



Leading Radiology Forward

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*Chief Financial Officer*

May 2024 NASDAQ: RDNT



## Safe Harbor

This presentation contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Specifically, statements concerning RadNet's ability to continue to grow the business by generating patient referrals and contracts with radiology practices, integrate acquired businesses, recruit and retain technologists, and receive third-party reimbursement for diagnostic imaging services, as well as RadNet's financial guidance, among others, are forward-looking statements within the meaning of the Safe Harbor. Forward-looking statements are based on management's current, preliminary expectations and are subject to risks and uncertainties which may cause RadNet's actual results to differ materially from the statements contained herein. These risks and uncertainties as well as those risks set forth in RadNet's reports filed with the SEC, including RadNet's annual report on Form 10-K, for the year ended December 31, 2022. Undue reliance should not be placed on forward-looking statements, especially guidance on future financial performance, which speaks only as of the date it is made. RadNet undertakes no obligation to update publicly any forward-looking statements to reflect new information, events or circumstances after the date they were made, or to reflect the occurrence of unanticipated events.



▶ **1 Introduction**

2 Diagnostic Imaging Industry Overview

3 Overview of RadNet

4 Financial Information and Core Strategy

## RadNet Summary

### **Largest national owner and operator of fixed-site diagnostic imaging centers, with 375 locations**

- Founded as a one center CA operation in 1980
- Established, reputable player in the highly fragmented imaging industry
- 36.5% of RadNet centers are held within joint ventures with large health systems (could grow to 50% over the next several years)
- Ancillary revenue opportunities (Artificial Intelligence, Radiology Software, Teleradiology)

### **Quadrupled size of company since 2006**

- 2024E Revenue\* = \$1.765 billion
- 2024E EBITDA\* = \$274 million
- 10,000+ employees in 8 states

### **A leader in CA, MD/DE, NJ, NY, TX and AZ (371 of our 375 sites)**

- Strategy is to have a strong regional presence and cohesive networks
- Geographic footprint provides operational efficiencies and marketing/contracting benefits with health plans

\* Represents the midpoint of 2024 financial guidance ranges for Total Company (Imaging Center + Digital Health reportable segments). For the Digital Health reportable operating segment, EBITDA is included before the deduction of approximately \$13 million of Non-Capitalized R&D for related to DeepHealth Cloud OS & Generative AI.

## RadNet Summary (continued)

### **Emphasis placed on scale and “multi-modality” strategy**

- Offering the full breadth of procedures, benefiting our patients and referral sources
- Lessens our exposure to reimbursement changes; diversifies revenue base

### **Proven capabilities as an acquiror and integrator improves patient access, quality and service**

### **Only imaging center player to provide exclusive managed care capitation arrangements with prominent medical groups and Independent Physician Associations (IPAs)**

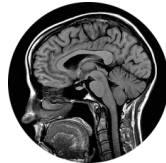
- Approximately 8% of RadNet Revenue/35+ capitation customers/1.9 million lives under management

### **Digital Health operating segment represents high growth opportunity -- Radiology Software (informatics) and Artificial Intelligence**

- RadNet radiology software solutions used both as a backbone for RadNet and sold to over 200 external customers
  - In development of next-generation of cloud-based operating system called DeepHealth OS
- Monetizing AI algorithms focused on targeting population health screening for breast, prostate and lung cancers
- Digital Health solutions driving both revenue and cost reductions
- 2024 Digital Health revenues expected to exceed \$60 million
  - AI portion of Digital Health expected to exceed \$20 million in revenue and reach profitability by year end 2024)

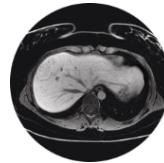
# Types of Imaging Exams: Modalities

## Advanced Imaging



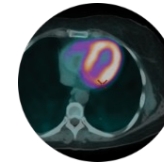
**MRI**

Produces high-resolution cross-sectional images of soft tissue. *Applications: Assesses brain, spinal cord and interior ligaments.*



