- A low-capex, high-ROIC model that enables rapid EBITDA growth.
- Embedded growth through its existing pipeline of providers.
- A de-risked transition to VBC, paced by clinical readiness.

VALUE CREATION STRATEGY

Building on this strategic foundation, the following value creation levers outline how a private equity sponsor could enhance both top-line growth and margin expansion through a combination of operational improvements, strategic expansion, and disciplined cost management. This framework illustrates the pathways through which Privia can generate outsized returns post-acquisition.

Category	Levers	Details	Operational Implementation	5y EBITDA Impact
Topline Growth	Expansion in Existing States	Deepen penetration in current markets by onboarding more providers, scaling patient attribution, and strengthening payer relationships.	<ul style="list-style-type: none"> - Increase provider recruitment in active markets through local sales teams - Enhance payer contracting through deeper relationships and attribution optimization 	\$10–15M
	Expansion into New States	Launch greenfield markets and partnerships in new geographies, tailoring the model to state-level regulations while leveraging Privia's scalable platform.	<ul style="list-style-type: none"> - Launch Privia model in 3–5 new states over 5 years - Establish physician-led governance and implement core tech stack 	\$10–15M
	Margin improvement shifting from FFS to VBC	Overcome the current stagnation in the transition from FFS to VBC as natural way to strongly improve margins.	<ul style="list-style-type: none"> - Expand upside/downside risk contracts - Optimize patient attribution - Invest in actuarial support 	\$20–25M
	Reinforce Sales & Marketing	Enhance provider recruitment, patient engagement, and payer outreach to accelerate network growth.	<ul style="list-style-type: none"> - Strengthen marketing channels for provider recruitment and payer contracting - Launch local campaigns to boost brand awareness and engagement 	\$5–10M
	Improve Analytics	Deploy advanced population health analytics, risk coding, and quality tracking to unlock higher shared savings and payer performance.	<ul style="list-style-type: none"> - Invest in clinical decision support and risk adjustment tools - Deploy quality metrics dashboards and predictive analytics 	\$5–8M
	Expand Current Offerings	Broaden service lines (e.g., behavioral health, specialty enablement, virtual care) and deepen provider services in practice management and patient experience.	<ul style="list-style-type: none"> - Roll out behavioral health, specialty care enablement, and virtual services across markets - Deepen provider services in practice management and patient experience 	\$8–10M

	Strategic Partnerships	Expand collaborations with large health systems, payers, and employers to accelerate patient growth and create new contracting opportunities.	<ul style="list-style-type: none"> - Co-develop solutions with payers, employers, and health systems - Leverage partnerships to access new patient populations and contract structures 	\$10-12M
	Deeper Value-Based Risk	Progressively shift from shared savings to partial and full-risk models, unlocking greater upside from clinical performance and cost savings.	<ul style="list-style-type: none"> - Transition 25-40% of attributed lives to partial/full-risk contracts - Enhance clinical operations to support risk-based models 	\$10-12M
	Patient Engagement & Retention	Invest in digital engagement tools, patient portals, and loyalty programs to strengthen continuity of care and reduce churn.	<ul style="list-style-type: none"> - Implement digital health apps, loyalty programs, and personalized outreach - Strengthen continuity of care and patient adherence 	\$7-10M
	M&A Potential	Inorganic expansion consolidating the fragmented VBC space.	<ul style="list-style-type: none"> - Acquire 1-2 VBC-aligned platforms in adjacent geographies - Focus on integration and platform standardization 	\$10-12M
Bottom Line Optimization	Cost Optimization	Streamline technology spend, vendor contracts, and shared services to improve platform efficiency.	<ul style="list-style-type: none"> - Rationalize vendor contracts and eliminate duplicative software - Centralize purchasing and reduce SG&A inefficiencies 	\$10-12M
	Process Optimization Across Markets	Standardize compliance, administrative, and back-office functions across states to reduce duplication and enhance scalability.	<ul style="list-style-type: none"> - Standardize admin ops, rev cycle, legal/compliance functions - Develop national shared service centers for scalability 	\$5-7M
	Workforce Productivity	Leverage automation and AI to reduce administrative burden, improve provider documentation, and support clinical decision-making.	<ul style="list-style-type: none"> - Adopt AI scribe tools and workflow automation - Deploy care management platforms to enhance provider support 	\$5-7M
	Technology Scalability	Migrate more services to cloud-based infrastructure to lower fixed IT costs and improve interoperability across markets.	<ul style="list-style-type: none"> - Complete migration to cloud infrastructure - Modularize IT stack for interoperability and faster deployment 	\$7-8M
	Regulatory & Compliance Efficiency	Centralize compliance functions to manage the complexity of multi-state regulation at lower incremental cost.	<ul style="list-style-type: none"> - Develop shared compliance center - Invest in state-agnostic regulatory tooling to manage complexity 	\$3-5M

Table 6: Value creation overview

Figure 12 illustrates how Privia's Adj. EBITDA is projected to evolve over the next five years, growing from \$90.5M in 2024 to \$215.5M in 2029 (estimates). The bridge highlights the balanced contribution of both topline initiatives, such as expansion into existing and new states, the shift from FFS to VBC, and strategic partnerships, and bottom-line efficiencies from cost optimization, process standardization, and technology scalability. The topline levers account for most of the uplift, adding nearly \$95M, while operational efficiencies contribute a further \$30M, demonstrating that growth is not solely volume-driven but also supported by disciplined execution and margin enhancement. This progression underscores Privia's ability to convert revenue momentum into sustainable EBITDA expansion.

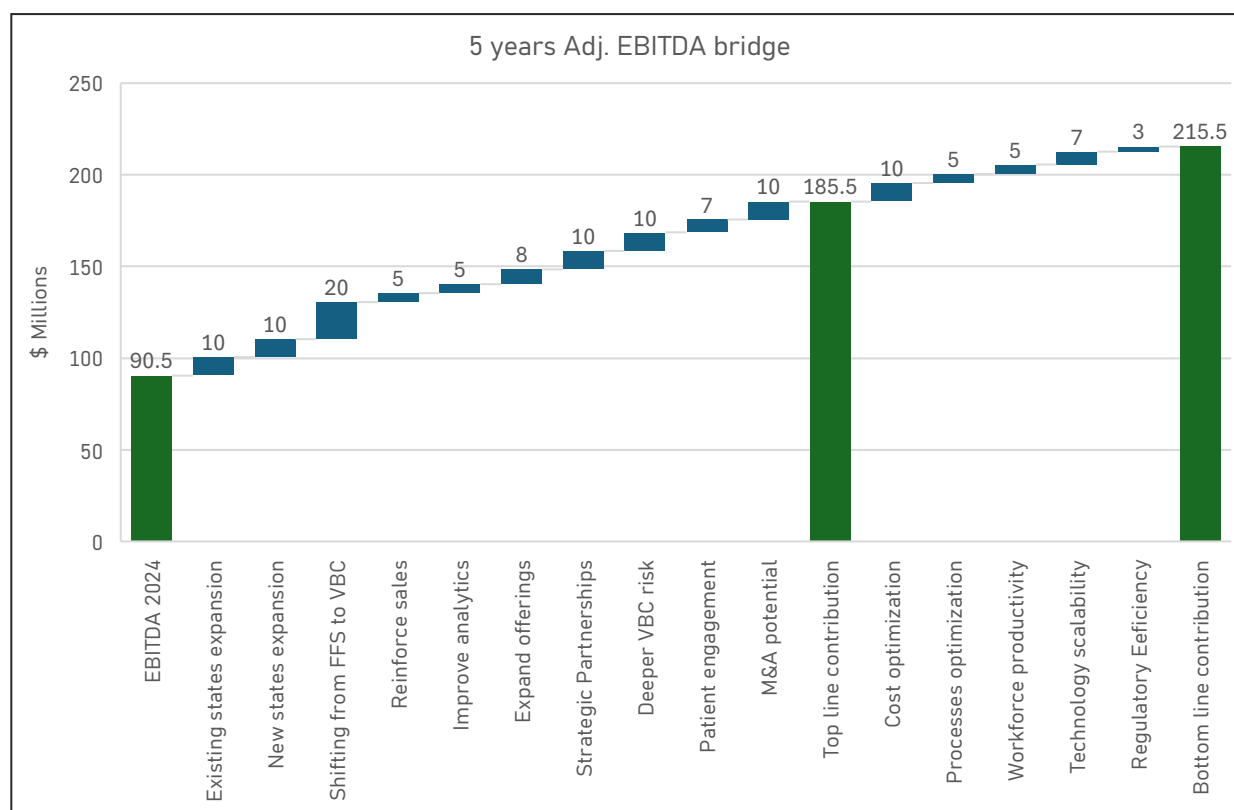


Figure 12: 5 years EBITDA bridge, in case all the strategic initiatives are successful.

LEGAL, REGULATORY, AND TAX ASSESSMENT

As part of this theoretical exercise, a full legal and regulatory review was not conducted. Such work would normally cover federal and state healthcare compliance, corporate practice of medicine restrictions, licensing, and payer contracting rules. Given the complexity of Privia's multi-state operations, these analyses are essential in a live transaction but remain outside the scope here. On the tax side, a preliminary optimization framework is considered to minimize leakage and ensure flexibility for a tax-efficient exit.

INVESTMENT VEHICLES STRUCTURING

The acquisition structure (Figure 13) has been designed to balance financing flexibility, tax efficiency, and exit optionality while preserving clear seniority between different layers of capital. It integrates sponsor equity, potential management participation, mezzanine/PIK financing, and senior secured debt within a streamlined framework that minimizes complexity but retains investor and lender protections. The diagram below illustrates the final structure and the role of each entity within the transaction.

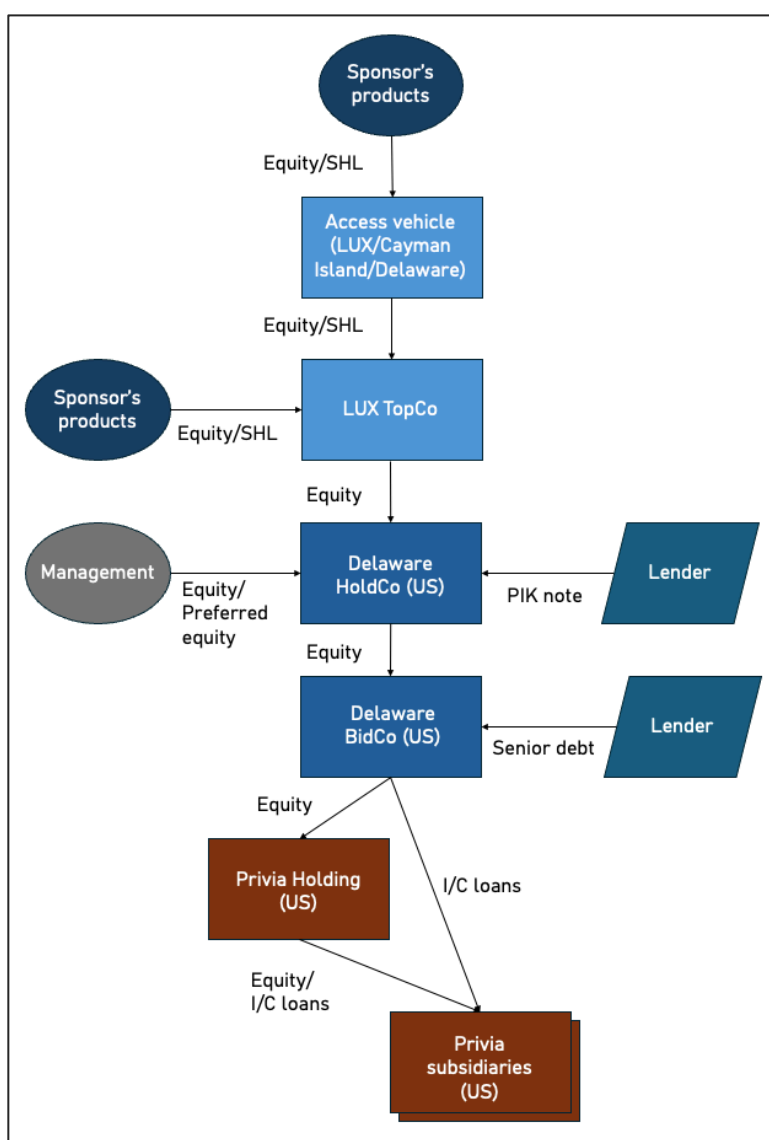


Figure 13: Acquisition structure

STRUCTURING OVERVIEW

1. **Sponsor's Products / Funds**
 - a) The investment capital is provided by the sponsor's managed funds or co-investment vehicles.
 - b) These are the ultimate equity providers backing the acquisition.
2. **Access Vehicle (Luxembourg / Cayman Islands / Delaware)**
 - a) Optional entry point designed to accommodate co-investors or specific LPs with tax/regulatory requirements.
 - b) Provides flexibility for syndication of equity or sidecar investments.
3. **Lux TopCo**
 - a) Primary holding company for the sponsor.
 - b) Offers tax treaty benefits, efficient repatriation of proceeds, and a clean exit vehicle.
 - c) Holds equity in the U.S. HoldCo structure.
4. **Delaware HoldCo (US)**
 - a) Layer where **management invests** (via rollover or preferred equity).

- b) Issues **PIK notes** to mezzanine/junior lenders, ensuring they sit structurally above BidCo but subordinate to senior debt.
 - c) Consolidates sponsor, management, and mezzanine financing into a single entity before capital flows down to BidCo.
- 5. **Delaware BidCo (US)**
 - a) Direct acquisition vehicle that incurs senior secured debt.
 - b) Senior lenders are structurally closest to operating assets, giving them collateral protection.
 - c) Serves as the immediate parent of Privia Holding (the OpCo).
- 6. **Privia Holding (US)**
 - a) Intermediate U.S. entity holding the shares of Privia subsidiaries.
 - b) Facilitates debt pushdown and intercompany (I/C) loan arrangements for tax efficiency.
- 7. **Privia Subsidiaries (US)**
 - a) The operating entities of Privia Health in the U.S.
 - b) Generate revenues and operating cash flows.
 - c) Cash is upstreamed to Holding and BidCo to service debt and provide returns to equity holders.

KEY FEATURES OF THE STRUCTURE

- **Seniority preserved:** Senior debt at BidCo ranks ahead of HoldCo PIK and equity.
- **Management aligned:** Management invests alongside sponsor equity at HoldCo, subordinate to lenders.
- **Flexibility:** Lux TopCo + Access Vehicle allow international investors and exit options.
- **Exit-ready:** Sponsor can sell Lux TopCo (sponsor-to-sponsor), Delaware HoldCo (if buyer assumes PIK), or BidCo (cleanest for strategic buyers).

EXIT STRATEGY

Privia Health's scalable, capital-light model positions it for multiple attractive exit pathways, depending on market conditions and investor objectives.

- **Sponsor Sale (Secondary Buyout)** A private equity sponsor could acquire Privia to further accelerate growth, consolidate additional provider platforms, or deepen its presence in VBC. This path offers liquidity to current investors while allowing continued operational scaling under new ownership.
- **Initial Public Offering (IPO)** An IPO provides access to public capital markets, increased visibility, and a liquid currency for acquisitions. Given Privia's recurring revenue mix and exposure to VBC tailwinds, the public market could reward its growth trajectory with premium multiples, particularly as value-based penetration increases.
- **Strategic Sale** A sale to a large strategic buyer—such as a payer, health system, or vertically integrated healthcare platform—offers synergies through expanded contracting power, integration of Privia's technology, and broader geographic reach. This route could unlock significant strategic value beyond standalone financial performance.

Each option provides a viable path to realizing value, with the ultimate choice depending on Privia's growth stage, market environment, and the relative premium available from financial versus strategic buyers.

04

COMPANY

ORGANIZATIONAL STRUCTURE AND OPERATING MODEL

This section provides a comprehensive overview of Privia Health's integrated operating framework, detailing the key components that drive performance across its organizational structure, VBC execution, clinic-level economics, technology, partnerships, and strategic growth levers. Together, these elements form the backbone of Privia's differentiated approach to scalable, tech-enabled healthcare delivery.

PRIVIA HEALTH'S INTEGRATED OPERATING MODEL AND REVENUE STREAMS

Privia Health's success stems from a uniquely integrated operating model that aligns clinical outcomes, administrative efficiency, and financial performance across the healthcare ecosystem. Through a physician-enablement platform powered by its Management Services Organization (MSO), unified Medical Groups under single tax ID structures, and value-driven Accountable Care Organizations (ACOs), Privia supports providers across all reimbursement types. This model enables diversified revenue generation—including FFS, VBC, and care management services—while leveraging scale, data, and clinical integration to negotiate favorable terms with payers and suppliers. The structure is designed to be scalable, flexible, and aligned with the shift toward value in U.S. healthcare.

1. Revenue Lines

a. FFS

Privia Health generates revenue from traditional FFS arrangements, where providers are reimbursed by payers (commercial and government) based on the volume of services delivered. These include office visits, procedures, and other billable services. The FFS model continues to form a significant base of revenue, especially as Privia expands geographically and transitions new provider groups into its platform.

b. VBC

VBC arrangements incentivize better patient outcomes at lower costs. Privia participates in a wide range of such models, including:

- **Medicare Shared Savings Program (MSSP)** via Accountable Care Organizations (ACOs)
- **Capitated contracts** (per-member, per-month payments)
- **Risk-sharing models** like MSSP Enhanced Track (upside/downside risk)
- **Commercial and Medicare Advantage VBC contracts**

By 2024, Privia managed over 1.26 million attributed lives under VBC contracts, including 41,000 in fully capitated models, a 38% year-over-year increase.

c. Care Management and Administrative Services

Via its Management Services Organization (MSO) structure, Privia provides comprehensive administrative and clinical support services, including:

- Revenue cycle management
- Population health analytics
- IT infrastructure
- Compliance and regulatory support
- Workflow optimization
- Patient engagement tools

Revenue here is typically structured as:

- A percentage of practice collections
- Platform and service fees from providers

2. Corporate and Operational Structure

a. MSO and Privia Platform

Privia operates as a national physician-enablement company through a highly scalable, cloud-based MSO platform. The MSO provides centralized services and proprietary technology (the "Privia Technology Solution") that integrates with third-party EHRs (mainly Athenahealth).

b. Medical Groups and Single Taxpayer Identification Number (TIN)

Privia organizes providers into Medical Groups under a single TIN in each state/region. This allows:

- Unified credentialing and contracting with payers
- Centralized quality measurement and reporting
- Streamlined care coordination and referral management
- Operational consistency across practices

Each regional medical group retains local governance and autonomy, led by physician leadership.

c. Accountable Care Organizations (ACOs)

Privia operates 10 ACOs that participate in MSSP and other VBC arrangements. ACOs are risk-bearing entities that align incentives to deliver high-quality, cost-efficient care.

3. Strategic Integration: MSO + Medical Group + ACO

- The MSO delivers the platform and services
- The Medical Groups (under single TINs) contract with payers and employ or affiliate with Privia Providers
- The ACOs contract for risk-based arrangements and distribute shared savings

This tripartite model enables:

- Scalability and standardization
- Enhanced negotiation leverage with payers due to clinical integration and large attributed populations
- Risk stratification and population health management at scale
- Value-based performance improvements and reporting

4. Provider Grouping and Alignment

Providers enter into Services Agreements and, in some states, Equity Agreements with the Medical Groups. Once affiliated, they:

- Use the Privia Platform

- Participate in the TIN and ACO structures
- Benefit from centralized services
- Remain clinically autonomous under local governance

Privia often supports both Owned and Non-Owned Medical Groups, ensuring flexibility in partner relationships.

5. Payer and Supplier Negotiation Advantages

By grouping thousands of providers under unified entities and integrating clinical and financial operations, Privia can:

- Negotiate more favorable contract terms with commercial payers, CMS, and Medicare Advantage plans
 - Improve care quality and efficiency benchmarks that determine shared savings and bonuses
 - Leverage scale and performance data to partner with pharmaceutical companies, diagnostic vendors, and technology providers
 - Reduce unit costs through volume-based supplier contracts and centralized purchasing
-

This structure and business model allow Privia to transition providers from volume-based to VBC efficiently while maintaining financial alignment and operational independence, promoting sustainable growth and better patient outcomes.

PRIVIA HEALTH – ORGANIZATIONAL & OPERATIONAL STRUCTURE OVERVIEW

This diagram (Figure 14) illustrates the core operational and governance framework of the company.

Top-Level Entities:

- Privia Holding is the parent company overseeing all subsidiaries and operations.
- It governs two key operational arms:
 - a) **MSO (Management Services Organization):** Provides centralized administrative and clinical services (e.g., revenue cycle management, IT, compliance, analytics) to Medical Groups (MGs).
 - b) **ACOs (Accountable Care Organizations):** Entities responsible for managing risk contracts and VBC performance, particularly in Medicare Shared Savings Program (MSSP) and Medicare Advantage arrangements.

Enabling Infrastructure:

- **Third-party software**, primarily Athenahealth (EMR), powers clinical documentation, workflow, and data capture via the Privia Technology Solution.

Contracting Structure:

- The Single TIN Medical Group acts as the central contracting entity with all major payers (Medicare, Medicaid, commercial insurers, and employers), enabling unified credentialing, reporting, and quality measurement.