**CT**

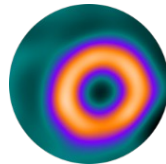
Produces high-resolution cross-sectional images. *Applications: Assesses tumors, strokes, hemorrhages and infections.*



**PET**

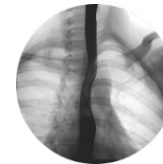
Determines metabolic activity. *Applications: Assesses tumors, epilepsy and cardiac function.*

## Routine Imaging



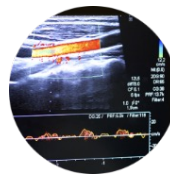
**Nuclear Medicine**

Produces images of anatomical structures. *Applications: Assesses organ function in heart, kidney, thyroid and bones.*



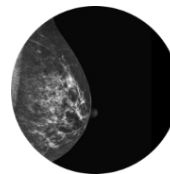
**Fluoroscopy**

Video viewing of organs. *Applications: Real-time monitoring.*



**Ultrasound**

Produces visual images of internal organs. *Applications: Viewing soft tissue.*



**Mammography**

Visualizes breast tissue. *Applications: Primary screening tool for breast cancer.*



**X-Ray**

Records images of organs and structures on film.

1 Introduction

▶ **2 Diagnostic Imaging Industry Overview**

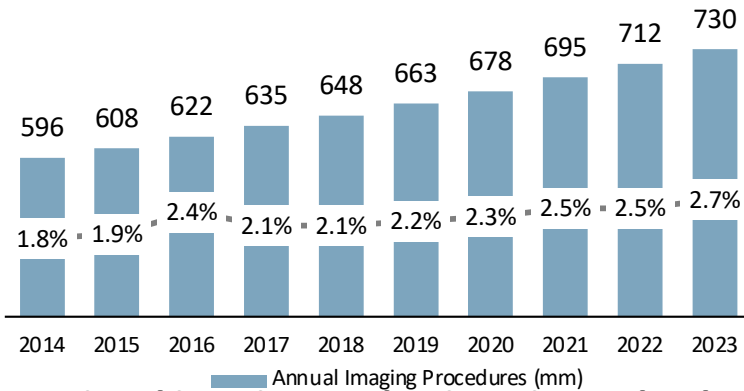
3 Overview of RadNet

4 Financial Information and Core Strategy



# Diagnostic Imaging: A Large and Growing Market

Diagnostic Imaging Procedure Volume <sup>(1)</sup>

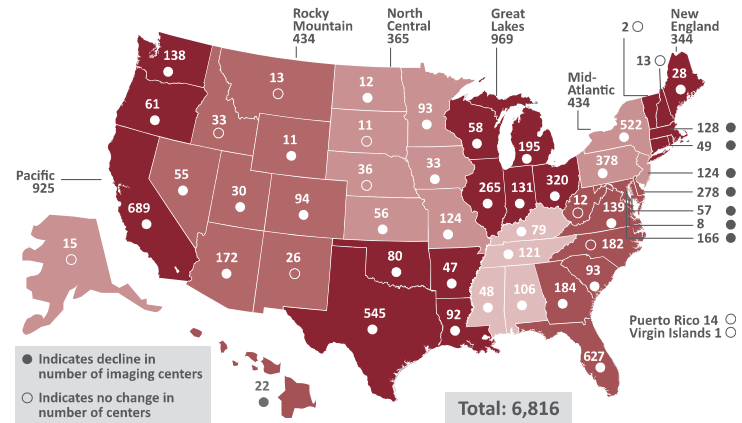


**National imaging market is estimated to be over \$100 billion**

- Approx. 40%-50% is non-hospital imaging (i.e., freestanding centers – like RadNet and imaging completed within doctor offices).
- Approx. 50%-60% imaging occurs within hospitals.
  - More expensive for patients and their insurance companies
  - Inferior service
  - More difficult access and parking
  - Often no sub-specialized radiologist readers

1. Source: Frost and Sullivan

US Imaging Centers (by State and Region, 2013)



## Industry remains highly fragmented; vast number of independent operators

- Believed to be over 6,000 imaging locations across the U.S.
- Number peaked in 2012 and has been relatively stable since, despite growing demand



## Diagnostic Imaging: A Large and Growing Market

### Growth has resulted from ...

- Aging population – 65-year-old demographic is expected to increase significantly
- Growing population – particularly in California, our largest presence
- Technology advances – expanding cost-effective applications for diagnostic imaging (equipment, contrast, radiopharmaceuticals, etc.)
- Wider physician and payor acceptance for imaging
- Greater consumer and physician awareness of and demand for earlier intervention and preventive diagnostic screening

### Imaging has been shown to reduce costs of Healthcare Delivery System from...

- Earlier and more accurate detection/diagnosis of disease and injury
- Preventative screening resulting in money saved during treatment phase

### Shift to Outpatient Services driven by...

- Payors steering volume to less costly outpatient providers from the more expensive hospitals
- Patients increasingly seeking cost effective care given shift to high deductible health plans
- Referring MDs increasing concern about cost, outcomes, and patient experience

# Industry Consolidation and Rationalization

## Independent operators can often face challenges:

- Not well capitalized and have a higher cost structure
- Not able to make investments in newer technology
- Unable to do network contracting or capitate with payors

## Higher facility accreditation/quality standards

Challenges of the independents lead to smaller operators seeking a more stable and predictable future with larger, professionally managed, better-capitalized organizations