Medical Groups (MGs):

- Two types of MGs operate under the Privia structure:
 - a) **Affiliated MGs:** Independent practices that retain ownership but fully adopt the Privia platform and governance.
 - b) **Friendly MGs:** Legal structures used in states with corporate practice of medicine (CPOM) restrictions, managed via MSO agreements but owned by physicians.

- Both types of MGs receive services from the MSO and participate in clinical initiatives led by the ACO.

Provider and Patient Network:

- Providers** (physicians and clinicians) operate under MGs and are the primary agents of care delivery.
- Patients** are at the core of the model, benefiting from coordinated, tech-enabled, and outcome-driven care.

Ecosystem Partnerships:

- Quality Networks / Health Systems / Hospitals** collaborate with MGs to support integration, referrals, and local care alignment.

Key Insights:

- This structure enables Privia to scale nationally while maintaining local autonomy, align financial incentives under VBC, and leverage contracting scale via the single TIN model.

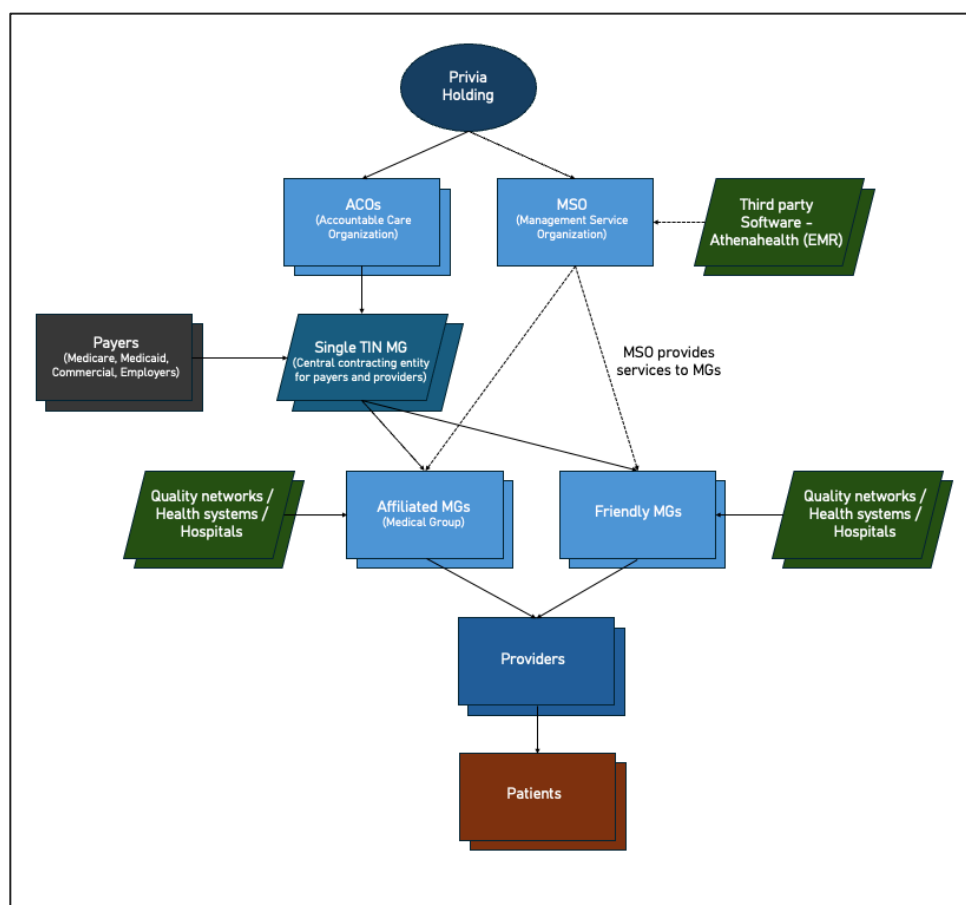


Figure 14: Privia Health organizational and contracting structure

THE VBC CYCLE

The VBC model at Privia Health can be visualized as a cycle that integrates patients, providers, payers, and outcomes into a continuous improvement loop. The graphic illustrates how multiple elements work together:

- **Patient at the Center:** The patient is the focal point, emphasizing person-centered care where outcomes and experience drive all decisions.
- **Performance Measures:** Providers are evaluated against clinical quality indicators, cost efficiency metrics, and patient experience scores. These measures create transparency and accountability across the network.
- **Adjusted Risk Scores:** Using predictive analytics, patient populations are stratified based on acuity and complexity. This allows for proactive interventions and fair reimbursement tied to patient risk.
- **System & Data Interoperability:** Seamless data flow across EMRs, payers, and care teams ensures that information is actionable and timely. Interoperability reduces duplication, improves coordination, and enhances decision-making.
- **Coordinated Care:** Physicians, specialists, care managers, and community resources collaborate to ensure patients receive the right care at the right time, reducing avoidable hospitalizations and emergency visits.
- **Higher Reimbursement & Improved Outcomes:** By meeting or exceeding quality benchmarks and reducing total cost of care, providers unlock shared savings, bonuses, or capitated payments while patients benefit from healthier outcomes.

This cycle reinforces itself: better coordination and data-driven management improve outcomes, which in turn lead to financial rewards, enabling reinvestment into further improvements in care delivery.

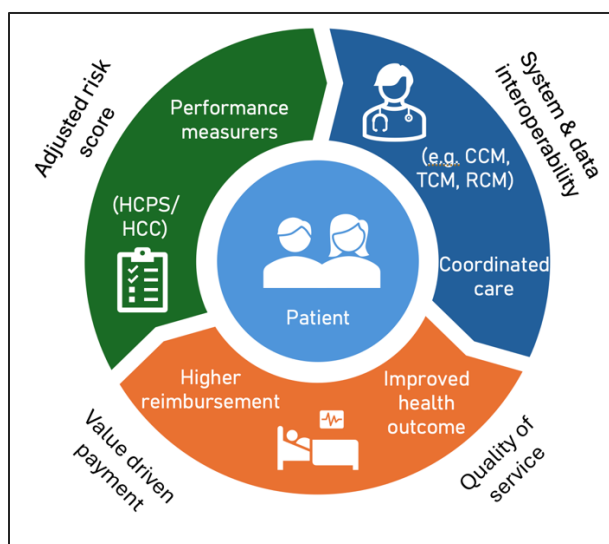


Figure 15: Privia Health VBC model

Key Terms in the VBC Model:

- **HCPCS (Healthcare Common Procedure Coding System)**
 - Standardized billing codes for medical procedures, services, and supplies.
 - Foundation for provider reimbursement.
- **HCC (Hierarchical Condition Categories)**
 - Risk-adjustment model used by Medicare and payers.
 - Aligns reimbursement with patient complexity and expected costs.

- **CCM (Chronic Care Management)**
 - Program reimbursing providers for proactive management of patients with multiple chronic conditions.
 - Focus on care coordination beyond face-to-face visits.
- **TCM (Transitional Care Management)**
 - Reimbursement model supporting patient transitions from hospital/facility to community care.
 - Aims to reduce readmissions and improve continuity of care.
- **RCM (Revenue Cycle Management)**
 - Administrative process tracking the entire patient financial journey, from registration to payment.
 - Ensures timely, accurate reimbursement.

OPERATIONAL UNITS

While Privia Health does not publicly disclose a formal breakdown of its internal operating units, the following structure reflects a likely configuration based on its business model, public filings, and investor presentations. These functional areas support the end-to-end provider lifecycle, from acquisition and onboarding to payer contracting and VBC execution.

1. **Growth & Business Development**
 - a) Responsible for identifying and targeting physician groups in existing or new geographies.
 - b) Uses data-driven outreach campaigns and local market intelligence to drive leads.
 - c) Teams include sales reps, partnership directors, and market development staff.
2. **Provider Onboarding & Integration**
 - a) Coordinates contracting, credentialing, and regulatory compliance for new practices.
 - b) Handles EMR migration, staff training, and alignment with Privia's workflows.
 - c) Teams include onboarding project managers, compliance/legal, and technical support.
3. **Practice Operations & Support (MSO)**
 - a) Delivers day-to-day services to practices under Privia's Medical Group structure.
 - b) Services include revenue cycle management (RCM), scheduling, call center, HR/payroll, analytics, and marketing.
 - c) Backed by centralized teams with regional operational leads.
4. **Technology & Platform Services**
 - a) Manages Privia's tech stack: practice management system, population health tools, patient portals, telehealth, and reporting dashboards.
 - b) Focused on optimizing workflows and enabling clinical and financial performance.
 - c) Staffed with product, IT, and support engineers.
5. **Payer & Risk Contracting**
 - a) Leads negotiations and administration of both FFS and value-based contracts.
 - b) Works with commercial, Medicare Advantage, and government payers to structure shared savings, capitation, or downside-risk deals.
 - c) Teams include actuaries, contracting experts, and legal support.
6. **VBC & Clinical Performance**
 - a) Drives provider performance under VBC contracts by supporting quality initiatives, cost containment, and coding optimization.
 - b) Works closely with physicians to interpret performance data and guide improvement.
 - c) Staff includes care managers, population health analysts, and clinical transformation leads.

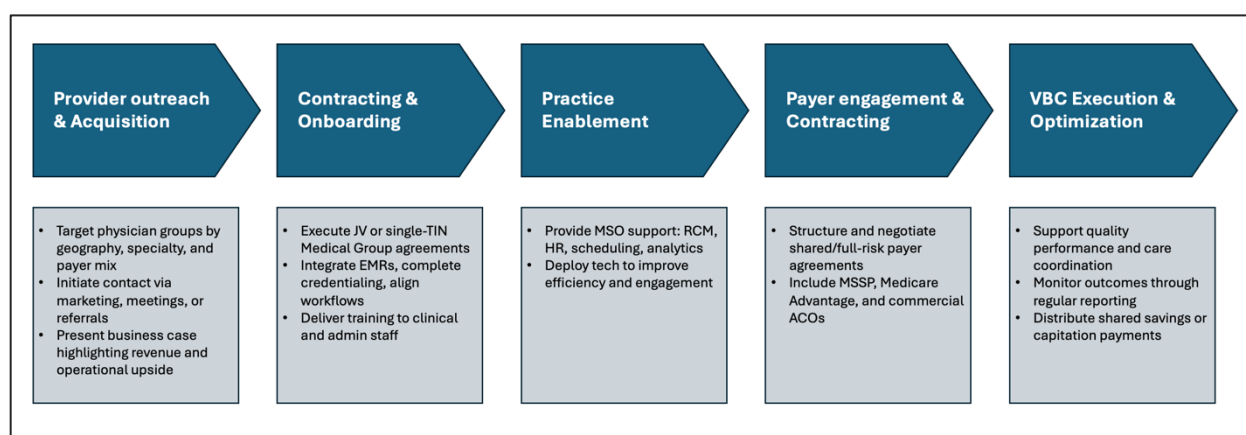


Figure 16: Operational flow. Lifecycle from provider contact to VBC execution

UNIT ECONOMICS

Building on this top-line perspective, the following analysis turns to the unit economics of each revenue stream. By allocating Privia's consolidated Care Margin, Platform Contribution, and Adjusted EBITDA across its six revenue categories, the relative profitability of FFS, VBC, and MSO revenues can be examined in detail. This provides a clearer view of how each line contributes to overall performance and highlights the growing importance of value-based models in driving future margin expansion.

Table 7 presents an estimated view of Privia Health's 2024 economics by revenue stream. Privia reports consolidated financial metrics such as Care Margin, Platform Contribution, and Adjusted EBITDA, but does not provide a breakdown by revenue category. To illustrate the relative profitability of each stream, the consolidated figures have been allocated across the six revenue sources based on assumptions about cost intensity and scalability. This highlights the contrast between the large but low-margin FFS base and the higher-margin, fast-growing VBC and MSO segments.

Privia Health does not disclose Care Margin, Platform Contribution, or Adjusted EBITDA by revenue stream in its 2024 financial statements. The company only reports consolidated figures. The table above is therefore based on:

- **Reported Totals:** Revenue by component (from Note 2: Revenue Recognition, 2024 10-K), and consolidated Care Margin (\$403.9M), Platform Contribution (\$197.3M), and Adjusted EBITDA (\$90.5M) from MD&A and Non-GAAP Reconciliations.
- **Allocation Assumptions:** We distributed the consolidated margins across revenue streams using the relative cost intensity and scalability of each line:
 - a) **FFS – Patient Care:** Low margins due to high clinician compensation.
 - b) **FFS – Admin Services (MSO fees):** High margins given scalable fixed-cost model.
 - c) **Capitation:** Relatively high margins from risk-aligned recurring PMPM contracts.
 - d) **Shared Savings:** Moderate margins reflecting episodic distribution of performance gains.
 - e) **Care Management Fees:** Stable, recurring PMPM with modest margins.
 - f) **Other Revenue:** Immaterial, assumed mid-range margins.
- **Reconciliation:** Percentages and allocations were adjusted so that totals reconcile exactly with Privia's reported Care Margin, Platform Contribution, and Adjusted EBITDA for 2024.

Important: These per-line economics are estimates for analytical purposes and should not be interpreted as official segment reporting.

Revenue Stream	Revenue (\$M)	% of Total Rev	Care Margin (\$M)	Care Margin % of Rev	Platform Contribution (\$M)	Platform Contrib. % of Rev	EBITDA (\$M)	EBITDA % of Rev	EBITDA % of Care Margin
FFS – Patient Care	1146.2	66.0%	183.4	16.0%	91.7	8.0%	22.9	2.0%	12.5%
FFS – Admin Services	125.4	7.2%	56.4	45.0%	31.4	25.0%	12.5	10.0%	22.2%
Capitated Revenue	213.0	12.3%	70.3	33.0%	38.3	18.0%	17	8.0%	24.2%
Shared Savings	179.2	10.3%	50.2	28.0%	26.9	15.0%	10.8	6.0%	21.5%
Care Mgmt Fees (PMPM)	64.1	3.7%	16	25.0%	7.7	12.0%	2.6	4.0%	16.3%
Other Revenue	8.5	0.5%	2.6	30.0%	1.3	15.0%	0.4	5.0%	15.4%
Total	1736.4	100.0%	403.9	23.3%	197.3	11.3%	90.5	5.2%	22.4%

Table 7: Unit economics breakdown per business line

Based on the unit economics:

- **VBC** includes Capitated Revenue, Shared Savings, and Care Management Fees (PMPM), totaling \$456.3M, which is 26.3% of total revenue (\$1,736.4M).
- These VBC streams contribute \$136.5M in Care Margin (33.8% of total Care Margin) and \$30.4M in EBITDA (33.6% of total EBITDA).
- **FFS** (Patient Care and Admin Services) makes up \$1,271.6M, or 73.2% of total revenue, contributing \$239.8M in Care Margin (59.4%) and \$35.4M in EBITDA (39.1%).

While VBC represents only 26.3% of total revenues, it contributes a disproportionate 33.8% of Care Margin and 33.6% of EBITDA, reflecting a more efficient and profitable segment compared to traditional FFS, which still dominates revenue but yields relatively lower margins.

ILLUSTRATIVE CLINIC ECONOMICS

To approximate the economic impact of Privia's model, a side-by-side comparison (Table 8) is presented between a traditional independent primary care clinic operating under FFS and a clinic integrated into Privia's VBC network. The analysis is based on a standardized physician panel and is intended to highlight the incremental margin uplift achievable under Privia's model. Revenue, cost, and margin figures are illustrative and should be considered directional rather than precise, as Privia does not disclose clinic-level financials.

Assumptions applied:

- Physician panel size of 1,500 patients
- Annual visit volume of 3,500–4,000 per physician
- Average FFS reimbursement of \$125–150 per visit
- Incremental VBC revenue of \$300–350 per patient annually) from capitation, care coordination, and shared savings
- Cost structure reflecting physician compensation, staff, materials, IT/admin expenses, with MSO fees offset by centralized support efficiencies

P&L Line Item	Independent Clinic (FFS)	Clinic in Privia Network (VBC-enabled)	Commentary / Driver
Revenue	\$1.5M	\$2.0M	FFS relies on volume (visits × CPT billing). Privia adds capitation, care management fees, shared savings upside.
COGS (direct costs)	(\$750K)	(\$900K)	Staff, materials, basic IT, malpractice, and physician comp. Privia providers typically maintain comp levels, but invest more in care coordination.
Gross Margin	\$750K (50%)	\$1.1M (55%)	Privia improves patient mix (more attributed lives, MA, MSSP) and reduces leakage with aligned referral networks.
SG&A / Platform Fees	(\$525K) (35%)	(\$700K) (35%)	FFS: clinic bears billing/admin overhead. Privia: pays MSO fees, but offsets via centralized RCM, analytics, payer contracting.
EBITDA	\$225K (15% margin)	\$400K (20% margin)	Illustrative uplift of +500bps margin, with higher absolute earnings per physician.
Per Patient Economics	\$150 revenues per patient p.a.	\$200 revenues per patient p.a.	VBC adds \$50/patient via capitation, care coordination, shared savings.

Table 8: Illustrative clinics economics VBC vs FFS

QUALITY PERFORMANCE BENCHMARKING

An important dimension of assessing Privia Health's competitiveness is the quality of care delivered, as [measured by CMS](#) quality scores under the Medicare Shared Savings Program (MSSP). These scores reflect performance across multiple domains, including preventive health, chronic disease management, patient experience, and care coordination.

In 2023 (latest available CMS data) Privia Health achieved a quality score of 85.7% (Table 9), which is one of the highest among its peer set. Privia demonstrates a measurable advantage in consistent quality performance. This reflects the effectiveness of its provider enablement model and emphasis on data-driven care coordination.

Privia's results highlight its ability to deliver strong quality outcomes while continuing to expand its footprint and scale.

From an investment perspective, Privia's quality performance has several implications:

- **Value-based positioning:** Higher quality scores support the ability to capture shared savings under MSSP contracts.
- **Provider alignment:** Strong results reinforce Privia's attractiveness to physicians seeking infrastructure and clinical support.
- **Differentiation:** A leading quality score positions Privia competitively as the market continues shifting toward VBC models.

In summary, Privia combines scale with strong quality performance, creating a differentiated profile that supports both near-term financial results and long-term sustainability in VBC.

Company	Assigned beneficiaries	Total generated savings/losses	Total earned savings payment	Aggregate saving rate	Aggregate quality score
Privia Health (PRVA)	179,077	157,616,756	108,521,469	7.62%	85.70%
Aledade	962,036	790,326,804	532,762,397	6.87%	82.98%
Oak Street Health (CVS)	16,908	8,828,753	4,326,089	4.77%	82.28%
Optum (UNH)	48,893	41,346,028	23,517,516	7.38%	72.36%
ChenMed / CareMax	8,694	1,918,641	1,410,201	1.63%	65.76%

Table 9: Quality performance benchmarking

Aggregate beneficiaries: Measures the total patient population attributed across ACOs. A larger base improves statistical reliability and shows the overall scale of care delivered.

Total generated savings/losses: Captures the net financial impact relative to CMS benchmarks. This reflects whether care was delivered more efficiently than expected.

Total earned savings payment: Represents the actual financial rewards paid out under CMS rules. It is a tangible indicator of success in VBC execution.

Aggregate savings rate (weighted): Normalizes savings relative to benchmark expenditures, weighted by ACO size. This ensures efficiency is measured fairly across organizations of different scales.

Aggregate quality score (weighted): Reflects clinical outcomes and patient experience, weighted by beneficiary count. This balances financial performance with care quality, preventing a sole focus on cost-cutting.

The Appendix provides additional details on the methodology used to calculate the aggregate figures presented in this table.

When benchmarked against peer organizations, the contrast becomes clear:

Efficiency in Generating Savings

- **Privia's aggregate savings rate: 7.62%**
- **Peer range: 1.6% to 7.4%**
- **Peer average (approx.): 5.3%**

Privia sits at the top of the efficiency spectrum, outperforming both the average and nearly all peers. This indicates a highly optimized cost structure and disciplined care coordination model.

Quality of Care Delivered

- **Privia's aggregate quality score: 85.70%**
- **Peer range: 65.8% to 83.0%**
- **Peer average (approx.): 77%**

Once again, Privia exceeds both the average and the upper bound of the peer range. Its quality metrics reflect robust clinical governance, technology-enabled workflows, and meaningful patient engagement.

Balanced Execution at Scale

- **Beneficiaries managed: 179,077**
- While not the largest in scale, Privia achieved top-tier results in both savings and quality, which is especially noteworthy because performance typically regresses to the mean as scale increases.

Privia Health's model proves that it is possible to scale a VBC platform without sacrificing efficiency or quality. In fact, Privia sets the high watermark in both domains—demonstrating what a fully aligned, physician-centric organization can accomplish in a value-based reimbursement environment.

LEASES

Privia Health's lease disclosures reveal a steadily declining obligation profile, from about \$2.4 million in 2025 to just \$183,000 thereafter, reflecting the natural run-off of existing office and administrative leases, with no new long-term commitments disclosed. While the 2024 Form 10-K does not explicitly explain this trend, the company's broader strategy provides context: a growing emphasis on technology-enabled, virtual care, and market entry through partnerships rather than direct facility investments, reduces the need for permanent office space and large-scale leases. Together, these factors suggest that Privia is intentionally **right-sizing its real estate footprint**, aligning its physical infrastructure with a more flexible, digital-first operating model.

PRIVIA'S CONSTELLATION

STAKEHOLDER CONSTELLATION

1. Patients – The End Beneficiaries

- Patients experience the clinical and operational benefits of Privia's platform through improved access, better outcomes, and lower costs.
- They are the reason for the value-based model, but they are not the paying customer or decision-maker in the partnership structure.