- Operators want to join RadNet, which offers long-term stability

2020–2023, we spent approximately \$250mm of cash for acquisitions

We have also been expanding through health system joint ventures

- Cedars Sinai
- MemorialCare
- Dignity Health
- Adventist



Doshi Diagnostic



MEDICAL ARTS  
RADIOLOGY

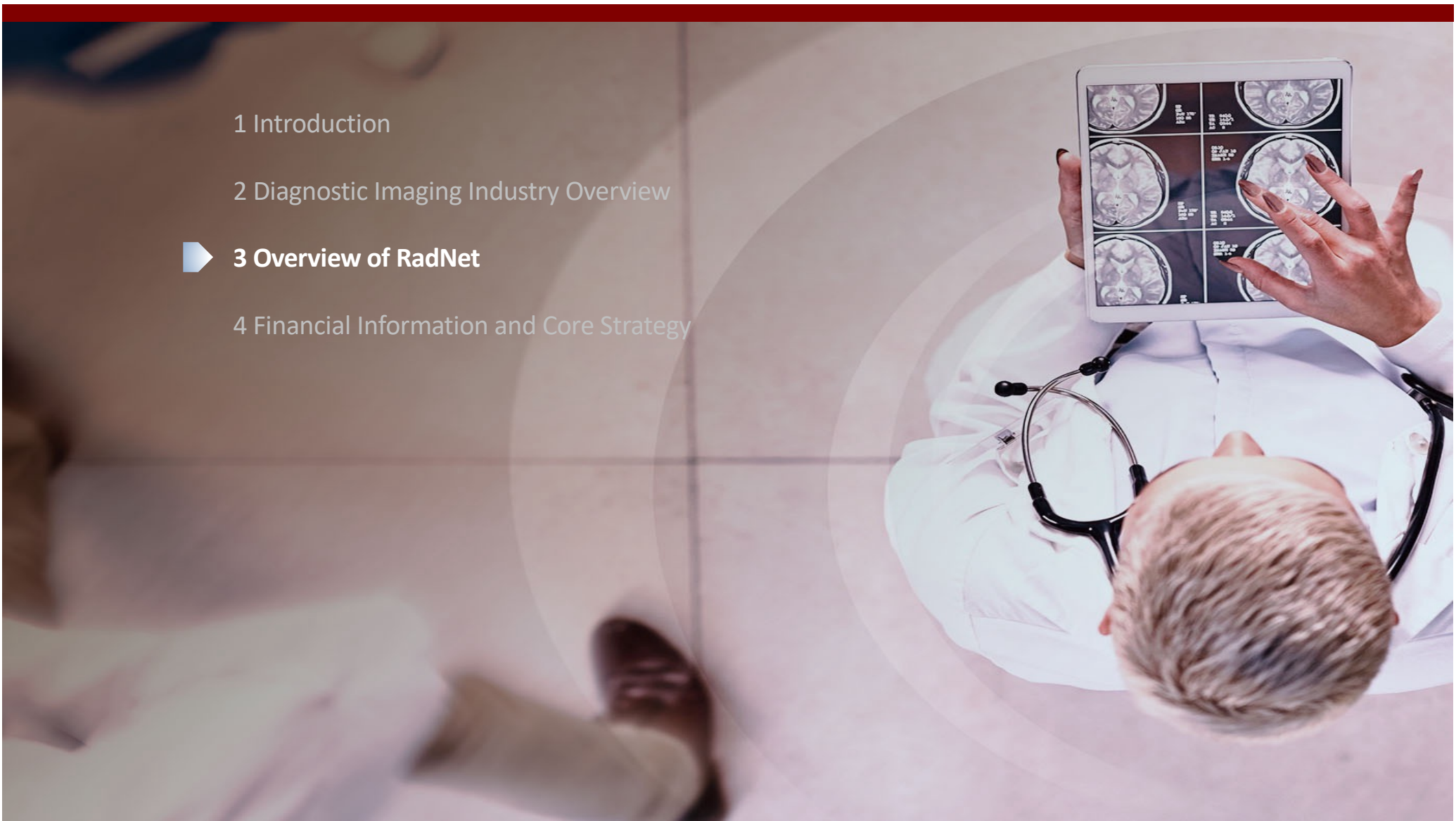


1 Introduction

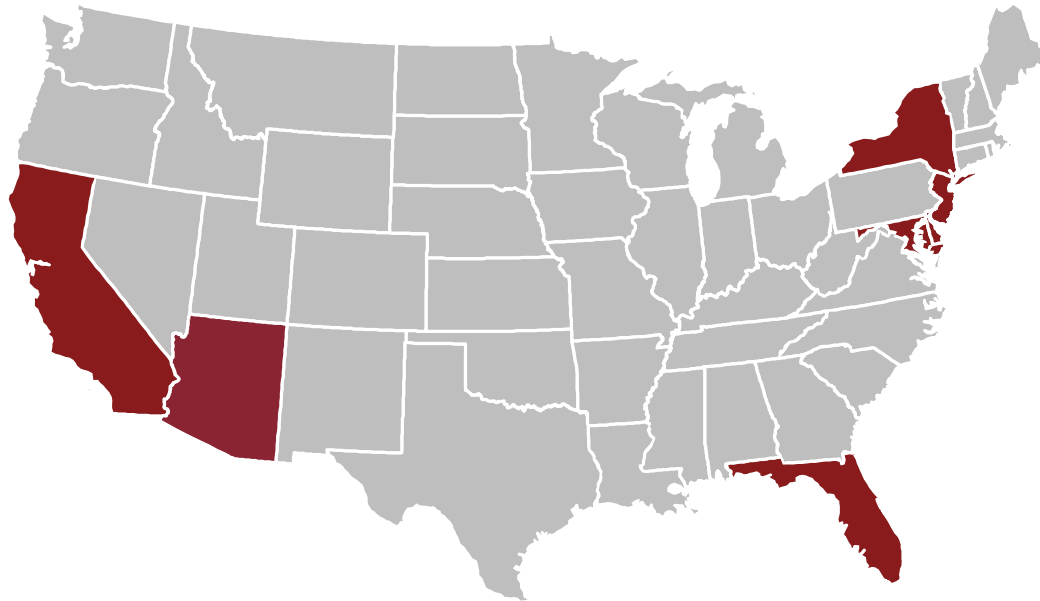
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## Scale and Operating Leverage in Targeted Geographies



Largest owner-operator of fixed-site imaging centers in the U.S.