2. Providers – The Strategic Decision-Makers

- Providers choose whether to collaborate with Privia. Their buy-in is critical to platform growth, geographic expansion, and care delivery scale.
- Privia's growth engine is fundamentally driven by provider adoption. Every market entry and every expansion begins with provider partnership decisions.
- The company's model—built on local autonomy, physician-led governance, and a shared commitment to value—caters directly to provider needs and preferences.
- This positions providers not just as users of the platform, but as customers and collaborators, whose trust and choice sustain Privia's long-term success.

3. Payers – The Financial Counterparties

- Payers reimburse for the care delivered but are not the ones deciding to work with Privia.
- The relationship with payers is a consequence of provider partnerships and performance in delivering cost-effective, quality care.

In Privia Health's model:

- Patients are the purpose.
- Providers are both the customer and the catalyst.
- Payers are the financial enablers.

CUSTOMERS & REFERRAL PATHWAYS

Provider Onboarding & Network Entry

Privia Health's customer base is composed of two interconnected constituencies: independent providers and the attributed patient populations they serve through commercial and government payer arrangements. The company's go-to-market model centers on recruiting independent physicians and group practices into Privia-affiliated Medical Groups, which operate under a single Tax ID Number (TIN) structure. This structure facilitates streamlined payer contracting and supports both FFS and value-based reimbursement arrangements.

The typical provider entry pathway follows a defined onboarding arc:

- **Step 1:** Independent physician or small group practice engages with Privia's business development team.
- **Step 2:** The practice enters into partnership with Privia and is affiliated with a regional single-TIN medical group.
- **Step 3:** The provider is credentialed, integrated into the Privia Platform (tech stack, governance, workflow), and begins participation in VBC programs.
- **Step 4:** Once fully onboarded (a process typically taking 5–8 months), the provider begins generating attributed lives and is included in MSSP, MA, or commercial risk contracts.

This provider-centric recruitment model has enabled Privia to scale with capital efficiency, while preserving the autonomy and brand identity of local practices—a key differentiator in fragmented and physician-fatigued markets.

Patient Flow & Attribution Mechanics

Once integrated, providers begin to generate attributed lives through both direct patient panels and aligned payer relationships. Patients are attributed to providers through CMS-defined MSSP algorithms, MA contracts, or commercial payer methodologies. These patients become the basis for value-based arrangements that generate revenue through multiple mechanisms:

- **FFS:** Traditional billing for encounters and procedures remains a part of Privia's revenue model, especially early in market entry.
- **Shared Savings (Upside/Downside Risk):** Providers participate in MSSP or commercial ACOs, receiving a share of savings when actual costs fall below benchmarks, subject to quality performance.
- **Capitation (Per Member Per Month):** Privia is gradually increasing its participation in full-risk arrangements. As of 2024, the company manages over 100 value-based payer contracts and has ramped up to 50K+ attributed lives under capitation, representing 10% of the VBC base.

This multi-modal reimbursement stack—FFS, Shared Savings, and Capitation—gives Privia flexibility to match contract type to provider readiness, allowing markets to move from low-risk to full-risk over time.

Cash Flow & Alignment Structure

The financial pathway of VBC cash flow follows a clearly structured route:

- **Payer (CMS, MA plan, Commercial)** → makes payments based on PMPM, benchmarks, or FFS rates.
- **Privia Medical Group** → centralizes revenue collection and allocates according to risk/reward participation.
- **Provider/Practice** → receives payment net of platform fees, with shared savings and capitation bonus distributions tied to quality and efficiency metrics.

This structure, combined with physician-led governance at the local and regional levels, helps ensure incentive alignment and reinforces provider engagement, even as reimbursement complexity increases.

Privia's patient and provider pathways are designed for scalability, flexibility, and local alignment. The company's ability to successfully convert independent providers into VBC participants—without requiring ownership or full employment—has enabled rapid growth in attributed lives and contract depth. As more lives shift from FFS to risk-bearing models, Privia's referral flows and cash structures position the company as a differentiated national platform with embedded clinical and economic alignment.

SUPPLIERS

Based on the 2024 and 2025 10-Ks, Privia doesn't list a set of "main suppliers" in the way a manufacturer would, but it does disclose its key vendor dependencies:

- **Electronic Medical Record (EMR) Vendor:** Privia is heavily reliant on Athenahealth, Inc., which provides the EMR backbone for the Privia Technology Solution. This is the single most important third-party supplier relationship disclosed.

- **Third-Party Technology Providers:** Privia integrates third-party software licenses (some proprietary, some open source) into its internally developed applications. These are critical for analytics, population health, and patient engagement tools.
- **Cloud and Hosting Providers:** Privia depends on third-party data centers and cloud computing platform providers to host its technology-enabled platform. Disruptions here could materially impact operations.
- **Network/Infrastructure Vendors:** The company and its medical groups also rely on telecom, internet bandwidth providers, and infrastructure equipment suppliers to maintain its virtual care and practice management solutions.

The filings stress that many of these relationships are non-exclusive and renewable only by mutual consent, which introduces risk if a vendor discontinues support or changes pricing.

Privia does not disclose concentration metrics (e.g., % of costs tied to Athenahealth), but the dependence on Athenahealth is highlighted multiple times as a material risk factor.

PRIVIA'S HISTORICAL EVOLUTION

PRIVIA HEALTH: COMPANY HISTORY & KEY MILESTONES

Privia Health's transformation from an FFS-aligned MSO into a scaled VBC platform has occurred in four distinct phases. Starting as a traditional enablement model with limited risk exposure, the company used its 2021 IPO to fuel national expansion and pivot toward downside and capitated VBC arrangements. Since then, Privia has expanded its provider base, entered multiple new states, and scaled its tech infrastructure to support over 1.26 million attributed lives. Today, it operates as a fully transformed, profitable platform with deep payer relationships, diversified revenue streams, and national VBC scale (Table 10).

1. Pre-IPO: Traditional MSO Foundation (Pre-2021)

- **Model:** Mostly FFS-aligned, limited geographic footprint, 3M patients.
- **Metrics (2020):**
 - a) Revenue: \$817M
 - b) Implemented providers: 2,500 (est.)
 - c) Attributed lives in VBC: 683K (extrapolated backward from 2021)
- **Highlights:** Physician enablement via MSO tools, but limited VBC penetration.

2. IPO Inflection: Strategic Capitalization & MSO-to-VBC Pivot (2021)

- **IPO Date:** April 2021 (Nasdaq: PRVA)
- **Metrics:**
 - a) Revenue: \$966M (+18.3% YoY)
 - b) Attributed Lives: 786K
 - c) Shared Savings (2014–2021 cumulative): \$576M+
- **Highlights:** Transition phase—secured capital, began layering downside risk and entering new states.

3. Platform Scale-Up: Rapid Expansion + VBC Buildout (2022–2023)

- **Geographic footprint:** Expanded into 4 new states (e.g., Delaware, CT, OH, NC)
- **Provider growth:** 3,606 → 4,300+
- **VBC contracts:** >100 risk contracts across MA, MSSP, Commercial
- **Capitated Lives:**
 - a) 2022: 23K
 - b) 2023: 41K (+78%)
- **Attributed Lives:** Grew to 1.1M by end-2023
- **Adjusted EBITDA:** \$60.9M → \$90.5M (+49% YoY in 2023, +25% in 2024)

- **Highlights:** Proven replication engine; added risk-bearing ACOs, scaled tech stack, entered downside/shared risk deals.

4. Post-Scale Position: Transformed National Platform (2024–2025)

- **Revenue:** \$1.74B
- **Attributed Lives:** 1.26M
- **Implemented Providers:** 4,789
- **Capitation Revenue % (estimated):** Growing via lives under cap; now at 100+ contracts and 10%+ of attributed lives under capitation
- **MSSP Shared Savings:** \$176.6M in 2023 (+34% YoY)
- **Free Cash Flow:** >\$100M; 121% of Adjusted EBITDA
- **Highlights:** Now a fully scaled, cash-generating VBC platform with national reach, 50+ specialties, tech-enabled ops, and the infrastructure for private equity roll-up or bolt-on expansion.

Milestone	Pre-IPO (2020)	IPO (2021)	Scale-Up (2022–23)	Platform Maturity (2024)
Attributed Lives	683K*	786K	1.1M	1.26M
Capitated Lives	N/A	N/A	23K → 41K	50K+ (est.)
Revenue	\$817M	\$966M	\$1.36B → \$1.66B	\$1.74B
MSSP Shared Savings	N/A	N/A	\$131M (2022)	\$176.6M
Adjusted EBITDA	N/A	\$41.3M	\$60.9M	\$90.5M
States Operated In	7 + DC	8 + DC	13 + DC	14 + DC

Table 10: Transformation trajectory for FFS to VBC-at-scale

Privia Health's geographic footprint has evolved from a regional MSO to a national VBC platform operating across 14 states and the District of Columbia. Since 2018, the company has executed a methodical state-by-state rollout strategy, entering new markets through anchor partnerships with health systems (e.g., Novant in NC, Beebe in DE) and physician networks. Each new state typically involves setting up a single-TIN medical group, a risk-bearing ACO, and physician-led governance. This structured expansion has enabled Privia to scale its attributed lives, diversify payer relationships, and deploy its technology platform across varied regulatory and reimbursement environments (Figure 17).

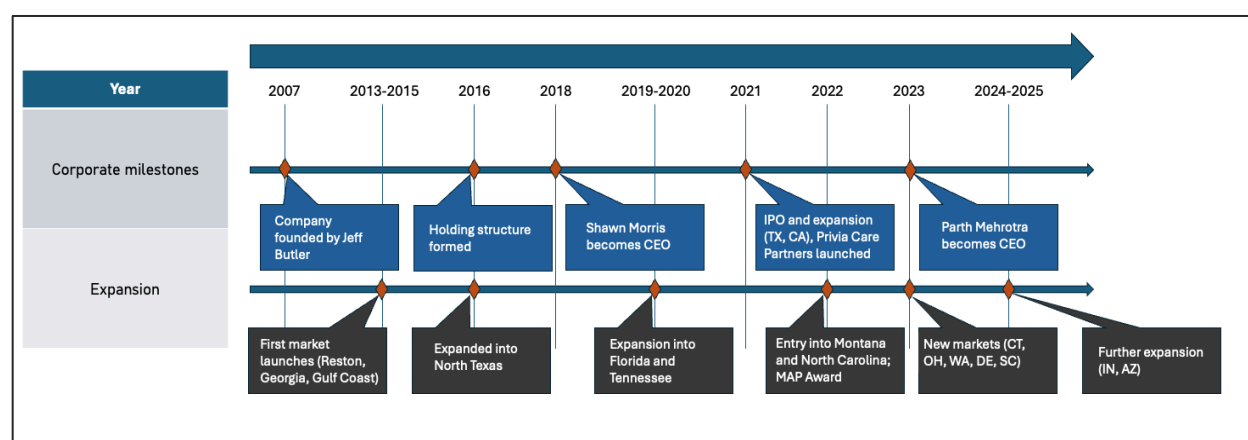


Figure 17: Corporate milestones and market expansion

REVENUE MIX EVOLUTION (2019–2024)

Figure 18 highlights the development of Privia Health's revenue mix over the last six years, illustrating the company's transition toward VBC.

- **FFS – Patient Care** has historically been the dominant revenue stream, but its share has steadily declined from 86% in 2019 to 66% in 2024.
- **FFS – Administrative Services** has remained relatively stable at 6–7% of revenue across the period, reflecting consistent MSO fee structures tied to affiliated practices.
- **VBC**, which includes capitated revenue, shared savings, and care management fees, has grown materially:
 - a) From just 8% in 2019
 - b) To 26% in 2024, as Privia expanded into full-risk and partial-risk arrangements alongside traditional shared savings and PMPM fees.
- **Capitated Revenues** are not displayed before 2021 because Privia had not yet entered into material capitation contracts. Prior to that, its VBC revenue was primarily derived from upside-only shared savings and care management fees. As the company secured its first significant capitation arrangements starting in 2021–2022, this category became large enough to be disclosed separately in its financial reporting.
- **Other Revenue** has been immaterial (below 1% in recent years), with the exception of 2020 (2.2%), when one-off COVID-related revenues were recognized.

This shift demonstrates Privia's hybrid model in action: a large, resilient FFS base that underpins near-term stability, combined with a rapidly scaling VBC portfolio that positions the company for long-term growth and margin expansion as capitation becomes a larger share of the mix.

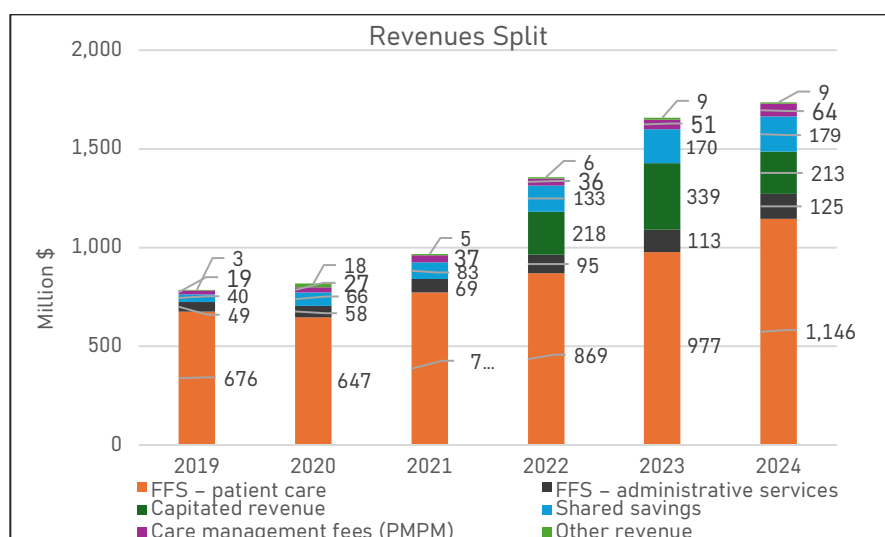


Figure 18: Revenues split evolution

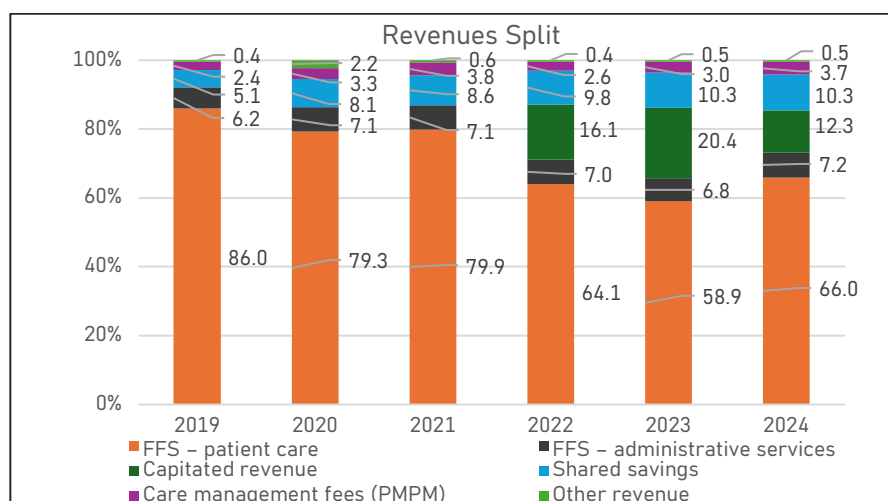


Figure 19: Revenues split evolution, percentages

IT INFRASTRUCTURE

TECHNOLOGY STACK & IT STRATEGY

Privia Technology Solution

- The proprietary end-to-end, cloud-based platform integrates:
 - Practice management
 - Clinical operations
 - Revenue cycle management (RCM)
 - Patient engagement
 - Population health tools
- It provides a seamless workflow for Privia physicians and clinical staff across both in-person and virtual care settings.

Electronic Medical Record (EMR) Integration

- Primary EMR Partner: athenahealth, Inc.
 - The Privia Technology Solution is built upon and integrated with athenahealth's EMR.
 - This partnership allows real-time data flow and efficient interoperability across practices.
- All Privia's providers are credentialed and integrated through this shared technology framework.

Population Health & Data Analytics

- The platform includes tools that support:
 - Risk stratification
 - Care gap closure
 - Quality measure tracking
 - Clinical decision support
- These capabilities enhance performance in VBC arrangements, especially under MSSP and commercial payer contracts.

Cybersecurity & Data Protection

- Privia follows healthcare industry standards for data security, including:
 - HIPAA compliance

- b) Routine cybersecurity audits
 - c) Policies for access control, encryption, and incident response
- These are reinforced in the company's risk disclosures, acknowledging the critical importance of protecting sensitive patient data.

Technology in Growth Strategy

- IT is a core enabler of scalability—facilitating rapid deployment into new geographies with minimal infrastructure investment.
- Privia can onboard new provider groups in 5–8 months, largely due to its standardized and centralized technology suite.

DATA PROTECTION & CYBERSECURITY FRAMEWORK

Regulatory Compliance

- Privia adheres to HIPAA (Health Insurance Portability and Accountability Act) requirements.
- It follows all applicable federal and state regulations regarding the protection of PHI (Protected Health Information) and PII (Personally Identifiable Information).

Security Measures

- The company implements:
 - a) Encryption technologies for data in transit and at rest.
 - b) Role-based access controls, ensuring users only see data necessary for their function.
 - c) Audit logs and monitoring to detect unauthorized access or suspicious activity.
 - d) Third-party cybersecurity audits and risk assessments to validate system resilience.
 - e) Regular training and awareness programs for staff and providers.

Risk Management

- Privia discloses cybersecurity and data breaches as part of its risk framework.
- While no material breaches have been reported, they acknowledge:

“The risk of cyber-attacks and data breaches is ongoing and evolving, and we could suffer financial or reputational damage if our systems are compromised.”

Vendor and Platform Oversight

- The platform is primarily hosted through cloud-based infrastructure, relying on athenahealth as a foundational EMR partner.
- Vendor contracts include provisions for data security compliance and incident response obligations.

HISTORICAL ORGANIC AND INORGANIC GROWTH

STRATEGIC GROWTH WITHOUT TRADITIONAL M&A

Privia Health has charted a path of rapid, capital-efficient expansion without relying on traditional mergers or large-scale acquisitions. The company's disciplined approach prioritizes organic growth, fueled by physician partnerships and platform scalability.

No Conventional M&A—By Design

To date, Privia has not engaged in any material mergers or acquisitions of other corporate entities. Instead, its expansion has focused on:

- Entering new geographies through organic provider recruitment.
- Building partnerships with health systems and independent practices.
- Scaling its cloud-based technology and services platform to support provider-led care delivery.

This strategy enables Privia to grow without diluting its physician-first culture, while maintaining a lean capital structure and low integration risk.

Non-Standard M&A: Acquisitions of Control

Despite the absence of traditional M&A, Privia has recognized goodwill on its balance sheet. This arises from non-standard acquisitions, such as:

- Gaining controlling interests in affiliated practices and risk-bearing entities.
- Consolidating these entities into its operating structure under U.S. GAAP.
- Paying above book value for control, resulting in goodwill recognition.

These transactions are financially modest but strategically impactful, allowing Privia to integrate care delivery, align incentives, and strengthen regional presence—without sacrificing flexibility or autonomy at the local level.

While Privia avoids traditional M&A, its acquisition of control in affiliated practices and risk-bearing entities acts as a meaningful lever for inorganic growth. These targeted, non-standard transactions support market expansion and platform scaling—while preserving local autonomy and cultural fit. This approach is likely to remain a core component of Privia's growth strategy.

Notable Transactions

Privia Health's most notable transactions (Table 11) have been the acquisition of Walla Walla Clinic in 2023, which anchored its Washington expansion, and the 2025 partnership with Integrated Medical Services in Arizona, marking a major step into the Southwest. Together, these deals highlight Privia's use of anchor practices and strategic investments to accelerate market entry and scale its physician-enablement model.

Transaction / Target	Date	Strategic Value	Stake Acquired	Assumed Price / Consideration
Walla Walla Clinic (Washington)	Aug 2023	Anchor for Privia Medical Group – Washington; provided immediate scale in the Pacific Northwest; established local physician governance	100% (full acquisition of the clinic)	\$42M (based on \$24M LTM revenue × industry multiples and cashflow statement)
Integrated Medical Services – IMS (Arizona)	Apr 2025	Partnership with one of the state's largest independent multi-specialty groups (70 providers, 21 locations); served as anchor for Privia Medical Group – Arizona; accelerated entry into a new growth market	51% (unofficial reports)	\$95M (unofficial estimate; no price disclosed in SEC filings)

Table 11: Privia's notable M&A transactions

Table 12 illustrates Privia Health's goodwill trends relative to acquired net assets from 2020 to 2025. Over this period, Privia executed multiple acquisitions, with significant activity in 2021, 2023, and 2025. The goodwill-to-acquired-assets ratio averaged around 32%, aligning with typical healthcare services benchmarks where goodwill often reflects synergies, brand value, or expected future earnings. Notably, in 2024, the ratio spiked to 41.4%, suggesting a premium paid above the fair value of net assets—possibly due to strategic importance or competitive dynamics of the target. While 30% is generally reasonable, sustained high levels could warrant deeper analysis of acquisition rationale and integration outcomes.

M&A metrics	2020	2021	2022	2023	2024	2025
Total acquired net assets	0	32.2	0	42.9	7	95.3
Goodwill	118.7	127.9	126.9	138.7	141.6	172.2
Change Goodwill	n/a	9.2	-1	11.8	2.9	30.6
Ch. Goodwill/Acquired assets	n/a	28.6%	n/a	27.5%	41.4%	32.1

Table 12: Change in Goodwill to Net acquired assets

GREENFIELD EXPANSION

In addition to acquisitions and anchor partnerships, Privia also pursues greenfield expansion by opening de-novo, fully or partially owned sites of care in new or existing geographies. This strategy, highlighted in the 2023 and 2024 Annual Reports, allows Privia to build local medical groups from the ground up, often focused on Medicare Advantage and direct contracting opportunities. Guided by a data-driven market selection process, greenfield builds give Privia full control over governance and technology adoption, ensuring alignment with its physician-first culture while capturing new growth opportunities without acquisition costs.

STRATEGIC PARTNERSHIPS & GREENFIELD STRATEGY

Privia has formed anchor partnerships (Table 13) with major regional health systems and physician networks to accelerate its state-level market entry and expansion.

Together, these alliances serve as Privia's foundation for scaling its medical group model, establishing new Accountable Care Organizations (ACOs), and expanding VBC arrangements across diverse geographies.

Its greenfield expansion model allows it to enter new geographies efficiently by onboarding provider groups under a repeatable playbook. Over the past two years, this approach enabled successful entry into five new states.

Partner	State	Type of Partner	Notable Privia Collaboration
Novant Health	North Carolina (NC)	Integrated Healthcare Network	Joint venture via ChoiceHealth to launch Privia Medical Group – NC; share issuance linked to provider/mkt milestones.
Surgery Partners	Montana (MT)	Ambulatory Surgery / Health Services Company	Strategic agreement via Great Falls Clinic as anchor practice in Montana, expanding VBC programs.
Community Medical Group	Connecticut (CT)	Clinically Integrated Network (CIN)	Partnered to launch Privia Quality Network – CT with 1,100 providers under value-based arrangements.
Beebe Healthcare	Delaware (DE)	Health System	Partnership to launch an ACO in Delaware (Privia Quality Network – DE); later exited MSSP in 2024.
OhioHealth	Ohio (OH)	Health System	Strategic MoU to launch a statewide Privia Medical Group – Ohio and expand VBC.
BASS Medical Group	California (CA)	Medical Group / MSO	Affiliated to expand Privia's MSO model into California.
Integrated Medical Services (IMS)	Arizona (AZ)	Independent Multi-Specialty Practice	Partnership to enter Arizona market in 2025 through IMS as the anchor practice.

Table 13: Privia's strategic partnerships

WORKFORCE OVERVIEW

MANAGEMENT ASSESSMENT

Privia Health's leadership team blends healthcare expertise, financial discipline, and operational scalability.

- **David P. King (Independent Chairman)** brings deep governance experience from his prior role as CEO of LabCorp, adding credibility in scaling a healthcare services company.
- **Parth Mehrotra (CEO & Director)**, with a background in finance and healthcare services, has guided Privia's physician-enablement strategy, emphasizing disciplined growth and VBC alignment.
- **David Mountcastle (EVP & CFO)** provides strong financial stewardship, with a track record in healthcare finance and accounting that underpins Privia's capital-efficient expansion model.
- **Sarath Degala (COO)** offers operational depth, overseeing execution across markets and ensuring scalability of Privia's platform.
- **Chris Voigt (EVP & CTO)** anchors the company's technology-driven differentiation, leading development of the cloud-based platform that enables physician workflow integration and population health management.

Overall, the management team is well-rounded, combining governance, strategic finance, scalable operations, and technology leadership. This balance supports Privia's positioning as a physician-first, tech-enabled growth company.

EMPLOYEES OVERVIEW

Privia Health's workforce is primarily made up of corporate staff and support employees who enable the physician-enablement platform. Clinical care is delivered by affiliated physicians and clinicians in Privia's Medical Groups, who are not directly employed by Privia but supported through its platform.

A few notable points emerge from the filings:

- **Headcount & Roles:** Employees are concentrated in technology, operations, finance, clinical support, sales & marketing, and administration. Provider expenses (payments to physicians and practices) are distinct from employee expenses, underscoring that most doctors are independent affiliates, not employees.
- **Human Capital Risks:** Privia consistently highlights the challenge of attracting and retaining highly qualified staff, especially with upward wage pressures across healthcare services.
- **Culture & Engagement:** The company stresses its physician-first, team-oriented culture as critical to success. Management notes that rapid scaling could strain culture and employee relations, particularly if disparities emerge due to equity-based compensation.
- **Equity Incentives:** Privia makes significant use of stock-based compensation (RSUs and PSUs) to align employees with long-term shareholder value creation.
- **Technology-Centric Workforce:** With a strong emphasis on its proprietary platform, Privia's employee base is more tech- and operations-heavy than a traditional provider group, supporting scalability and digital-first initiatives.

MANAGEMENT INCENTIVES

Privia Health's management equity plan (hypothetical) is structured around two components: (i) a *pari passu* investment in the sponsor's preferred equity, giving management the same contractual return and downside exposure as other investors, and (ii) a sweet-equity allocation on the common equity, granting management 15% of residual proceeds once the preferred is repaid. A ratchet increases this allocation to 17.5% if the sponsor achieves a gross MOIC above 3.0x (measured before management incentives). This design ensures management contributes meaningful capital, shares in the preferred downside protection, and participates disproportionately in upside creation through the sweet-equity strip.

Assumptions:

- Entry equity value: **\$2.0bn**
- Preferred at entry: **\$1.5bn** (sponsor + management)
- Preferred return: **10% compounded annually**
- Holding period: **3 years** → $1.10^3 = 1.331$
- Management rollover: **\$100m** into preferred (pari passu) → 6.67% of the pref layer
- Sweet equity: **15% of common** (ratchets to **17.5%** if sponsor gross MOIC > 3.0x)
- Exit equity value: **\$3.0bn**

Waterfall at exit (\$3.0bn):

- **Preferred repayment (principal + accrued return):**
 - a) Principal: **\$1.5bn**
 - b) Accrued pref return: $[1.5 \times 1.10^3 - 1] = 0.499\text{bn}$
 - c) **Total pref repaid: \$1.999bn ≈ \$2.0bn**
 - d) Management share of pref: $100 \times 1.10^3 = 133.1\text{m}$
(this is their \$100m plus compounded 10% return—paid before any common)
- **Common equity pool:**
 $3.0 - 2.0 = 1.0\text{bn}$
- **Management sweet equity on common:**
 - a) Base strip (15%): **\$150m**
 - b) Ratchet (17.5%) if hurdle met: **\$175m**
- **Total management proceeds:**
 - a) Without ratchet: $133.1 + 150 = 283.1\text{m}$
 - b) With ratchet: $133.1 + 175 = 308.1\text{m}$

Return metrics:

- **Management MOIC:**
 - a) Without ratchet: $283.1/100 = 2.83\text{x}$
 - b) With ratchet: $308.1/100 = 3.08\text{x}$
- **Sponsor MOIC (gross, before MEP):** $3.0/2.0 = 1.50\text{x}$
- **Envy ratio (Management MOIC ÷ Sponsor MOIC):**
 - a) Without ratchet: $2.83 \div 1.50 = 1.89\text{x}$
 - b) With ratchet: $3.08 \div 1.50 = 2.05\text{x}$

05

MARKET & INDUSTRY

MARKET SIZE & DYNAMICS

DEFINITION OF MARKET SCOPE

The relevant market for Privia Health is concentrated on the physician services and enablement layer, where the transition to VBC is reshaping incentives and economics.

- **Included in Scope**

- Physician Services (\$830B, 2024):** Outpatient and office-based care delivered by physicians and advanced practitioners. This represents roughly 18–20% of U.S. national health expenditures.
- Practice Enablement / MSO Services (\$90–110B):** Revenue cycle management, analytics, compliance, and other outsourced services for independent practices. This segment is growing mid-to-high single digits annually, driven by physician consolidation and administrative burden.
- VBC Arrangements (\$400B+ in contracts under risk, 2024):** Includes Medicare Advantage (\$100B covered), Medicaid managed care (\$300B+), and commercial value-based contracts. The VBC penetration rate is projected to exceed 60% of U.S. healthcare payments by 2030.
- Technology Solutions (\$30–40B health IT spend relevant to physician enablement):** Population health analytics, risk adjustment tools, patient engagement portals, and interoperable EMRs.
- Employer & Payer Networks (\$70–100B):** Employer-sponsored direct contracting and payer partnerships for coordinated lower-cost networks.

- **Excluded from Scope**

- Hospital-Based Services (\$1.4T):** Inpatient and acute hospital care, which Privia does not directly operate.
- Post-Acute and Long-Term Care (\$475B):** Nursing homes, SNFs, and long-term care not integrated into Privia's model.
- Pharmaceuticals and Devices (\$600B):** Prescription drug spend and devices, though indirectly affected by VBC initiatives.
- Non-Partnered Specialty Care:** Surgical and subspecialty services outside Privia-enabled networks.

By focusing on physician services, enablement, and VBC-related contracting, we frame Privia's Total Addressable Market (TAM) at over \$1.3 trillion (physician services + VBC-related enablers). The Serviceable Addressable Market (SAM) narrows to states and segments where Privia operates (\$250–300B). The Serviceable Obtainable Market (SOM) reflects Privia's current footprint of 5.2M patients across 14 states + DC, with headroom for expansion.

The following funnel (Figure 20) illustrates Privia's strategic market positioning—from the expansive \$1.3T total addressable market (TAM), to the states and segments it actively serves (SAM), down to its current footprint across 14 states and Washington, D.C. (SOM).

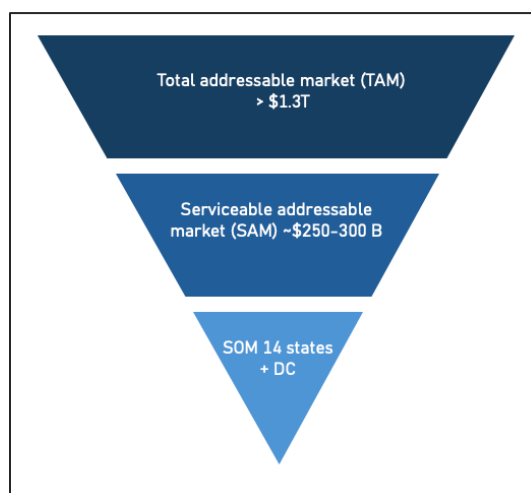


Figure 20: Market size funnel

The physician services market alone now exceeds \$720 billion and has grown at a compound annual rate of over 5% for the past 25 years. While annual growth has fluctuated with macroeconomic cycles and policy shifts, the overall trend reflects increasing demand for physician-delivered care—especially in outpatient and value-based settings. Figure 21 illustrate both the long-term trajectory and year-by-year dynamics of the physician services market, reinforcing its role as the core engine of Privia's addressable opportunity (source CMS: [NHE Tables](#)).

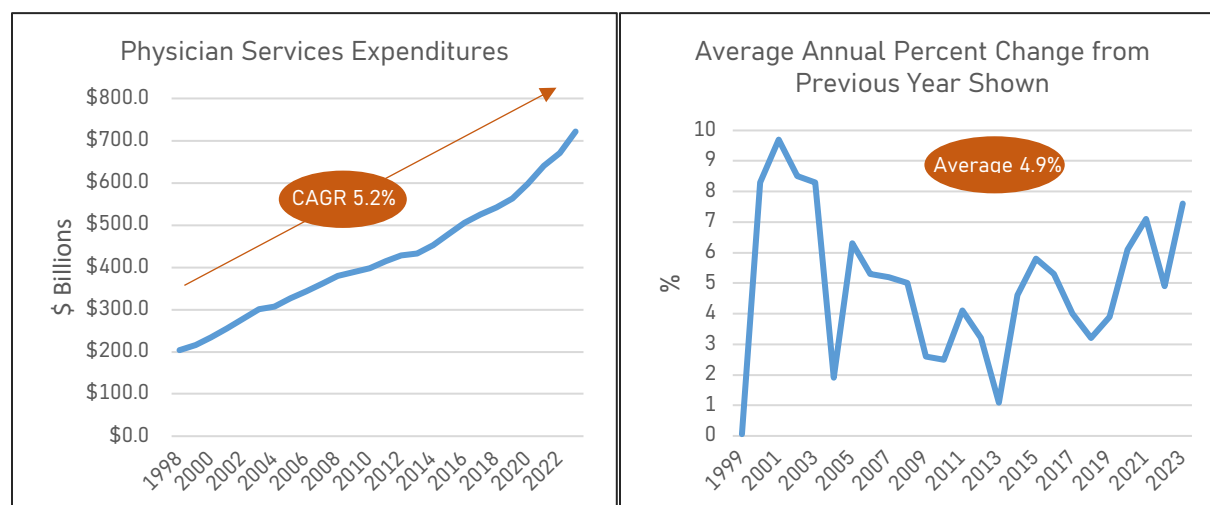


Figure 21: Physician services expenditures growth

Based on historical growth trends and long-term physician spending data, we project the U.S. physician services market will continue to expand significantly over the coming years. By 2030, total market size is expected to reach between \$900 billion and \$1.2 trillion, depending on the growth scenario. This range reflects a continuation of structural drivers—such as the shift to outpatient care, growing demand for physician-led services, and increasing penetration of VBC models.

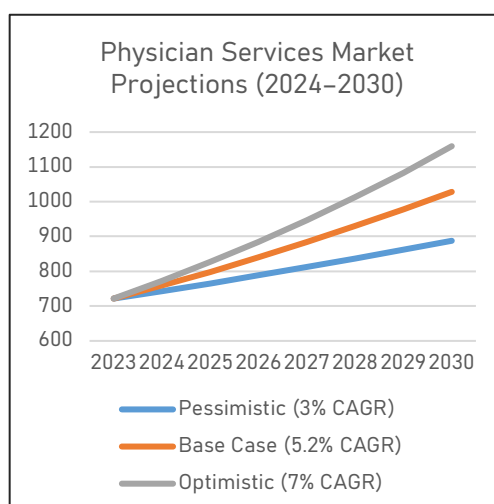


Figure 22: Physician Services Market Projections (2024–2030)

The physician services market is second-largest healthcare segment:

- Physician and clinical services are expected to reach \$830B in 2024.
- This places the sector just behind hospital care (\$1.4T) and ahead of prescription drugs (\$600B) and post-acute care (\$475B).
- Unlike hospitals, physician services are more decentralized and outpatient-focused, enabling platform-based models like Privia to scale efficiently without heavy capital expenditure.

The market provides attractive entry point for innovation:

- The physician market is less consolidated, making it more receptive to enablement platforms, tech integration, and value-based payment transformation.
- This structure supports Privia's model of partnering with independent practices and deploying scalable infrastructure across markets.

National Per Capita Spend on Physicians:

- In 2023, the U.S. spent approximately \$2,187 per person on physician services.
- This figure provides a benchmark for estimating patient-level revenue potential in capitation and shared savings arrangements.

Privia's Scaled Reach:

- With a current base of 5.2 million managed patients, this equates to a total physician-spend exposure of over \$11 billion.
- However, Privia does not capture 100% of this spend, as its role is primarily enabling care delivery through affiliated physicians and value-based arrangements—not providing all care directly.
- Revenue is realized through management fees, shared savings, capitation, and collections, depending on payer mix and risk contract terms.
- While not all of this is directly capturable, even modest share gains in patient spend translate into significant top-line growth potential.
- This underscores the scalability of Privia's platform—particularly as its VBC penetration deepens and patient base expands.

MARKET TAILWINDS (BEYOND AGING/DEMOGRAPHICS)

1. Payer Incentives Favoring VBC

- CMS and commercial payers are pushing hard toward risk-based contracts, especially under models like MSSP, REACH, and MA capitation.
- Privia's hybrid model (FFS + VBC) is well-aligned to this payer shift.

2. Primary Care Consolidation

- Independent providers are increasingly looking for platforms like Privia to manage admin burden, regulatory complexity, and IT overhead.
- Physician enablement models are the preferred "light asset" alternative to vertical integration by payers (e.g., Optum, CVS).

3. Behavioral Shift Toward Convenience + Tech

- Digital-native patients demand virtual/hybrid care, easy scheduling, and data transparency.
- Privia's tech-forward platform (EMR integration, analytics, patient portals) is positioned to meet this expectation.

4. Employer Pressure for Cost Containment

- Self-insured employers are actively seeking value-based networks and direct contracting options.
- Privia could partner with aggregators (e.g., Transcarent, Carrum) or directly pursue employer-channel strategies.

5. Shift Toward Preventive and Chronic Care Models

- Reimbursement is shifting from "episodic" to longitudinal management.
- Privia's large primary care footprint makes it ideal for chronic disease management, RPM, and care coordination.

6. ACO + MA Policy Support

- Continued federal backing for MSSP and MA Shared Savings (albeit with star rating and risk adjustment challenges).
- Privia's ACO track record is a differentiator in contracting and upside capture.

MARKET HEADWINDS / RISKS

1. MA Payment Model Uncertainty

- V28 coding changes, risk adjustment scrutiny, and MA plan profitability pressure could make downside risk contracts less attractive near-term.

2. Competition from Vertical Integrators

- Insurers (e.g., Optum, Humana) and retailers (e.g., CVS, Amazon) are vertically integrating providers.
- These players bring scale and capital, which could erode Privia's negotiating leverage or limit market access.

3. Physician Burnout and Attrition

- High burnout levels may lead to physician retirements or resistance to change, especially among legacy, small practice MDs.
- Privia must continuously prove it adds value without increasing administrative burden.

4. Regulatory Volatility

- Sudden CMS rule changes (e.g., site-neutral payments, telehealth rollback, MSSP track adjustments) could disrupt planning.
- Need for regulatory agility and diversified revenue streams.

5. Tech Interoperability & Cybersecurity Risk

- Dependence on 3rd-party EMR (athenahealth) adds integration risk.
- As Privia scales, it must invest heavily in data security, uptime, and analytics infrastructure.

6. Local Market Saturation

- Growth via geographic expansion may hit barriers in heavily penetrated or certificate-of-need (CON) markets.
- Need clear go-to-market playbook for state-specific regulation and partner acquisition.

WHAT TO EXPECT IN US HEALTHCARE IN 2024 AND BEYOND

As the U.S. healthcare landscape rapidly evolves, VBC is emerging as a transformative force poised to reshape how care is delivered and reimbursed. According to McKinsey ([What to expect in US healthcare in 2024 and beyond](#), [Specialty risk: The next frontier of VBC](#)), VBC adoption is accelerating, with the number of covered lives expected to more than double—from 43 million in 2022 to 90 million by 2027. This shift is not just structural but economic: VBC models have the potential to unlock up to \$1 trillion in annual savings by reducing unnecessary utilization, improving care coordination, and incentivizing outcomes over volume.

1. VBC Expansion

- **VBC Adoption Is Accelerating:** Covered lives under VBC models are projected to double from 43 million (2022) to 90 million by 2027.
- **Key Drivers:**
 - a) Increased payer pressure to control costs.
 - b) Provider fatigue with FFS (FFS) complexity.
 - c) Advancements in population health analytics.
- **VBC Enablers** (e.g., Privia Health) are central to the shift, especially those offering physician alignment, tech integration, and financial risk management.

2. Potential for Cost Savings

- VBC has the potential to generate up to \$1 trillion in annual value for the US healthcare system by improving:
 - a) Care coordination
 - b) Preventive interventions
 - c) Risk stratification
- Specialty care (like oncology and orthopedics) is flagged as a major frontier for future VBC expansion, with large, untapped savings potential.
- Employers and CMS are actively supporting models that reward **outcomes over volume**, making the economic case for broader adoption.

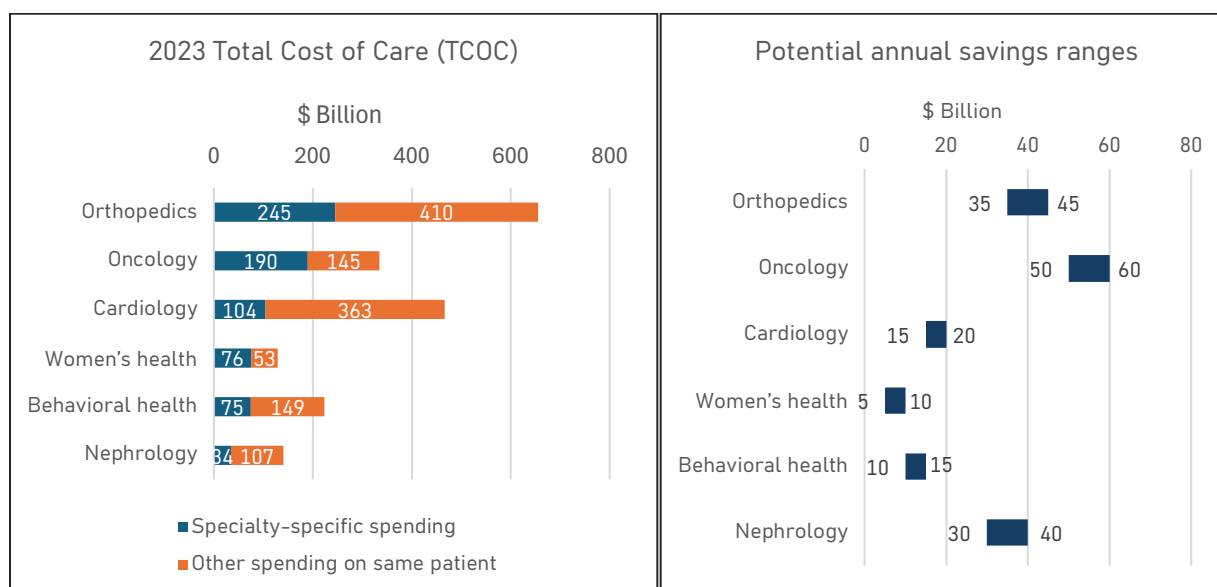


Figure 23: TCOC and potential savings (source: McKinsey)

MARKET PRIORITIZATION FRAMEWORK

To better understand the landscape, the U.S. market can be clustered into three distinct groups based on population density, healthcare spend, and maturity of VBC adoption. This segmentation highlights where the largest patient pools and spending are concentrated, where VBC models are most advanced, and where significant white space remains for future growth.