**375**  
Imaging Centers

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<b>NJ:</b>	34
<b>DE:</b>	11
<b>NY:</b>	93
<b>MD:</b>	68
<b>FL:</b>	4
<b>CA:</b>	147
<b>AZ:</b>	18

**+10,000**  
Employees

**+750**  
Radiologists with  
Subspecialties

**26**  
Joint Ventures

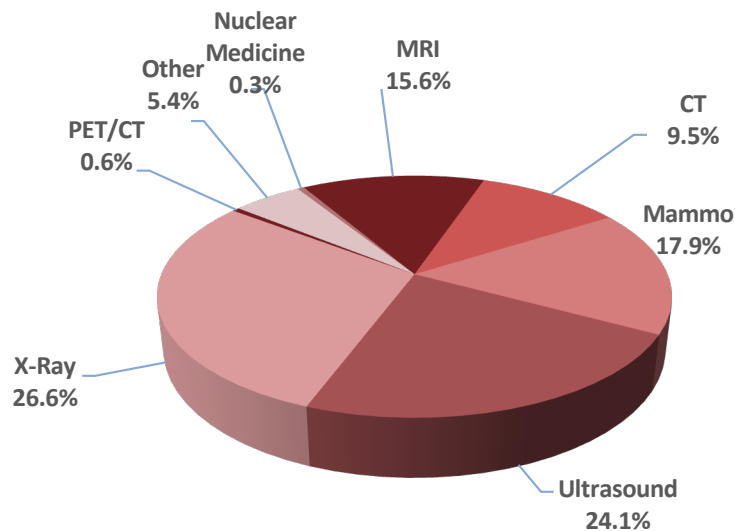
## Diversified Revenue Mix Mitigates Reimbursement Risk

### Emphasis placed on multi-modality strategy

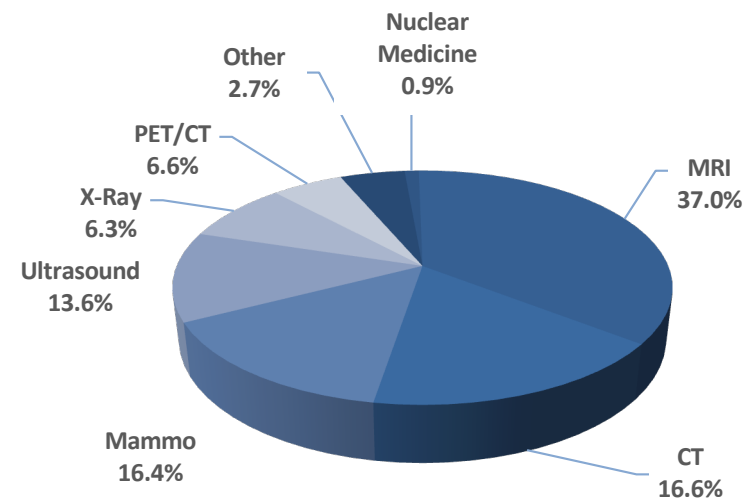
- “One-stop-shopping” for referral sources
- Lessens exposure to reimbursement changes, diversifies revenue base

Extensive offering of all routine imaging procedures partially insulates us from reimbursement cuts, which generally impact MRI, CT and PET/CT modalities disproportionately.

Q1 2024 Scan Volume by Modality



Q1 2024 Net Revenue by Modality



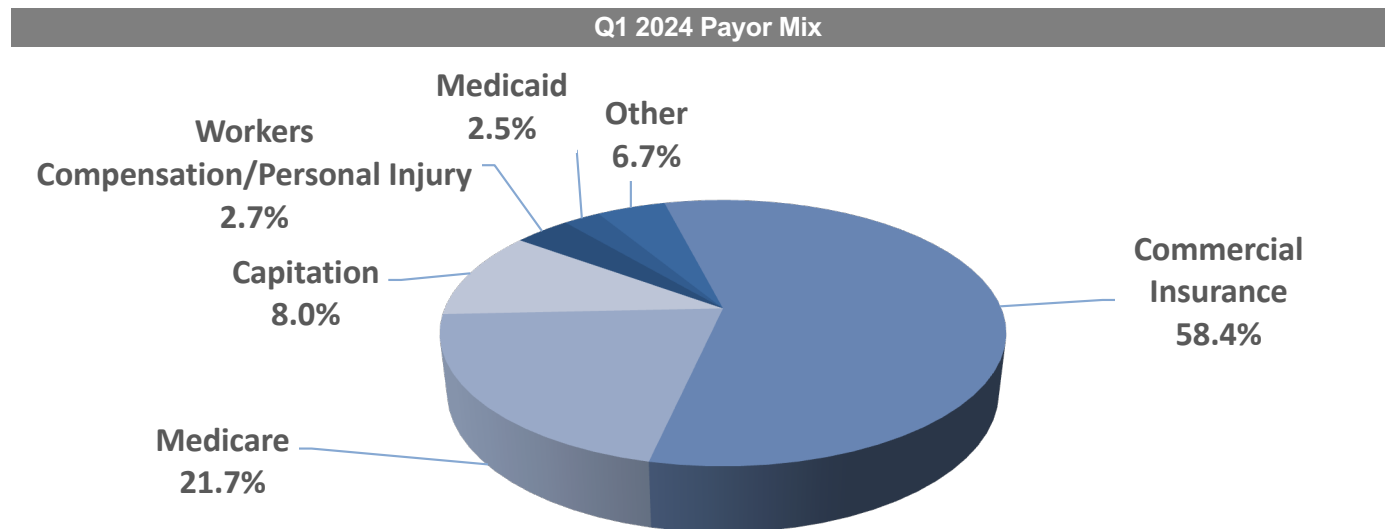
## Varied Payor Mix Mitigates Reimbursement Risk (continued)

Strong payor relationships – RadNet is a critical provider of diagnostic imaging solutions to healthcare insurance providers

Payor diversity mitigates exposure to possible unfavorable reimbursement trends within any one payor class

Exclusive capitation business decreases the Company's exposure to potential pricing changes from commercial payors

- Capitation price escalators create “built-in” increasing reimbursement mechanism



## Capitated Contracts Highlight RadNet's Unique Capabilities

**RadNet has over 30 capitated medical groups California with whom we work**

**We receive a per-member-per-month fixed price for exclusively providing outpatient imaging to over 1,900,000 lives in CA (HMO commercial, Medicare Advantage and Managed Medicaid lives)**

**Began first east coast contract in Oct. 2018 with Emblem/AdvantageCare Physicians with over 150,000 lives**

**Exclusive nature of capitated contracts provides revenue stability and predictability**

- On average, RadNet's arrangements are over 15 years old
- RadNet has experienced extremely high contract renewal rate
- History of modest, steady rate increases (generally 1%–3% annual increases) to compensate for increasing utilization
- Eliminates costs associated with receivables, bad debt expense and billing costs

**Capitation contracts create “pull-through” revenue**

- Doctors from capitated physician groups often refer to us their non-capitated patients (discretionary business)

**Risk of utilization is borne by RadNet and managed through the Utilization Management Division**

# RadNet Joint Venture Strategy

## RadNet has 26 joint ventures with hospital and health system partners

- About 1/2 of the ventures are unconsolidated (RadNet's ownership is between 35%–55%)
- Remaining 1/2 of ventures are consolidated (RadNet's ownership is between 49%–94%)
- Notable partners include MemorialCare (34 centers), RWJ Barnabas in New Jersey (28 centers), Cedars Sinai (5 centers), Dignity Health (14 centers), MedStar Health System, etc.
- In Q1 2024, we established a new JV with Providence Health System in the northern and eastern San Fernando Valley of Los Angeles and added seven center to our existing JV with Dignity Health in Arizona

## JVs own and operate free-standing, non-hospital-based imaging centers; Charge outpatient pricing

RadNet manages the day-to-day operations and performs most management services (billing, marketing, staffing, credentialing, contracting, IT, HR, accounting, etc.)