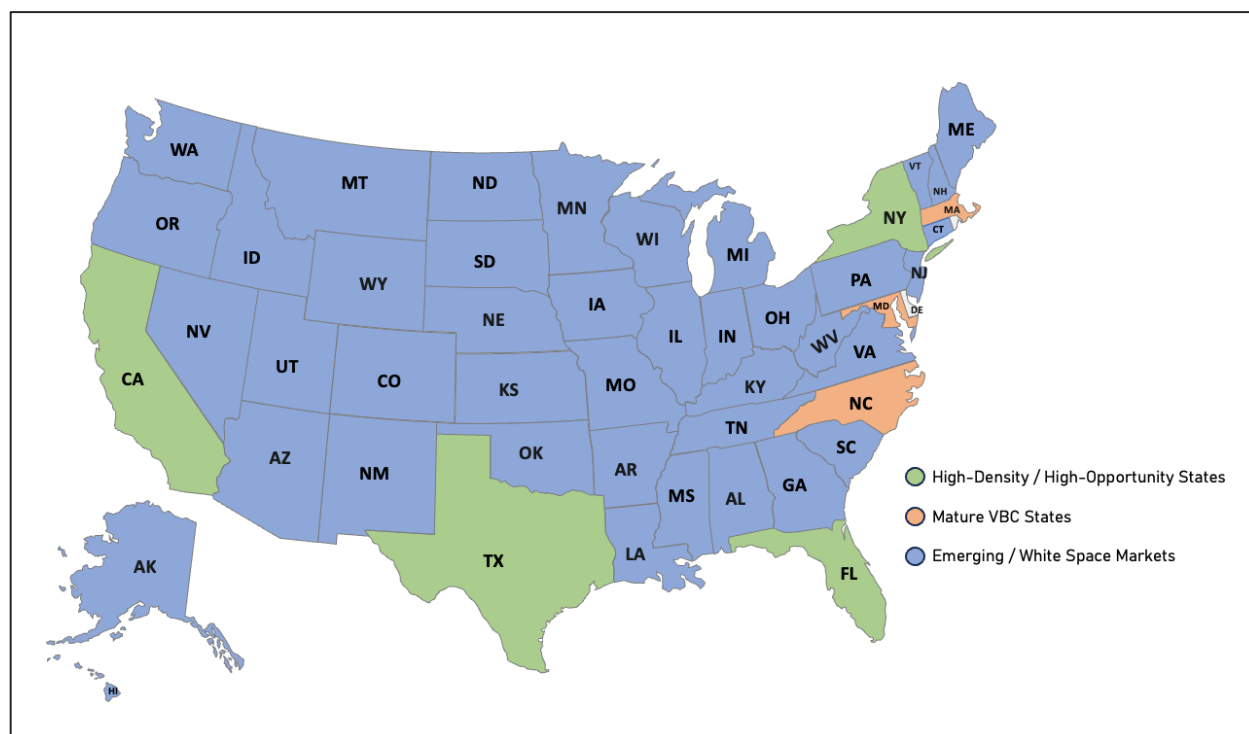


Figure 24: VBC-maturity market clusters

The map above (Figure 24) illustrates how the U.S. can be grouped into three clusters that reflect differences in population density, healthcare spend, and maturity of VBC adoption:

- **High-Density / High-Opportunity States (Green)**
 - a) Includes *California, Texas, Florida, New York*
 - b) Represent $\frac{1}{3}$ of the U.S. population and some of the largest healthcare spend pools
 - c) Highly fragmented provider markets → strong demand for physician enablement models
 - d) Strategically critical for building scale and maximizing topline growth
- **Mature VBC States (Orange)**
 - a) Includes *Massachusetts, Maryland, North Carolina*
 - b) Policy leaders with advanced models (e.g., ACO pioneers, Maryland's all-payer system, NC Medicaid reform)
 - c) Providers in these states already accustomed to risk-sharing arrangements
 - d) Serve as testbeds for deeper VBC adoption and innovation
- **Emerging / White Space Markets (Blue)**
 - a) Comprise the remaining states across the U.S.
 - b) Early stage in VBC adoption but showing rapid growth in payer and provider interest
 - c) Less entrenched competition creates "land and expand" opportunities
 - d) Represent long-term expansion runway and diversification potential

MACROECONOMIC AND GEOPOLITICAL IMPACT

U.S. MACRO TRENDS: INFLATION, LABOR COSTS, AND INTEREST RATES

The healthcare sector in the United States continues to experience pressure from macroeconomic trends such as inflation, rising labor costs, and fluctuating interest rates. These trends are especially impactful for provider organizations like Privia Health, which relies on operational efficiency and cost control to maintain profitability.

Despite inflationary pressures, Privia Health reported strong financial performance in 2024, including a 25.2% increase in Adjusted EBITDA and over \$109 million in net cash provided by operating activities, reflecting resilience in managing provider economics under challenging conditions. Rising labor costs have placed upward pressure on physician compensation and staff recruitment; however, Privia's balanced model and scalable technology platform have mitigated some of these cost increases by driving workflow efficiencies and reducing administrative burdens.

Interest rate hikes have also influenced broader capital allocation in the healthcare sector. However, with nearly \$491 million in cash and no outstanding debt as of 2024 year-end, Privia maintains significant financial flexibility to continue investing in growth opportunities despite the rising cost of capital.

PAYER COST PRESSURES: MEDICAL UTILIZATION AND MEDICARE ADVANTAGE (MA) REIMBURSEMENT

Payers are increasingly focused on cost containment amid high medical utilization trends. For example, the Medicare Advantage (MA) market faces headwinds from elevated utilization, changes in Star Ratings, and the continued phase-in of CMS' V28 risk model. Privia has acknowledged these headwinds but maintains confidence due to its diversified value-based contract portfolio. As of 2024, the company operates over 100 at-risk contracts across commercial, Medicare, and Medicaid programs, with 1.26 million attributed lives.

Privia's model strategically transitions providers into higher-risk arrangements only when they are clinically and operationally ready. This prudent approach has allowed the company to deliver strong shared savings—\$176.6 million in MSSP savings in 2023 alone—despite reimbursement volatility.

GEOPOLITICS: SUPPLY CHAIN DISRUPTION AND PHARMACEUTICAL COSTS

Geopolitical factors—particularly global instability and strained U.S.–China relations—have disrupted supply chains for IT hardware, medical devices, and pharmaceuticals. These disruptions have led to longer procurement cycles and higher costs for healthcare providers nationwide.

Although Privia does not directly manufacture or distribute medical products, it supports a broad provider network dependent on such supplies. As a result, the company continues to invest in digital infrastructure and cloud-based platforms to minimize reliance on physical supply chains and maintain continuity in care delivery.

Pharmaceutical inflation also presents a challenge, particularly in chronic disease management. By leveraging population health tools and clinical analytics, Privia helps providers manage medication adherence and formulary compliance to offset rising drug costs.

LONG-TERM SECULAR TAILWINDS: AGING POPULATION AND CHRONIC DISEASE PREVALENCE

Amid near-term volatility, Privia remains well-positioned to benefit from long-term secular trends. The aging U.S. population and increasing prevalence of chronic diseases such as diabetes and cardiovascular conditions are accelerating the transition to VBC.

Privia's model is purpose-built to address these trends. It enables providers to deliver high-quality, coordinated care through physician-led governance, robust analytics, and scalable risk management infrastructure. The company's nationwide expansion and track record of successful market entries demonstrate its capability to scale with the growing demand for primary care and chronic disease management.

STABLE GROWTH AND EASING INFLATION SIGNAL FAVORABLE ECONOMIC OUTLOOK

The chart illustrates key macroeconomic trends from 2025 through the longer run, based on Federal Reserve projections. Real GDP growth is expected to gradually accelerate from 1.4% in 2025 to 1.8% in the longer term, indicating a steady, moderate expansion of the U.S. economy. At the same time, PCE inflation is forecasted to decline from 3.0% in 2025 to the Fed's 2.0% target, reflecting expectations of stabilizing prices. Meanwhile, the unemployment rate remains relatively stable, slightly decreasing from 4.5% to 4.2%, suggesting a resilient labor market. Together, these trends point to a supportive macroeconomic backdrop characterized by moderate growth, easing inflation, and low unemployment—favorable conditions for sustained business investment and consumer demand.

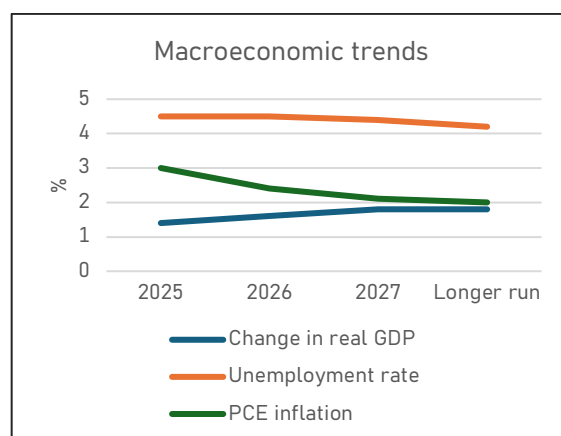


Figure 25: Federal Reserve projections show modest GDP growth, declining inflation, and stable unemployment through 2027 and beyond (source: [Federal Reserve](#)).

COMPETITIVE LANDSCAPE

DIRECT COMPETITORS: PHYSICIAN ENABLEMENT PEERS

Privia Health operates in a highly dynamic and evolving sector of healthcare—physician enablement—with several key players pursuing similar goals: scaling primary care, enhancing provider economics, and accelerating the shift to VBC. Among its closest peers are Oak Street Health, Agilon Health, and Aledade:

- **Oak Street Health** (now part of CVS Health) targets Medicare Advantage through fully capitated, clinic-based primary care. Its fully owned clinic model contrasts with Privia's more capital-efficient partnership-based approach.
- **Agilon Health** partners with existing physician practices in senior-focused care, particularly in Medicare Advantage markets. Like Privia, Agilon scales through network partnerships but is more concentrated in higher-risk MA capitation models.
- **Aledade** offers a lightweight technology and services platform focused on helping independent practices succeed in VBC, primarily through MSSP ACOs. Compared to Aledade, Privia has deeper operational integration and broader service offerings.

Privia differentiates itself through a flexible, technology-driven, and physician-governed model that serves all payer types and risk levels—across MA, MSSP, commercial, and Medicaid—positioning it as one of the most balanced platforms in the space.

In addition to these players, health systems with VBC arms—such as Advocate Health, Intermountain, and Providence—represent a growing source of competition. These systems often combine ownership of care delivery, insurance plans, and risk-bearing entities. However, Privia's ability to partner with both independent and affiliated providers enables it to operate alongside or in place of these large, integrated systems.

INDIRECT COMPETITORS: TECH-FIRST HEALTHCARE ENTRANTS

Major consumer and retail healthcare companies have increasingly entered the physician enablement space, leveraging technology and scale:

- **Amazon/One Medical** offers a tech-forward primary care experience, integrated with Amazon's broader ecosystem. Its national reach and consumer experience are differentiators but lack Privia's comprehensive payer contracting and risk management capabilities.
- **CVS/Aetna** combines pharmacy, insurance, and clinic-based care through its HealthHUBs and Oak Street acquisition. While vertically integrated, the CVS model remains capital intensive and focused on MA.
- **Optum/UnitedHealth** represents the largest and most formidable player, with a deeply integrated model encompassing providers, payers, and data infrastructure. Optum's scale is unmatched, but its model is less flexible and more centralized than Privia's decentralized governance approach.

These tech-first entrants pose a competitive threat, particularly in urban markets, but also highlight the broad market validation of physician enablement as a high-value strategy.

MARKET FRAGMENTATION: OPPORTUNITY AMID COMPLEXITY

Despite consolidation, the U.S. physician enablement landscape remains highly fragmented. Thousands of local and regional Management Services Organizations (MSOs) and Accountable Care Organizations (ACOs) continue to operate independently—many lacking the technology infrastructure, payer contracting leverage, or clinical analytics required to thrive in VBC.

This fragmentation presents an opportunity for Privia Health. Its scalable, replicable market entry model, supported by physician-led governance and a robust technology stack, allows it to consolidate these fragmented markets while preserving clinical autonomy and local identity.

As of 2025, Privia partners with over 4,800 providers across 14 states and Washington, D.C., caring for more than 5.2 million patients. With over 1.26 million value-based attributed lives, Privia is emerging as a national consolidator of independent physician practices, bridging the gap between small local MSOs and massive corporate healthcare conglomerates.

REGULATORY ENVIRONMENT

FEDERAL POLICY

The regulatory environment continues to play a pivotal role in shaping the strategic landscape for Privia Health and its peers. Several key federal policies influence both risk and opportunity in VBC.

- **Medicare Shared Savings Program (MSSP):** Privia remains deeply engaged in MSSP, with ten ACOs participating as of 2023, including five in the Enhanced Track involving downside risk. In the 2023 performance year, Privia achieved \$176.6 million in shared savings—a 34.1% increase over the prior year—highlighting the effectiveness of its physician-led approach.
- **Medicare Advantage (MA):** Ongoing updates to Star Ratings and risk adjustment models (notably the V28 implementation) are tightening MA economics. These changes impact Privia's ability to capture revenue in MA contracts, requiring continued investments in coding accuracy, quality initiatives, and analytics-driven performance improvement.
- **MACRA & MIPS:** Privia's platform equips providers to perform well under Merit-Based Incentive Payment System (MIPS) metrics, such as quality, cost, and interoperability, aligning financial incentives with clinical performance. This positioning helps independent providers navigate increasing regulatory complexity without sacrificing autonomy.

STATE-LEVEL DYNAMICS

The state-level regulatory landscape remains fragmented, influencing how Privia enters and scales in new markets.

- **Certificate-of-Need (CON) laws** in certain states may limit expansion of services or facilities, adding complexity to market entry. However, Privia's partnership model—which leverages existing infrastructure—helps it navigate these constraints more efficiently than capital-intensive models.
- **Medicaid Managed Care Penetration** varies widely by state and requires tailored payer contracting strategies. Privia's diverse payer relationships position it well to operate across this variability.
- **Payer-Provider Integration Rules** differ significantly by jurisdiction. Privia's non-ownership-based, single-tax-ID medical group model allows flexibility in adapting to these state-level structural rules while maintaining clinical alignment.

REGULATORY RISKS AND OPPORTUNITIES

- **CMS Tightening MA Risk Coding:** The implementation of V28 is phasing in risk adjustment methodology changes that limit the number and type of HCC (Hierarchical Condition Category) codes used for risk scoring. Privia has prepared for this shift through enhanced clinical documentation support and education for providers, reducing financial exposure.
- **VBC Tailwinds from CMMI Initiatives:** The Center for Medicare & Medicaid Innovation (CMMI) continues to advance new models that promote outcomes-based reimbursement. Privia's flexibility allows it to rapidly adopt these models, reinforcing its VBC-first strategy.
- **Antitrust Scrutiny of Payer Consolidation:** Consolidation among payers (e.g., United/Optum, CVS/Aetna) may lead to tighter reimbursement terms and increased regulatory scrutiny. While this poses risks, it also underscores the importance of independent physician platforms like Privia in preserving competition and care quality.

V28 AND ITS IMPLICATIONS

V28, the most significant update to the CMS-HCC risk adjustment model in years, has major implications:

- **Coding Strategy Impact:** It reduces the number of HCCs and recalibrates coefficients, particularly affecting coding for chronic conditions. This may lower expected risk scores and capitation revenue for MA providers.
- **Privia's Response:** The company has proactively adapted by enhancing provider documentation practices, deploying analytics to close coding gaps, and targeting patient engagement for high-risk populations. These efforts are designed to mitigate potential revenue declines and preserve performance integrity.
- **Trends to Watch:** As V28 continues phasing in through 2026, providers with weak documentation infrastructure may experience significant headwinds. Conversely, organizations like Privia—who blend technology with physician governance—are well-positioned to lead through the transition.

06

FINANCIAL ANALYSIS

PRVA: PUBLIC COMPANY PERFORMANCE AT A GLANCE

PRIVIA HEALTH: STABLE MARKET PROFILE WITH SCALABLE GROWTH

Privia Health is a publicly traded healthcare services company with a solid financial foundation and consistent market presence. As of 4 September 2025, the company had a market capitalization of approximately \$2.84 billion, based on 122.7 million shares outstanding. Over the last twelve months, Privia reported \$1.9 billion in total revenue, \$27.7 million in EBITDA, and \$14.8 million in net income, reflecting its ability to scale efficiently. The stock has traded within a 52-week range of \$16.47 to \$26.09 and has a 5-year beta of 0.82, indicating that its price movements have been slightly less correlated with broader market fluctuations.

Last (4/9/2025)	23.17
52 wk High/Low	26.09/ 16.47
Volume (M)	0.03
Beta 5Y	0.82
Market Cap (M)	2,837.5
Shares Out. (M)	122.7
Float %	80.4%
Shares Sold Short (M)	3.3
Dividend Yield %	-
Diluted EPS	0.11
P/Diluted EPS	210.40x
Avg 3M Dly Vlm (M)	0.95

2025 LTM	
Total Revenues (M)	1,900.1
EBITDA (M)	27.7
EBIT (M)	19.6
Net Income (M)	14.8
Total Assets (M)	1,272.5
Total Enterprise Value (M)	2,504.7
Cash (M)	390.1
Total Debt (M)	6.6

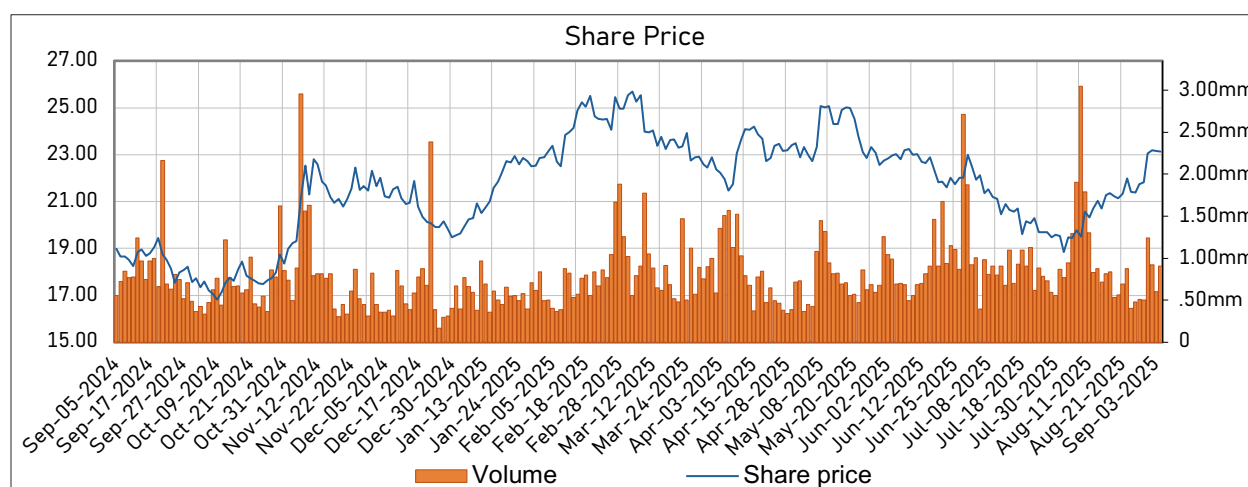


Figure 26: PRVA share price and volume

HISTORICAL FINANCIALS

SCALING REVENUES AND EXPANDING MARGINS THROUGH PLATFORM LEVERAGE

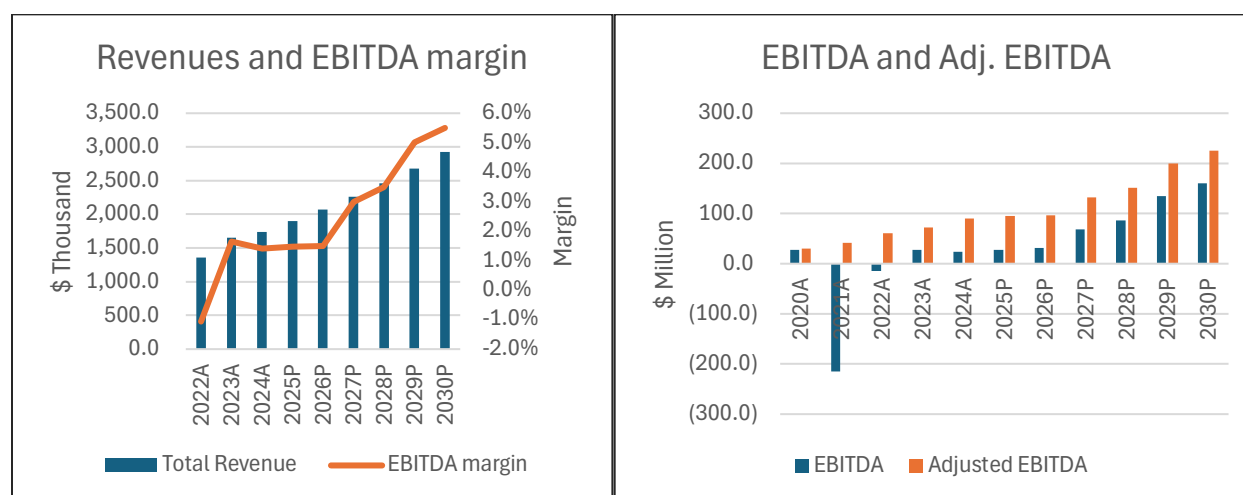


Figure 27: Revenues EBITDA and Adj. EBITDA

Between 2020 and 2024, Privia Health's revenues grew from \$817 million to \$1.74 billion, reflecting a strong 18% CAGR. This growth was fueled by:

- **Strategic geographic expansion**, including entry into multiple new states
- **Provider network scaling**, with hundreds of new clinicians added to the platform
- **Deeper penetration into VBC**, including the launch of new ACOs
- **Deployment of the proprietary Privia Platform**, which streamlined workflows, improved clinical outcomes, and supported providers across reimbursement models

Despite persistent cost pressures and earnings volatility—most notably a \$217 million EBIT loss in 2021 due to elevated SG&A and non-cash stock compensation—Privia maintained stable gross margins of 10% and delivered increasing operational efficiency in the years that followed.

This translated into steady growth in Adjusted EBITDA, from \$29 million in 2020 to \$91 million in 2024, with the margin expanding from 1.6% to an expected 5.4% in 2025. Key drivers of this margin improvement include:

- **Platform Scalability**: Operating costs scaled more slowly than revenue, creating leverage
- **High-Margin Revenue Mix**: Growth in VBC and technology-enabled services lifted margins
- **SG&A Normalization**: After peaking in 2021, SG&A stabilized at a more efficient 8–11% of revenue
- **Contractual Recurrence**: A growing base of long-term, recurring contracts enhanced predictability and efficiency
- **Disciplined Execution**: Thoughtful sequencing of market and risk-based contract entry avoided margin dilution

Together, these dynamics demonstrate Privia's ability to transform top-line momentum into sustainable, cash-generative growth—laying the foundation for long-term value creation and reinvestment capacity.

FOUNDATIONS OF DURABLE AND PREDICTABLE REVENUE GROWTH

Privia Health's revenue profile is highly resilient, supported by a combination of structural features and strategic positioning. The following factors contribute to strong visibility and long-term sustainability:

- **Sticky Customer Base:** Low churn among providers and patients, reflecting high satisfaction and engagement.
- **Recurring Revenue Model:** Long-term, multi-year contracts with providers and payers that generate stable, predictable income.
- **Embedded Platform:** Deep integration of the Privia Platform into clinical and operational workflows creates high switching costs.
- **Regulatory Tailwinds:** Favorable policies supporting the shift to VBC reinforce demand for Privia's model.
- **Scalable Economics:** Increasing scale drives operating leverage, improves payer negotiations, and supports margin expansion.
- **Diversified Risk Exposure:** Participation across commercial, Medicare, Medicaid, and MA contracts mitigates concentration risk.

These dynamics collectively support a durable, recurring, and defensible revenue stream over the long term.

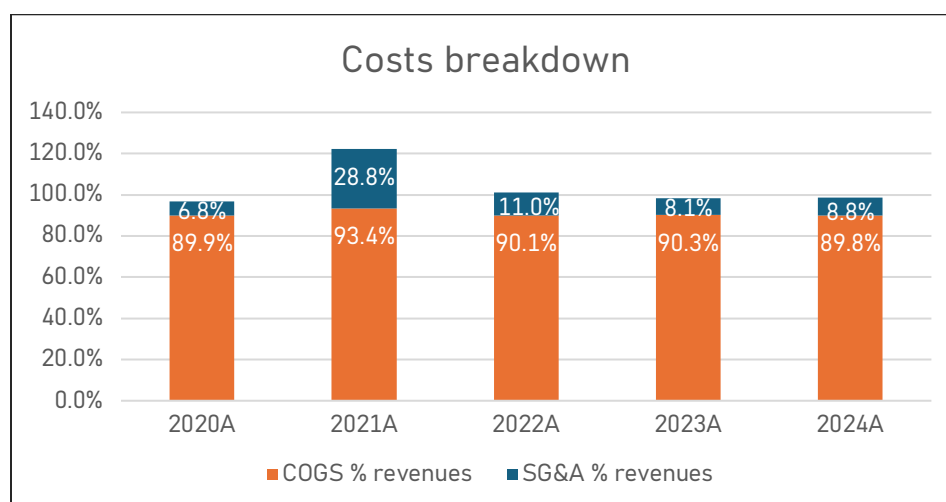


Figure 28: Cost breakdown

Privia does not provide a detailed cost breakdown, but the available data shows that COGS and SG&A as a percentage of revenues have largely stabilized. COGS has remained steady at around 90%, while SG&A, after a one-off spike to nearly 29% in 2021, has since normalized to the 8–11% range. That temporary surge drove total costs above 120% of revenues and resulted in a heavy operating loss for the year, but the subsequent normalization suggests a more sustainable cost structure going forward.

CASH FLOW DYNAMICS: STRONG OPERATING PERFORMANCE, ACQUISITION-DRIVEN OUTFLOWS, AND ASSET-LIGHT MODEL

Privia's operating cash flow has shown a steady positive increase, underlining the company's growing scale and efficiency. Cash flows from investing activities turned sharply negative in 2021, 2023, and 2024, reflecting cash outlays for acquisitions. Financing activity spiked in 2021 due to the equity issuance, while subsequent years reflect a normalized funding profile.

Due to its business model, Privia is inherently a low-capex company. Capital expenditures have remained consistently low, highlighting the asset-light nature of the platform and its ability to scale without significant fixed-asset investment.

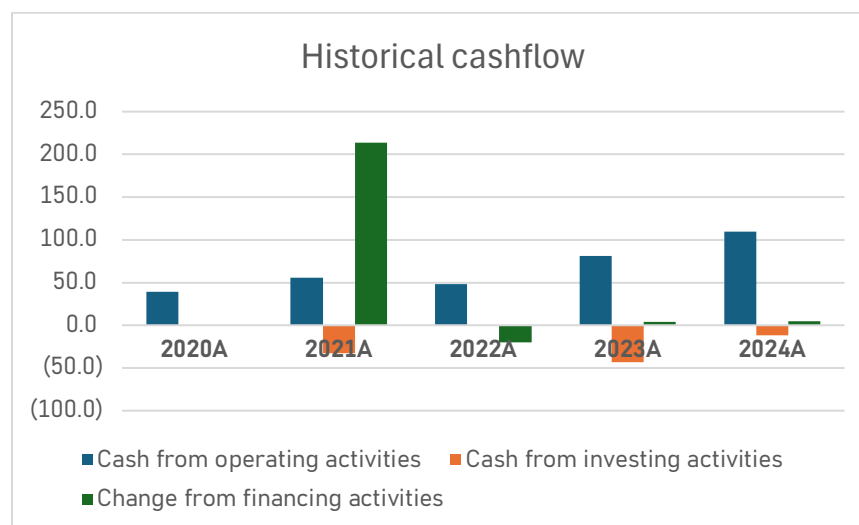


Figure 29: Historical cashflow

Between 2020 and 2024, the balance sheet more than tripled in size, with total assets expanding from \$329m to \$1.14bn. Growth was driven primarily by higher cash balances (\$85m → \$493m), rising accounts receivable (from 12% to 18% of revenues), and increased intangible assets following acquisitions. On the liabilities side, provider liabilities nearly quadrupled to \$365m, while long-term debt was fully repaid by 2022, leaving the company essentially debt-free. Equity strengthened from \$144m to \$684m, supported by additional paid-in capital, though retained earnings remained negative. Overall, the company shows a markedly larger, more liquid, and deleveraged balance sheet by 2024.

QUALITY AND RISKS OF EARNINGS

Privia presents itself as an asset-light, cash-generative business, yet the quality of earnings is shaped by how its contracts are structured, how costs are accounted for, and how compensation is designed. Beneath the steady operating cash flow trend lie important risks.

Contract visibility is a first area of concern. Multi-year value-based contracts with payers typically run three to five years, while management services agreements (MSAs) with physician groups can extend to 5–20 years. This provides stability but also embeds rigidity: regulatory adjustments such as CMS's V28 coding updates occur annually, often out of sync with contract renewals. Unless explicit indexation clauses are built in, inflation and coding changes can erode margins over the life of these agreements. The mismatch is even more apparent at the provider interface: Privia receives capitated PMPM inflows and shared savings on a population basis, but must continue paying physicians largely on a FFS basis with quality bonuses. This creates a spread risk similar to banks' net interest margins, if medical costs accelerate faster than reimbursement rates, Privia must still honor provider payments while its own inflows remain capped. The fact that shared savings are settled only once a year adds further volatility and timing mismatches in cash generation.

Earnings composition also requires scrutiny. A meaningful part of reported net income and even EBITDA is supported by interest earned on cash balances, rather than on operating profitability. This reliance highlights an inefficient capital structure, idle balances earning yield while operating margins remain thin, and creates sensitivity to interest rates and inflation.

Stock-based compensation (SBC) is another recurring theme. It is a substantial expense and a driver of shareholder dilution, with governance practices that raise transparency concerns: performance share

units have been granted before performance metrics were fully defined, and vesting has sometimes started before grant dates. This forces variable accounting treatment and introduces earnings volatility.

- SBC forfeiture/grant ratio: 16.7% in 2023, unusually high and likely linked to attrition.
- Normalized in 2024 to 5–9%, but dilution risk persists.
- Novant Health agreement could result in awarding shares of up to 19.9%, if milestones are achieved, leading to further dilution.

Asset efficiency has weakened, while the treatment of intangibles risks overstating book value.

- Asset turnover declined from 1.85 (2023) to 1.63 (2024), showing weaker efficiency in revenue generation.
- Intangibles (payer contracts, MSAs) are carried at an average life of 16.8 years, yet amortization patterns suggest actual useful lives closer to 6–12 years.
- This overstatement inflates reported equity and delays recognition of true economic expense. If amortization is reported as slower than its real pace, near-term earnings appear stronger, but future impairments become more likely. Any write-downs would cut directly into net income and call into question acquisition assumptions.

Claims forecasting illustrates ongoing challenges. In 2024, reported healthcare costs fell, but prior-year adjustments surged, indicating reserves had been underestimated and later corrected.

- **Incurred healthcare costs:** \$336.8M (2023) → **\$209.3M (2024, 38%).**
- **Claims paid:** \$298.3M (2023) → **\$210.1M (2024, –30%).**
- **Prior-year claims paid:** \$27.5M (2023) → **\$52.7M (2024, nearly double).**
- **Claims reserve:** \$66M at YE 2024, booked in current liabilities, effectively an interest-free loan from providers until reimbursed.

This pattern suggests Privia remains adequately reserved but highlights the difficulty of forecasting medical costs. Errors in estimating claim run-out drive volatility in margins and cash flows, undermining the quality of reported earnings.

Revenue mix trends also run counter to the company's stated strategy. VBC increased from 28% of revenues in 2022 to 34% in 2023, but fell back to 26% in 2024. Capitated revenue declined by 37% year-on-year, more than offsetting modest growth in shared savings (+5.3%) and care management (+26.8%). This occurred despite provider count rising 6% and attributed lives increasing 8%. The combination of declining VBC penetration and flat Medicare Advantage exposure (15% for three years) undercuts the narrative of an MA-driven growth platform.

Privia benefits from a low-capex, asset-light structure that supports strong cash generation, but reported profitability is flattered by interest income and adjusted for significant equity compensation. Long-dated contracts expose the business to annual CMS updates and inflation, asset turnover is slipping, and amortization policies may overstate asset value. Forecasting medical costs remains challenging, as seen in the 2024 reserve adjustment, while revenue mix trends undermine the growth story. Overall, earnings quality depends more on external benchmarks, regulation, and accounting treatment than on core operational performance.

FINANCIAL MODELS

BASE CASE

The following section presents the base case financial projections, providing a detailed view of expected revenues, margins, and cash flows under current operating conditions. This will be followed by a clear outline of the underlying assumptions, which frame the model and allow for subsequent sensitivity analysis.

INCOME STATEMENT

Fiscal year	2020A	2021A	2022A	2023A	2024A	2025P	2026P	2027P	2028P	2029P	2030P
Revenue	6	966.2	1,356.7	1,657.7	1,736.4	1,900.1	2,071.1	2,257.5	2,460.7	2,682.1	2,923.5
Other revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Revenue	817.1	966.2	1,356.7	1,657.7	1,736.4	1,900.1	2,071.1	2,257.5	2,460.7	2,682.1	2,923.5
Cost of revenues (enter as -)	(734.5)	(902.6)	(1,221.9)	(1,496.2)	(1,559.5)	(1,710.7)	(1,864.0)	(2,009.2)	(2,190.0)	(2,360.3)	(2,572.7)
COGS % revenues	89.9%	93.4%	90.1%	90.3%	89.8%	90.0%	90.0%	89.0%	89.0%	88.0%	88.0%
Gross Profit	82.6	63.7	134.8	161.5	176.9	189.4	207.1	248.3	270.7	321.9	350.8
R&D (enter as -)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SG&A (enter as -)	(55.4)	(278.6)	(149.3)	(134.3)	(152.6)	(161.6)	(176.0)	(180.6)	(184.6)	(187.8)	(190.0)
SG&A % revenues	6.8%	28.8%	11.0%	8.1%	8.8%	8.5%	8.5%	8.0%	7.5%	7.0%	6.5%
D&A (enter as -)	(1.8)	(2.5)	(4.6)	(6.5)	(7.3)	(8.1)	(9.0)	(11.0)	(13.0)	(15.0)	(17.0)
Operating income (EBIT)	25.4	(217.1)	(19.0)	20.7	17.1	19.8	22.2	56.8	73.2	119.2	143.9
Interest income	0.0	0.0	0.5	8.4	10.9	10.3	2.0	2.0	2.0	2.0	2.0
Interest expense (enter as -)	(1.9)	(1.1)	0.0	0.0	0.0	(0.1)	(40.0)	(40.0)	(56.0)	(56.0)	(56.0)
Net interest income	(1.9)	(1.1)	0.5	8.4	10.9	10.2	(38.0)	(38.0)	(54.0)	(54.0)	(54.0)
Other non-operating expense (enter as -)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	23.5	(218.2)	(18.5)	29.1	28.0	30.0	(15.8)	18.8	19.2	65.2	89.9
Taxes (enter expense as -)	7.4	27.9	6.5	(8.0)	(10.8)	(11.2)	0.0	(6.6)	(6.7)	(22.8)	(31.5)
Minority Int. in Earnings	0.3	2.4	3.5	2.1	(2.7)	(3.8)	0.0	0.0	0.0	0.0	0.0
Net income	31.3	(187.9)	(8.5)	23.2	14.4	15.0	(15.8)	12.2	12.5	42.4	58.4
Net income margin	3.8%	-19.4%	-0.6%	1.4%	0.8%	0.8%	-0.8%	0.5%	0.5%	1.6%	2.0%
EBITDA reconciliation											
EBIT (GAAP)	25.4	(217.1)	(19.0)	20.7	17.1	19.8	22.2	56.8	73.2	119.2	143.9
Depreciation and amortization	1.8	2.5	4.6	6.5	7.3	8.1	9.0	11.0	13.0	15.0	17.0
Deal-related D&A	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Restructuring and other nonrecurring charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	27.3	(214.7)	(14.4)	27.3	24.3	27.9	31.2	67.8	86.2	134.2	160.9
EBITDA margin	3.3%	-22.2%	-1.1%	1.6%	1.4%	1.5%	1.5%	3.0%	3.5%	5.0%	5.5%
Stock based compensation	0.5	253.5	67.4	37.1	56.7	67.0	65.0	65.0	65.0	65.0	65.0
Other expenses	1.7	2.8	8.0	7.9	9.5	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted EBITDA	29.5	41.4	60.9	72.3	90.5	94.9	96.2	132.8	151.2	199.2	225.9
Adj. EBITDA margin	3.6%	4.3%	4.5%	4.4%	5.2%	5.0%	4.6%	5.9%	6.1%	7.4%	7.7%

BALANCE SHEET

Fiscal year	2020A	2021A	2022A	2023A	2024A	2025P	2026P	2027P	2028P	2029P	2030P
ASSETS											
Cash	84.7	321.0	349.3	390.9	492.6	100.0	100.0	100.0	100.0	100.0	100.0
Accounts receivable	99.1	117.4	189.6	290.8	316.2	344.0	372.8	406.4	442.9	482.8	526.2
Accounts receivable % revenues	12.1%	12.2%	14.0%	17.5%	18.2%	18.1%	18.0%	18.0%	18.0%	18.0%	18.0%
Prepaid Exp.	6.3	8.7	14.4	20.5	27.5	48.8	48.8	48.8	48.8	48.8	48.8
Other Current Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Current Assets exc. Cash	105.4	126.1	204.0	311.3	343.7	392.8	421.6	455.2	491.8	531.6	575.1
Total Current Assets	190.1	447.1	553.3	702.2	836.3	492.8	521.6	555.2	591.8	631.6	675.1
Net PP&E	4.8	14.1	11.5	8.9	6.1	6.9	179.1	351.3	523.5	695.7	867.9
Goodwill	118.7	127.9	126.9	138.7	141.6	172.2	172.2	172.2	172.2	172.2	172.2
Intangible assets	6.0	59.7	57.4	107.6	109.8	170.1	170.1	170.1	170.1	170.1	170.1
Deferred tax assets	5.0	33.4	40.4	35.2	26.4	23.7	23.7	23.7	23.7	23.7	23.7
Other Long-Term Assets	4.5	4.5	4.7	8.6	17.1	16.7	16.7	16.7	16.7	16.7	16.7
Total Assets	329.0	686.8	794.1	1,001.3	1,137.2	882.4	1,083.4	1,289.2	1,498.0	1,710.1	1,925.7
LIABILITIES											
Accounts payable, EOP	39.3	46.0	52.8	57.8	82.0	109.0	110.0	111.0	112.0	113.0	114.0
Provider liability, EOP	106.8	140.7	208.4	326.1	364.6	423.3	455.6	496.7	541.4	590.1	643.2
Provider liability % revenues	13.1%	14.6%	15.4%	19.7%	21.0%	22.3%	22.0%	22.0%	22.0%	22.0%	22.0%
Leases	0.0	2.9	3.0	3.0	2.6	2.5	2.5	2.5	2.5	2.5	2.5
LT Debt	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Total current liabilities, EOP	147.1	190.6	265.2	388.0	450.2	535.9	569.3	611.3	657.0	706.7	760.8
Long-Term Debt	32.8	31.7	0.0	0.0	0.0	500.0	500.0	500.0	700.0	700.0	700.0
Long-Term Leases	0.0	11.0	8.5	5.2	3.0	4.1	0.0	0.0	0.0	0.0	0.0
Other Non-Current Liabilities	5.6	3.0	1.0	0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Total Liabilities	185.5	236.3	274.7	393.6	453.4	1,040.1	1,069.3	1,111.3	1,357.0	1,406.7	1,460.8
Common Stock	1.0	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Additional Paid In Capital	165.7	633.9	714.6	753.9	813.2	854.0	854.0	854.0	854.0	854.0	854.0
Retained Earnings	(19.9)	(207.8)	(216.3)	(193.2)	(178.7)	(163.8)	(148.1)	(109.9)	(61.1)	17.6	112.4
Total Common Equity	143.5	450.4	499.5	561.9	635.7	691.4	707.1	745.2	794.1	872.8	967.6
Minority Interest	(3.1)	23.3	20.0	46.0	48.3	50.7	50.7	50.7	50.7	50.7	50.7
Total Equity	143.5	450.4	519.4	607.7	683.8	(157.6)	14.2	177.9	141.0	303.4	464.9
Total Liabilities & Equity	329.0	686.8	794.1	1,001.3	1,137.2	882.4	1,083.4	1,289.2	1,498.0	1,710.1	1,925.7

WORKING CAPITAL

Fiscal year	2020A	2021A	2022A	2023A	2024A	2025P	2026P	2027P	2028P	2029P	2030P
Total Current Assets exc. Cash	105.4	126.1	204.0	311.3	343.7	392.8	421.6	455.2	491.8	531.6	575.1
Total current liabilities, EOP	147.1	190.6	265.2	388.0	450.2	535.9	569.3	611.3	657.0	706.7	760.8
Net Working Capital	(41.7)	(64.5)	(61.3)	(76.7)	(106.5)	(143.1)	(147.6)	(156.1)	(165.2)	(175.1)	(185.7)

Privia reports a structurally negative net working capital position, which reflects the nature of its business model rather than a liquidity shortfall. The company collects capitation and other payments from payers on a recurring, upfront basis, while disbursements to providers and settlement of claims are made with a lag. As a result, current liabilities, particularly accrued provider expenses and claims reserves, consistently exceed operating current assets. This negative NWC effectively provides Privia with an ongoing source of low-cost financing, supporting cash generation and reducing the need for external funding.