- RadNet receives management fees for its services



### Benefits to RadNet

- Hospital partners drive incremental volumes
- Improves contracting relationships with commercial payors
- Receives management fees
- Can stimulate other activities with partners (Breastlink, Teleradiology,
- In-house staffing of Radiology Dept)
- Prepares RadNet for opportunities with population health management

### Benefits to Hospital/Health System Partners

- Can participate in volume trend towards freestanding providers
- Join forces with what otherwise would be a competitor
- Improves contracting and relationships with private payors
- Benefit from being part of a larger operation
- Can stimulate other activities with partners (Breastlink, Teleradiology,
- In-house staffing of Radiology Dept)
- Prepares hospital for opportunities with population health mgmt



The logo for DeepHealth, featuring the word "deephealth" in a white, lowercase, sans-serif font. The letter "e" is stylized with a white infinity symbol. The text is centered on a dark purple rectangular background with a subtle, lighter purple wave pattern.

In November 2023, RadNet launched DeepHealth OS, a pioneering health informatics portfolio

Cloud-native operating system (OS), powered by clinical AI, that improves disease detection and that leverages operational generative AI

Includes eRAD Radiology Information and Image Management Systems

Modular and open architecture; AI and workflow applications can be adopted separately

Elements of the DeepHealth portfolio are being used by RadNet and more than 300 external customers, who together are delivering more than 15 million exams annually.

## RadNet Digital Health - Artificial Intelligence

RadNet created an Artificial Intelligence subsidiary to pursue opportunities in cancer screening for large patient populations; focus on the four most prevalent cancers of Breast, Prostate, Lung and Colon



### Acquired Deep Health in Apr 2020

- Focused on interpretation of mammography for breast cancer screening
- FDA approved: SaigeQ “triage”/workflow product, SaigeDX advanced diagnostic product and Saige-Density breast density assessment software
- Deep Health founder, Dr. Greg Sorensen, to direct all of RadNet’s AI activities



### Acquired Aidence Holding BV in Jan 2022

- Focused on interpretation of chest and lung CT scans for lung cancer screening
- Existing customers in 7 European countries (has CE mark)
- Leading partner for UK Targeted Lung Health Check (TLHC) program
- FDA clearance is pending – anticipated clearance in the second half of 2023



### Acquired Quantib BV in Jan 2022

- Focused on interpretation of prostate MRI for widespread prostate cancer screening programs
- Prostate MRI algorithm has both FDA and European clearances
- Other existing products for brain MRI currently being sold
- Existing customers in 20 countries worldwide

**Almost 20% of all collected net global Revenue goes towards paying our radiologists**  
**Material opportunity to lower this cost through Artificial Intelligence**

**Opportunity to create widespread population health screening programs for major cancers and other chronic diseases (ie, prostate, lung and colon cancer)**

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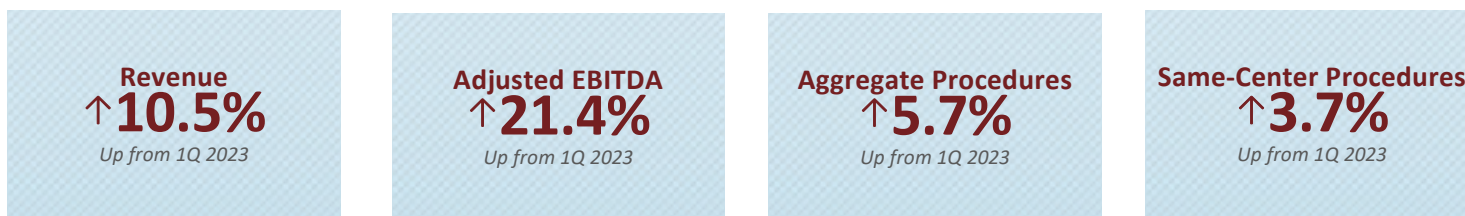
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3 Overview of RadNet