CASH FLOW STATEMENT

Fiscal year	2020A	2021A	2022A	2023A	2024A	2025P	2026P	2027P	2028P	2029P	2030P
Net income	31.3	(187.9)	(8.5)	23.2	14.4	15.0	(15.8)	12.2	12.5	42.4	58.4
Depreciation and amortization	1.8	2.5	4.6	6.5	7.3	8.1	9.0	11.0	13.0	15.0	17.0
Other amortizations	0.1	0.2	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Stock based compensation	0.5	253.5	67.4	37.1	56.7	67.0	65.0	65.0	65.0	65.0	65.0
Other Operating Activities	(8.2)	(30.8)	(10.5)	5.4	11.5	11.4	11.4	11.4	11.4	11.4	11.4
Change in Acc. Receivable (Balance sheet)	(21.8)	(18.3)	(72.2)	(101.2)	(25.4)	(27.8)	(28.8)	(33.6)	(36.6)	(39.9)	(43.5)
Change in Acc. Receivable (correction)	0.0	3.7	0.0	4.3	5.6	(30.2)	5.0	5.0	5.0	5.0	5.0
Change in Acc. Receivable	(21.8)	(14.6)	(72.2)	(96.9)	(19.8)	(58.0)	(23.8)	(28.6)	(31.6)	(34.9)	(38.5)
Change in Acc. Payable (balance sheet)	9.7	6.7	6.8	5.0	24.2	27.0	1.0	1.0	1.0	1.0	1.0
Change in Acc. Payable (correction)	0.0	(5.4)	0.0	0.0	(4.3)	(17.8)	1.0	1.0	1.0	1.0	1.0
Change in Acc. Payable	9.7	1.3	6.8	5.0	19.9	9.2	2.0	2.0	2.0	2.0	2.0
Change in Other Net Operating Assets (balance sheet)	25.4	36.8	67.8	117.7	38.0	58.6	32.3	41.0	44.7	48.7	53.1
Change in Other Net Operating Assets (correction)	0.0	(5.5)	(7.9)	(17.2)	(18.6)	(15.3)	5.0	5.0	5.0	5.0	5.0
Change in Other Net Operating Assets	25.4	31.3	59.9	100.5	19.4	43.3	37.3	46.0	49.7	53.7	58.1
Addback of PIK interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash from operating activities	38.8	55.4	48.1	80.8	109.4	96.1	85.1	119.1	122.0	154.7	173.5
Capital expenditures	(0.4)	(0.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash acquisitions	0.0	(32.2)	0.0	(42.9)	(7.0)	(95.3)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)
Other investing activities	0.0	0.0	(0.1)	(0.1)	(5.0)	0.0	0.0	0.0	0.0	0.0	0.0
Cash from investing activities	(0.4)	(32.7)	(0.1)	(43.0)	(12.0)	(95.3)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)

Debt issued	10.0	0.0	0.0	0.0	0.0	500.0	0.0	0.0	200	0.0	0.0
Required debt principal payments	(10.9)	(0.9)	(33.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Preferred dividend (cash)	0.0	0.0	0.0	0.0	0.0	(899.6)	(75.1)	(109.1)	(312.0)	(144.7)	(163.5)
Issuance of common stocks	0.1	227.5	13.4	8.7	2.7	5.6	0.0	0.0	0.0	0.0	0.0
Other financing activities	-	(13.0)	0.1	(5.0)	1.7	0.7	0.0	0.0	0.0	0.0	0.0
Revolver						0.0	0.0	0.0	0.0	0.0	0.0
Discretionary Term A paydown						0.0	0.0	0.0	0.0	0.0	0.0
Discretionary Term B paydown						0.0	0.0	0.0	0.0	0.0	0.0
Change from financing activities	(0.8)	213.6	(19.7)	3.7	4.3	(393.4)	(75.1)	(109.1)	(112.0)	(144.7)	(163.5)
Net change in cash during period	37.7	236.3	28.3	41.6	101.7	(392.6)	(0.0)	0.0	0.0	0.0	0.0

CASH

Fiscal year	2020A	2021A	2022A	2023A	2024A	2025A	2026P	2027P	2028P	2029P	2030P
Cash, BOP	47.0	84.7	321.0	349.3	390.9	492.6	100.0	100.0	100.0	100.0	100.0
Increases / (decreases)	37.7	236.3	28.3	41.6	101.7	(392.6)	(0.0)	0.0	0.0	0.0	0.0
Cash, EOP	84.7	321.0	349.3	390.9	492.6	100.0	100.0	100.0	100.0	100.0	100.0

BASE CASE ASSUMPTIONS

Financial Data & Macro

- Last reported year: **2024**
- Historical revenue CAGR (2020–2024): **18.4%**
- Projected revenue CAGR (2025–2029): **9.0%** (≈ half of historical rate)
- Prime rate: **7.0% historical** → **8.0% projected**
- Interest earned on cash: **2.0%**
- Tax rate: **35.0%**

Operating Metrics

- **COGS**: 90% of revenues, gradually improving to **88%** by 2029
- **D&A**: rises modestly with scale, but not materially dilutive to margins
- **Stock-based compensation**: remains broadly stable, in line with historical levels

Working Capital Assumptions

- Accounts receivable: **18% of revenues** (stable)
- Accounts payable: **22% of revenues** (stable)
- Negative NWC persists, providing structural funding support

Capital Structure

- Initial new issuance: **\$500m long-term debt** at acquisition
- Additional issuance: **\$200m long-term debt** in 2028

Dividends

- Exceptional dividend in Year 1: **\$900m**, funded by existing high cash reserves and recapitalization
- Ongoing annual dividends thereafter: **\$150–200m**, excluding dividend recapitalizations

LINKING FINANCIAL ASSUMPTIONS TO VALUE CREATION PLAN

Revenue Growth

- The model assumes 9% CAGR versus 18% historically. This reflects a more conservative trajectory, yet is supported by the topline levers in Table 3:
 - a) Expansion in existing states and new geographies
 - b) Margin improvement from shifting from FFS to VBC
 - c) Strategic partnerships and M&A opportunities
- Each of these levers drives incremental provider recruitment, payer contracting, and patient attribution, aligning with the projected revenue uplift.

Cost of Goods Sold

- Modeled to decline gradually from 90% to 88% of revenues, reflecting efficiency gains.
- This directly links to value creation initiatives such as:
 - a) Margin improvement through deeper VBC adoption
 - b) Advanced analytics to optimize risk coding and shared savings
 - c) Process and workforce productivity improvements that bend the cost curve.

SG&A, D&A, and Technology

- SG&A is expected to normalize at 8–11%, consistent with the “Cost Optimization” and “Technology Scalability” initiatives in the plan.
- D&A grows modestly, tied to investments in cloud migration and digital infrastructure, but without heavy capex due to Privia’s asset-light model.

Stock-Based Compensation

- SBC remains stable at historical levels, limiting incremental drag.
- This assumption aligns with the plan’s emphasis on workforce productivity and retention, while recognizing dilution risk must be contained.

Working Capital

- Accounts receivable (18% of revenues) and accounts payable (22%) remain stable, sustaining **negative NWC**.
- This reflects the structural float from claims reserves and aligns with the “Process Optimization Across Markets” lever, which enhances working-capital discipline and scalability.

Capital Structure

- The model incorporates **\$500m LT debt at acquisition** and an additional **\$200m in 2028**, providing funding capacity for growth initiatives, particularly M&A.
- This supports the “Inorganic Expansion” lever, ensuring capital is available to acquire 1–2 VBC-aligned platforms while maintaining balance sheet flexibility.

Dividends and Cash Utilization

- A **\$900m dividend in Year 1** reflects redeployment of existing cash reserves.
- Thereafter, **\$150–200m annual dividends** are sustainable thanks to strong operating cash flow, consistent with the plan’s promise of a cash-generative model that can both reinvest in growth and return capital.

UPSIDE CASE

INCOME STATEMENT

Fiscal year	2020A	2021A	2022A	2023A	2024A	2025P	2026P	2027P	2028P	2029P	2030P
Revenue	817.1	966.2	1,356.7	1,657.7	1,736.4	1,900.1	2,128.1	2,383.5	2,669.5	2,989.8	3,348.6
Other revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Revenue	817.1	966.2	1,356.7	1,657.7	1,736.4	1,900.1	2,128.1	2,383.5	2,669.5	2,989.8	3,348.6
Cost of revenues (enter as -)	(734.5)	(902.6)	(1,221.9)	(1,496.2)	(1,559.5)	(1,710.7)	(1,915.3)	(2,097.5)	(2,375.9)	(2,631.1)	(2,946.8)
COGS % revenues	89.9%	93.4%	90.1%	90.3%	89.8%	90.0%	90.0%	88.0%	89.0%	88.0%	88.0%
Gross Profit	82.6	63.7	134.8	161.5	176.9	189.4	212.8	286.0	293.6	358.8	401.8
R&D (enter as -)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SG&A (enter as -)	(55.4)	(278.6)	(149.3)	(134.3)	(152.6)	(161.6)	(180.9)	(190.7)	(200.2)	(209.3)	(217.7)
SG&A % revenues	6.8%	28.8%	11.0%	8.1%	8.8%	8.5%	8.5%	8.0%	7.5%	7.0%	6.5%
D&A (enter as -)	(1.8)	(2.5)	(4.6)	(6.5)	(7.3)	(8.1)	(9.0)	(11.0)	(13.0)	(15.0)	(17.0)
Operating income (EBIT)	25.4	(217.1)	(19.0)	20.7	17.1	19.8	23.0	84.4	80.5	134.6	167.2
Interest income	0.0	0.0	0.5	8.4	10.9	10.3	2.0	2.0	2.0	2.0	2.0
Interest expense (enter as -)	(1.9)	(1.1)	0.0	0.0	0.0	(0.1)	(40.0)	(40.0)	(56.0)	(56.0)	(56.0)
Net interest income	(1.9)	(1.1)	0.5	8.4	10.9	10.2	(38.0)	(38.0)	(54.0)	(54.0)	(54.0)
Other non-operating expense (enter as -)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	23.5	(218.2)	(18.5)	29.1	28.0	30.0	(15.0)	46.4	26.5	80.6	113.2
Taxes (enter expense as -)	7.4	27.9	6.5	(8.0)	(10.8)	(11.2)	0.0	(16.2)	(9.3)	(28.2)	(39.6)
Minority Int. in Earnings	0.3	2.4	3.5	2.1	(2.7)	(3.8)	0.0	0.0	0.0	0.0	0.0
Net income	31.3	(187.9)	(8.5)	23.2	14.4	15.0	(15.0)	30.2	17.2	52.4	73.6
Net income margin	3.8%	-19.4%	-0.6%	1.4%	0.8%	0.8%	-0.7%	1.3%	0.6%	1.8%	2.2%
EBITDA reconciliation											
EBIT (GAAP)	25.4	(217.1)	(19.0)	20.7	17.1	19.8	23.0	84.4	80.5	134.6	167.2
Depreciation and amortization	1.8	2.5	4.6	6.5	7.3	8.1	9.0	11.0	13.0	15.0	17.0
Deal-related D&A	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Restructuring and other nonrecurring charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	27.3	(214.7)	(14.4)	27.3	24.3	27.9	32.0	95.4	93.5	149.6	184.2
EBITDA margin	3.3%	-22.2%	-1.1%	1.6%	1.4%	1.5%	1.5%	4.0%	3.5%	5.0%	5.5%
Stock based compensation	0.5	253.5	67.4	37.1	56.7	67.0	65.0	65.0	65.0	65.0	65.0
Other expenses	1.7	2.8	8.0	7.9	9.5	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted EBITDA	29.5	41.4	60.9	72.3	90.5	94.9	97.0	160.5	158.5	214.6	249.3
Adj. EBITDA margin	3.6%	4.3%	4.5%	4.4%	5.2%	5.0%	4.6%	6.7%	5.9%	7.2%	7.4%

UPSIDE CASE ASSUMPTIONS (VS. BASE CASE)

In comparison to the base case, the upside case assumes accelerated operational efficiency and stronger revenue growth, underpinned by the following changes:

Category	Levers	Upside Assumption	Operational Implementation	EBITDA Impact
Topline Growth	Expansion in Existing States	Revenue CAGR of 11%, above base case.	- Faster provider onboarding- Enhanced payer relationships and patient attribution optimization	\$10–15M
	Expansion into New States	Revenue acceleration driven by earlier entry and deeper penetration in new markets.	- Accelerated rollout in new geographies- Faster integration of Privia platform and governance	\$10–15M
Bottom Line Optimization	Cost Optimization	SG&A optimization to 6.5% of revenue, achieved 1 year earlier than base case.	- Streamlined tech/vendor spend- Early achievement of shared services scale- Enhanced automation of admin functions	\$10–12M
	Process Optimization Across Markets	Cost of goods sold (COGS) optimized to 88% of revenues, achieved 1 year earlier.	- Standardization of revenue cycle and compliance functions across states- Earlier deployment of centralized shared services	\$5–7M
Margin Improvement	Shift from FFS to VBC	Upside assumes deeper penetration of full-risk and capitation models earlier in the forecast.	- Accelerated transition to downside risk arrangements- Earlier realization of actuarial and clinical operations benefits	\$20–25M

Table 14: Upside case main assumptions

These upside assumptions are aligned with Privia’s platform-driven, physician-centric model that emphasizes scalable growth, operational efficiency, and risk-based reimbursement adoption. The earlier realization of SG&A and COGS efficiencies reflects successful acceleration of technology adoption, provider enablement, and centralized support models. Meanwhile, the higher revenue CAGR is supported by aggressive state expansion and greater penetration in existing markets, consistent with management’s long-term vision as highlighted in the 2024 Annual Report.

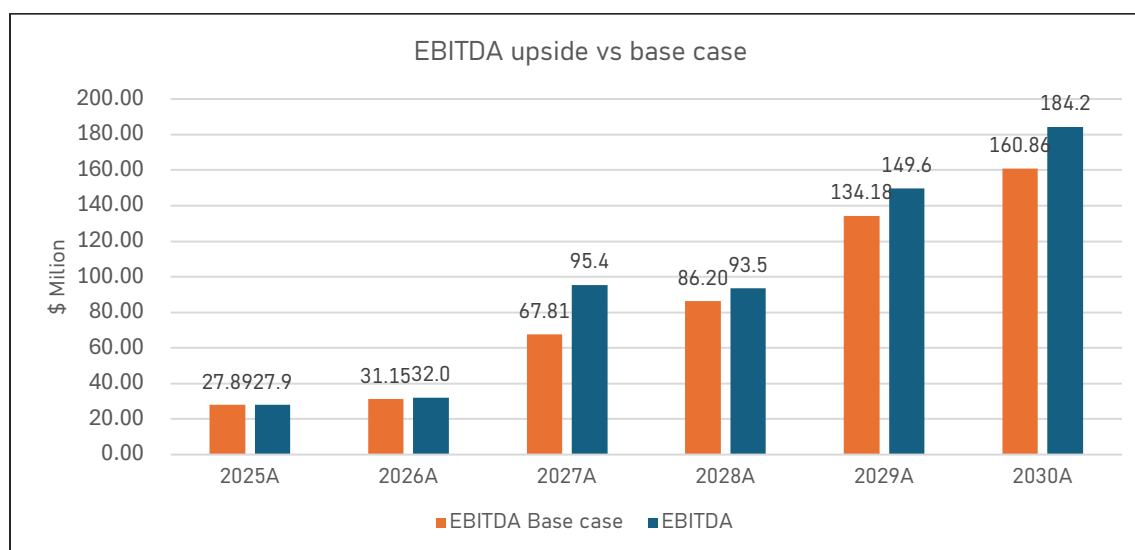


Figure 30: EBITDA Upside vs Base case

The chart illustrates the EBITDA projections under the upside case compared to the base case for Privia Health from 2025A to 2030A. In the upside scenario, EBITDA grows significantly faster, reaching \$184.2M by 2030, compared to \$160.8M in the base case. The divergence becomes notable starting in 2027, driven by assumptions such as faster SG&A and COGS optimization and accelerated revenue growth. By achieving operational efficiencies and margin improvements a year earlier, the upside case consistently outpaces the base case in profitability, with a cumulative advantage of approximately \$71 million over the forecast period.

DOWNSIDE CASE

INCOME STATEMENT

Fiscal year	2020A	2021A	2022A	2023A	2024A	2025P	2026P	2027P	2028P	2029P	2030P
Revenue	817.1	966.2	1,356.7	1,657.7	1,736.4	1,900.1	1,995.1	2,094.9	2,199.6	2,309.6	2,425.1
Other revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Revenue	817.1	966.2	1,356.7	1,657.7	1,736.4	1,900.1	1,995.1	2,094.9	2,199.6	2,309.6	2,425.1
Cost of revenues (enter as -)	(734.5)	(902.6)	(1,221.9)	(1,496.2)	(1,559.5)	(1,710.7)	(1,795.6)	(1,885.4)	(1,957.6)	(2,055.5)	(2,158.3)
COGS % revenues	89.9%	93.4%	90.1%	90.3%	89.8%	90.0%	90.0%	90.0%	89.0%	89.0%	89.0%
Gross Profit	82.6	63.7	134.8	161.5	176.9	189.4	199.5	209.5	242.0	254.1	266.8
R&D (enter as -)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SG&A (enter as -)	(55.4)	(278.6)	(149.3)	(134.3)	(152.6)	(161.6)	(169.6)	(178.1)	(187.0)	(196.3)	(194.0)
SG&A % revenues	6.8%	28.8%	11.0%	8.1%	8.8%	8.5%	8.5%	8.5%	8.5%	8.5%	8.0%
D&A (enter as -)	(1.8)	(2.5)	(4.6)	(6.5)	(7.3)	(8.1)	(9.0)	(11.0)	(13.0)	(15.0)	(17.0)
Operating income (EBIT)	25.4	(217.1)	(19.0)	20.7	17.1	19.8	21.0	20.5	42.1	42.8	55.8
Interest income	0.0	0.0	0.5	8.4	10.9	10.3	2.0	2.0	2.0	2.0	2.0
Interest expense (enter as -)	(1.9)	(1.1)	0.0	0.0	0.0	(0.1)	(40.0)	(40.0)	(56.0)	(56.0)	(56.0)
Net interest income	(1.9)	(1.1)	0.5	8.4	10.9	10.2	(38.0)	(38.0)	(54.0)	(54.0)	(54.0)
Other non-operating expense (enter as -)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	23.5	(218.2)	(18.5)	29.1	28.0	30.0	(17.0)	(17.5)	(11.9)	(11.2)	1.8
Taxes (enter expense as -)	7.4	27.9	6.5	(8.0)	(10.8)	(11.2)	0.0	0.0	0.0	0.0	(0.6)
Minority Int. in Earnings	0.3	2.4	3.5	2.1	(2.7)	(3.8)	0.0	0.0	0.0	0.0	0.0
Net income	31.3	(187.9)	(8.5)	23.2	14.4	15.0	(17.0)	(17.5)	(11.9)	(11.2)	1.2
Net income margin	3.8%	-19.4%	-0.6%	1.4%	0.8%	0.8%	-0.9%	-0.8%	-0.5%	-0.5%	0.0%
EBITDA reconciliation											
EBIT (GAAP)	25.4	(217.1)	(19.0)	20.7	17.1	19.8	21.0	20.5	42.1	42.8	55.8
Depreciation and amortization	1.8	2.5	4.6	6.5	7.3	8.1	9.0	11.0	13.0	15.0	17.0
Deal-related D&A	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Restructuring and other nonrecurring charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	27.3	(214.7)	(14.4)	27.3	24.3	27.9	30.0	31.5	55.1	57.8	72.8
EBITDA margin	3.3%	-22.2%	-1.1%	1.6%	1.4%	1.5%	1.5%	1.5%	2.5%	2.5%	3.0%
Stock based compensation	0.5	253.5	67.4	37.1	56.7	67.0	65.0	65.0	65.0	65.0	65.0
Other expenses	1.7	2.8	8.0	7.9	9.5	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted EBITDA	29.5	41.4	60.9	72.3	90.5	94.9	95.0	96.5	120.1	122.8	137.9
Adj. EBITDA margin	3.6%	4.3%	4.5%	4.4%	5.2%	5.0%	4.8%	4.6%	5.5%	5.3%	5.7%

DOWNSIDE CASE ASSUMPTIONS (VS. BASE CASE)

The downside case reflects a more conservative scenario characterized by weaker revenue growth and slower progress on cost optimization initiatives. These assumptions imply a delayed execution of Privia Health's operational levers and lower realization of value from its strategic initiatives:

Category	Levers	Downside Assumption	Operational Gaps / Constraints	EBITDA Drag
Topline Growth	Expansion in Existing/New States	Revenue CAGR of 5%, reflecting slower market expansion and provider onboarding.	- Delayed entry into new states- Slower provider recruitment- Limited payer penetration and attribution gains	-\$10-15M
	Reinforce Sales & Marketing	Marketing and recruitment effectiveness below expectations.	- Reduced investment in provider and patient outreach- Weaker brand visibility in competitive markets	-\$5-10M
Bottom Line Optimization	Cost Optimization	SG&A remains flat at 8% of revenues, with only a marginal improvement to 7.5% in 2030.	- Delayed automation and shared services rollout- Suboptimal vendor and tech contract renegotiation	-\$8-10M
	Process Optimization Across Markets	COGS flattens at 89%, showing no meaningful margin expansion.	- Limited efficiency from standardization- Ineffective scaling of clinical and administrative operations	-\$5-7M
Margin Improvement	Shift from FFS to VBC	Slower transition to downside risk/VBC, limiting margin expansion.	- Conservative pace of contract shifts- Limited actuarial/clinical ops investment- Less provider readiness	-\$15-20M

Table 15: Downside case main assumptions

The downside case reflects an environment where execution risk materializes: slower market penetration, underperforming VBC transitions, and delayed cost control measures. The limited progress on SG&A and COGS efficiencies implies that core platform scalability and process standardization are not being realized at the expected pace. Revenue underperformance suggests weaker uptake in provider recruitment and fewer risk-based contracts. As a result, EBITDA lags behind the base case significantly, with constrained operating leverage and limited strategic flexibility.

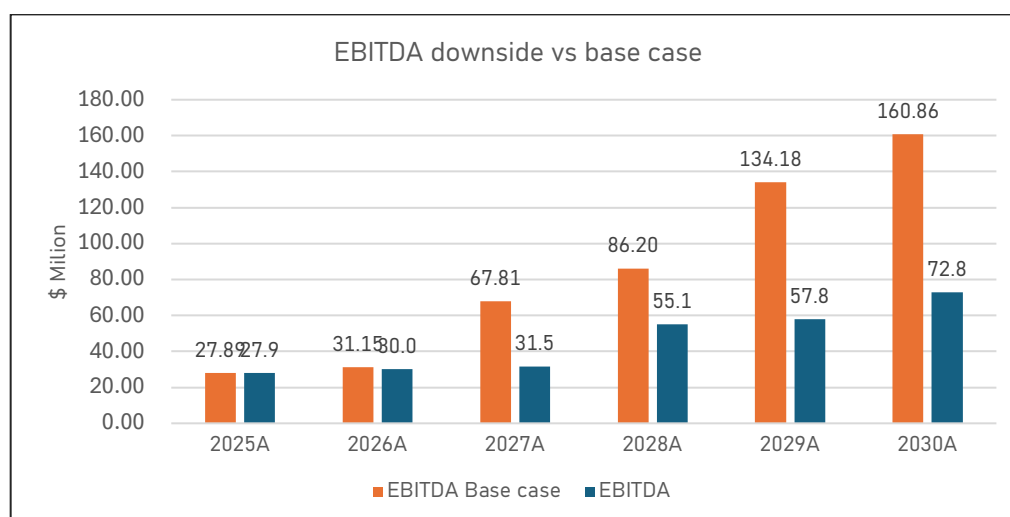


Figure 31: EBITDA Downside vs Base case

The chart illustrates the EBITDA trajectory under the downside case relative to the base case for Privia Health from 2025A through 2030A. In this scenario, EBITDA growth is significantly constrained, reaching only \$72.8M by 2030, compared to \$160.8M in the base case. The gap begins to widen notably from 2027, reflecting slower revenue growth (5% CAGR), flattened COGS at 89%, and delayed SG&A improvement, which only marginally declines to 7.5% by 2030. This muted performance highlights under-execution of cost optimization and VBC transition strategies, resulting in lower operational leverage and reduced profitability, with a cumulative EBITDA shortfall of nearly \$160 million versus the base case across the period.

07

VALUATION & RETURNS

CAPITAL STRUCTURE

SOURCES OF FUNDS AND DEPLOYMENT

The sources and uses table highlights a transformative capital structure shift for Privia Health, anchored by the introduction of \$500 million in TLB debt, representing 5.3x 2025 Adjusted EBITDA (\$94.5 million). Current market capitalization stands at \$2.837 billion, with equity trading at 25.9x forward Adjusted EBITDA. For the transaction, a 29.0x multiple has been applied, implying an enterprise value of \$2.740 billion. The total value offered to existing shareholders equates to \$3.130 billion—reflecting a 10% premium to the prevailing market price.

Within this structure, the \$500 million TLB accounts for 18% of total capital, introducing leverage where the company has historically operated debt-free. The remaining \$2.411 billion is funded through equity, representing 25.4x Adjusted EBITDA. While equity remains the dominant source of capitalization, the addition of debt reshapes the company's risk-return profile: introducing recurring interest obligations (P+300bps) but also the potential for enhanced equity returns, contingent on disciplined execution, margin expansion, and sustained EBITDA growth to support the higher leverage.

Use	\$M	Multiple	Sources	\$M	Multiple	Int. Rate
Enterprise value	2740	29.0x	TLB	500	5.3x	P+300bps
Cash overfunding	100	1.1x		6	0.1x	P+300bps
Minority interests	51	0.5x	Total Debt	506	5.3x	
Transaction fees	21	0.2x	Total equity	2411	25.4x	
Financing fees	5	0.1x				
Total	2917	30.9x				

Table 16: Use and sources of funds

Overall, the structure reflects a more aggressive financial profile, necessitating disciplined capital deployment, margin expansion, and continued EBITDA growth to support the higher leverage.

FINANCING STRUCTURE

EQUITY

The equity contribution of 2,411\$m is structured with a 20/80 split between preferred and common equity, providing a balanced mix of downside protection and upside participation. The preferred equity layer is designed to deliver a stable, fixed return profile—supporting capital preservation for more conservative investors—while the common equity retains full residual upside, aligning incentives with long-term value creation and potential multiple expansion at exit.

DEBT

The proposed debt structure reflects a flexible yet lender-conscious package, suitable for a sponsor-led transaction in the current credit environment. With a 6-year maturity and pricing set at P + 300bps, the facility offers a moderate cost of capital. The PIK feature allows for incremental 100bps deferrals with a 30bps premium per tranche, subject to a minimum 4% cash-pay margin—balancing liquidity flexibility with lender compensation. Upfront fees of 3% on both the underwritten term loan (UT) and committed facility (ACF) are in line with market for non-investment-grade credits. The ACF also carries a standard 0.5% fee on undrawn amounts. Call protection of NC1 / 101 limits early refinancing risk for lenders. Covenant-wise, the structure is covenant-lite, with a leverage test only upon incurrence of new debt and a springing interest coverage covenant tied to revolver utilization—providing downside protection without burdening operations.

Currency	USD
UT Quantum	500
UT Upfront Fees	3%
ACF Quantum	100
ACF Upfront Fees	3%
ACF Commitment Fees	0.5% undrawn ACF
Maturity	6y
Interest rate	P + 300bps
PIK	for each 100bps PIKed 30bps premium; minimum 4% cash margin
Call Protection	NC1, 101
Covenant	PF leverage < 6.0x to acquire new debt; Interest coverage ratio tested if revolver more than 35% drawn

Table 17: Debt structure

Similar conditions to be negotiated for the 200m dividend recapitalization in the 3rd year of ownership.

VALUATION

PURCHASE PRICE MULTIPLE

The transaction values Privia Health at an enterprise value of \$2.5 million, or 27.7x Adj. EBITDA. Including transaction and financing fees, the total transaction value increases to \$2,971 million (32.8x). The initial capital structure includes \$498 million of net cash (negative net debt), reflecting the company's strong balance sheet. However, following a dividend recapitalization, the capital structure shifts to a more leveraged profile with \$400 million in net debt, equating to 4.4x EBITDA, marking a significant change in financial risk and capital allocation strategy.

TRANSACTION MULTIPLES

Company	Revenues (\$m)	TEV/LTM EBITDA
CVS Health Corporation (NYSE:CVS)	384,329	9.06x
The Cigna Group (NYSE:CI)	262,023	8.04x
Elevance Health, Inc. (NYSE:ELV)	189,254	7.69x
Centene Corporation (NYSE:CNC)	159,560	3.36x
Molina Healthcare, Inc. (NYSE:MOH)	41,703	4.95x
Oscar Health, Inc. (NYSE:OSCR)	10,726	9.11x
Cerner Corporation	5,807	17.89x
Alignment Healthcare, Inc. (NasdaqGS:ALHC)	3,336	267.42x
Teladoc Health, Inc. (NYSE:TDOC)	2,542	48.35x
Astrana Health, Inc. (NasdaqCM:ASTH)	2,251	10.43x
Evolent Health, Inc. (NYSE:EVH)	2,196	24.77x
athenahealth, Inc.	1,311	20.62x
Privia Health Group (NasdaqGS: PRVA)	1,900	71.29x

Table 18: Revenues and multiples for the main competitors

The data highlights a wide range of TEV/LTM EBITDA multiples across companies in the healthcare and healthtech space, reflecting variations in scale, business models, and growth profiles. Here's a breakdown and interpretation:

- **Large diversified payers** like CVS (9.06x), Cigna (8.04x), and Elevance (7.69x) trade at modest EBITDA multiples, reflecting mature, low-growth, high-volume business models with consistent margins.
- **Healthtech and enablement platforms** such as athenahealth (20.62x), Cerner (17.89x), and Evolent (24.77x) command higher multiples due to their scalable, tech-enabled models and growth potential.
- **Privia Health**, at **71.29x (31x Adj. EBITDA)**, trades well above the group, reflecting investor expectations for high forward EBITDA growth, a capital-light platform, and margin expansion as it scales and transitions more business into VBC.

While the average multiple (38.69x) in the dataset is inflated by outliers (e.g., Alignment at 267.42x), the median multiple is 10.43x, and most comparable tech-enabled healthcare services businesses fall in the 20–25x range. A 30x entry multiple for Privia can be justified on the following grounds:

1. **High EBITDA Growth Trajectory:** Privia's upside case assumes rapid EBITDA expansion through topline growth, SG&A leverage, and earlier COGS optimization. This justifies paying a premium upfront with the expectation of significant margin expansion over the hold period.
2. **Platform Scalability and Operating Leverage:** Similar to athenahealth and Evolent, Privia's model is asset-light, tech-enabled, and designed to scale with minimal incremental cost—driving future margin uplift.
3. **Public Market Premium:** Privia's current trading multiple (71x LTM EBITDA) suggests that even with expected compression, an entry at 27x reflects a material discount to market, offering potential for multiple re-rating or at least downside protection.
4. **Comparable Transactions:** While not shown here, precedent M&A deals in the physician enablement and healthtech sectors have often occurred at high-20s to mid-30s EBITDA multiples, especially for category leaders with proven growth.

Despite appearing rich in isolation, a 30x entry multiple for Privia is defensible in light of its growth potential, strategic position, and current market valuation. It sits well within the observed range for tech-enabled healthcare peers and is aligned with the investment thesis of acquiring a platform with embedded operating leverage and upside optionality.

RETURNS

BASE CASE RETURNS

Under the base case, the investment in Privia Health is expected to generate solid equity returns, with an IRR ranging from 22.6% to 33.9% and a MOIC between 1.61x and 2.96x, depending on the entry and exit multiples. At an entry multiple of 29x and exit at 27x, which represents the more likely scenario, the deal would yield a 28.3% IRR and a 2.07x MOIC, reflecting steady value creation supported by consistent EBITDA growth and margin expansion. While returns are more moderate compared to the upside case, the base case demonstrates resilience across valuation scenarios, sustaining attractive performance even without multiple expansion.

		Exit multiple					
Entry multiple		25x	26x	27x	28x	29x	30x
	26x	29.3%	30.3%	31.2%	32.2%	33.1%	33.9%
	27x	27.8%	28.8%	29.7%	30.6%	31.5%	32.4%
	28x	26.4%	27.3%	28.3%	29.2%	30.1%	31.0%
	29x	25.1%	27.3%	28.3%	29.2%	30.1%	29.6%
	30x	23.8%	24.8%	25.7%	26.6%	27.5%	28.3%
	31x	22.6%	23.6%	24.5%	25.4%	26.3%	27.1%

		Exit multiple					
Entry multiple		25x	26x	27x	28x	29x	30x
	26x	2.32x	2.45x	2.58x	2.70x	2.83x	2.96x
	27x	2.15x	2.27x	2.39x	2.51x	2.63x	2.76x
	28x	1.99x	2.11x	2.22x	2.34x	2.45x	2.57x
	29x	1.85x	1.96x	2.07x	2.18x	2.29x	2.40x
	30x	1.72x	1.83x	1.93x	2.04x	2.14x	2.25x
	31x	1.61x	1.71x	1.81x	1.91x	2.01x	2.11x

Table 19: Base case IRR and MOIC

UPSIDE CASE RETURNS

Under the upside case, the investment in Privia Health generates enhanced equity returns, with an IRR ranging from 25.4% to 36.9% and a MOIC between 1.90x and 3.40x, depending on the entry and exit multiples. At an entry multiple of 29x and exit at 27x, which represents the more likely scenario, the investment would yield a 31.2% IRR and a 2.41x MOIC, underscoring the impact of accelerated EBITDA growth and early margin expansion. These returns are supported by faster SG&A and COGS optimization, along with stronger topline growth, delivering compelling equity value creation even without multiple expansion. The upside case provides meaningful cushion and optionality, offering robust returns across a range of exit scenarios.

		Exit multiple					
Entry multiple		25x	26x	27x	28x	29x	30x
	26x	32.2%	33.2%	34.2%	35.1%	36.1%	36.9%
	27x	30.7%	31.7%	32.6%	33.6%	34.5%	35.4%
	28x	29.2%	30.2%	31.2%	32.1%	33.0%	33.9%
	29x	27.9%	30.2%	31.2%	32.1%	33.0%	32.5%
	30x	26.6%	27.6%	28.5%	29.4%	30.3%	31.2%
	31x	25.4%	26.4%	27.3%	28.2%	29.1%	29.9%

		Exit multiple					
Entry multiple		25x	26x	27x	28x	29x	30x
	26x	2.69x	2.83x	2.97x	3.11x	3.25x	3.40x
	27x	2.50x	2.63x	2.77x	2.90x	3.03x	3.17x
	28x	2.32x	2.45x	2.58x	2.71x	2.83x	2.96x
	29x	2.17x	2.29x	2.41x	2.53x	2.65x	2.78x
	30x	2.03x	2.14x	2.26x	2.37x	2.49x	2.61x
	31x	1.90x	2.01x	2.12x	2.23x	2.34x	2.45x

Table 20: Upside case IRR and MOIC

DOWNSIDE CASE RETURNS

Under the downside case, the investment in Privia Health delivers more muted equity returns, with an IRR ranging from approximately 9.2% to 19.4% and a MOIC between 0.51x and 1.32x, depending on the entry and exit multiples. At an entry multiple of 29x and exit at 27x, which represents the more likely scenario, the investment would generate an 14.3% IRR and a 0.79x MOIC, implying capital impairment despite operational execution. These weaker returns reflect slower revenue growth, delayed SG&A and COGS improvements, and limited margin expansion. The downside case underscores the sensitivity of returns to execution risk and valuation pressure, highlighting the importance of delivering on operational levers to preserve equity value.

		Exit multiple					
Entry multiple		25x	26x	27x	28x	29x	30x
	26x	15.0%	15.9%	16.9%	17.8%	18.6%	19.4%
	27x	13.7%	14.6%	15.5%	16.4%	17.3%	18.1%
	28x	12.5%	13.4%	14.3%	15.2%	16.0%	16.8%
	29x	11.3%	13.4%	14.3%	15.2%	16.0%	15.6%
	30x	10.2%	11.1%	12.0%	12.9%	13.7%	14.5%
	31x	9.2%	10.1%	11.0%	11.8%	12.6%	13.4%

		Exit multiple					
Entry multiple		25x	26x	27x	28x	29x	30x
	26x	0.93x	1.01x	1.08x	1.16x	1.24x	1.32x
	27x	0.83x	0.90x	0.98x	1.05x	1.12x	1.20x
	28x	0.74x	0.81x	0.88x	0.95x	1.02x	1.09x
	29x	0.66x	0.72x	0.79x	0.86x	0.92x	0.99x
	30x	0.58x	0.64x	0.71x	0.77x	0.84x	0.90x
	31x	0.51x	0.57x	0.64x	0.70x	0.76x	0.82x

Table 21: Downside case IRR and MOIC

RETURNS SENSITIVITY ANALYSIS

REFINANCING ASSESSMENT

The refinancing analysis flexes FY28P performance across three cases. In the Base Case, management assumes EBIT of \$73m and Adj. EBITDA of \$151m, while the Upside Case reflects stronger profitability with EBIT of \$80m and Adj. EBITDA of \$158m. The Downside Case contemplates EBIT of only \$42m and Adj. EBITDA of \$120m. Across all scenarios we apply a 3.0x interest cover requirement and test cost of debt sensitivities from 6% to 11%. Results indicate that both the Base and Upside cases support solid debt capacity relative to EBITDA, implying refinancing should be manageable under normal market conditions. However, in the Downside case, weaker earnings significantly reduce interest expense coverage, lowering available debt capacity to approximately \$127–233m ($\leq 1.9x$ Adj. EBITDA at higher rates), suggesting that refinancing could become challenging if results track toward this scenario.

Base case

Interest rates	6%	7%	8%	9%	10%	11%
Interest Cover	3.0x	3.0x	3.0x	3.0x	3.0x	3.0x
Interest Expense (\$m)	24.3	24.3	24.3	24.3	24.3	24.3
Max Debt Available (\$m)	405.6	347.6	304.2	270.4	243.3	221.2
Implied Leverage	3.3x	2.8x	2.4x	2.2x	1.9x	1.8x

Upside case

Interest rates	6%	7%	8%	9%	10%	11%
Interest Cover	3.0x	3.0x	3.0x	3.0x	3.0x	3.0x
Interest Expense (\$m)	26.7	26.7	26.7	26.7	26.7	26.7
Max Debt Available (\$m)	444.4	381.0	333.3	296.3	266.7	242.4
Implied Leverage	3.7x	3.2x	2.8x	2.5x	2.2x	2.0x

Downside case

Interest rates	6%	7%	8%	9%	10%	11%
Interest Cover	3.0x	3.0x	3.0x	3.0x	3.0x	3.0x
Interest Expense (\$m)	14.0	14.0	14.0	14.0	14.0	14.0
Max Debt Available (\$m)	233.3	200.0	175.0	155.6	140.0	127.3
Implied Leverage	3.3x	2.8x	2.4x	2.2x	1.9x	1.8x

Table 22: Max available refinancing vs increasing interest rates

SENSITIVITY TO DEBT REFINANCING SCENARIO IN 2028

The refinancing and dividend recap analysis shows relatively limited sensitivity to changes in interest rates across all scenarios. In the base case, maximum debt capacity flexes from \$406 million at a 6% cost of debt to \$221 million at 11%, while IRR and MOIC only decline modestly from 29.0% and 2.08x to 27.8% and 2.04x, respectively. The upside case exhibits a similar pattern, with IRR and MOIC remaining resilient—declining only from 32.0% and 2.42x at 6% to 30.8% and 2.37x at 11%—despite a reduction in debt capacity from \$444 million to \$242 million. In the downside case, although returns compress more meaningfully—from 15.5% and 0.85x at 6% to 14.3% and 0.79x at 11%—the impact of higher interest costs is still secondary compared to the drag from lower earnings. The analysis assumes an entry multiple of 29x and an exit multiple of 27x, underscoring the robustness of the return profile. Overall, the analysis suggests that a potential dividend recapitalization is not materially constrained by interest rate movements, but rather depends primarily on the company's ability to deliver operating performance in line with the base or upside trajectories.

Base case

Interest rates	6%	7%	8%	9%	10%	11%
Max Debt	406	348	304	270	243	221
IRR	29.0%	28.7%	28.5%	28.3%	28.0%	27.8%
MOIC	2.08x	2.07x	2.06x	2.05x	2.05x	2.04x

Upside case

Interest rates	6%	7%	8%	9%	10%	11%
Max Debt	444	381	333	296	267	242
IRR	32.0%	31.7%	31.4%	31.2%	31.0%	30.8%
MOIC	2.42x	2.41x	2.40x	2.39x	2.38x	2.37x

Downside case

Interest rates	6%	7%	8%	9%	10%	11%
Max Debt	233	200	175	156	140	127
IRR	15.5%	15.3%	15.0%	14.8%	14.5%	14.3%
MOIC	0.85x	0.84x	0.83x	0.81x	0.80x	0.79x

Table 23: Refinancing sensitivity on increasing interest rates

08

APPENDIX

PRIVIA QUALITY ANALYSIS

CMS reports performance data at the ACO level, which means results must be aggregated to evaluate the overall performance of a single company across the sample. Beneficiary counts, generated savings, and earned payments are consolidated through direct summation, while savings rates and quality scores are derived using weighted averages to reflect differences in scale and attribution. This approach ensures that Table 9 presents a consistent, comparable view of aggregate performance rather than fragmented ACO-level outcomes.

$$\text{Aggregate Beneficiaries} = \sum N_{AB_i}$$

$$\text{Aggregate Generated Savings/Losses} = \sum \text{GenSaveLoss}_i$$

$$\text{Aggregate Earned Savings Payment} = \sum \text{EarnSaveLoss}_i$$

$$\text{Aggregate Savings Rate} = \frac{\sum (\text{Sav_rate}_i \times \text{ABtotBnchmk}_i)}{\sum \text{ABtotBnchmk}_i}$$

$$\text{Aggregate Quality Score} = \frac{\sum (\text{QualScore}_i \times N_{AB_i})}{\sum N_{AB_i}}$$

Here, i indexes individual ACOs in the dataset.

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