▶ **4 Financial Information and Core Strategy**



## Strong Q1 Performance



- Total Company Adjusted EBITDA margins increased by 120bps from last year's first quarter
- AI Revenue within the Digital Health reporting segment increased 118.8% to \$4.7 million
- Increased 2024 full year guidance for Revenue, Adjusted EBITDA and Free Cash Flow
- Completed the acquisition of Houston Medical Imaging on April 1<sup>st</sup> and announced a second Houston acquisition of American Health Imaging – to be completed in the second quarter
- Completed new seven-center joint venture with Providence Health in the northern and eastern San Fernando Valley of Los Angeles
- Our Arizona JV with Dignity Health acquired seven centers from Cigna's Evernorth medical group in Phoenix
- Have 12 de novo facilities in various stages of development and construction; projected to open by year end 2024

## Increased 2024 Guidance After Strong Start to the Year

### Imaging Center Segment

	<u>Original Guidance Range</u>	<u>Revised Guidance Range</u>
Total Net Revenue	\$1,650 - \$1,700 million	\$1,675 - \$1,725 million
Adjusted EBITDA	\$250 - \$260 million	\$255 - \$265 million
Capital Expenditures <sup>(a)</sup>	\$125 - \$135 million	\$130 - \$140 million
Cash Interest Expense <sup>(b)</sup>	\$40 - \$45 million	\$37 - \$42 million
Free Cash Flow <sup>(c)</sup>	\$65 - \$75 million	\$68 - \$78 million

### Digital Health Segment

Total Net Revenue	\$60 - \$70 million	\$60 - \$70 million
Adjusted EBITDA <sup>(1)</sup> Before Non-Capitalized R&D - DeepHealth Cloud OS & Generative AI	\$12 - \$14 million	\$13 - \$15 million
Non-Capitalized R&D - DeepHealth Cloud OS & Generative AI	\$11 - \$13 million	\$12 - \$14 million
Capital Expenditures	\$3 - \$5 million	\$3 - \$5 million
Free Cash Flow <sup>(2)</sup> Before Non-Capitalized R&D - DeepHealth Cloud OS & Generative AI	\$8 - \$10 million	\$8 - \$10 million
Free Cash Flow <sup>(2)</sup> After Non-Capitalized R&D - DeepHealth Cloud OS & Generative AI	\$(2) - \$(5) million	\$(2) - \$(5) million

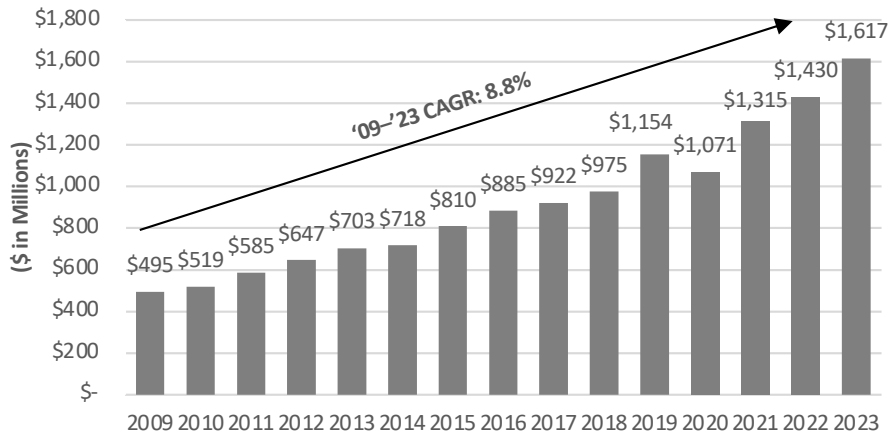
(a) Net of proceeds from the sale of equipment, imaging centers and joint venture interests and New Jersey Imaging Network capital expenditures.

(b) Included payments to and from counterparties on interest rate swaps and nets interest income from our cash balance recorded in Other Income.

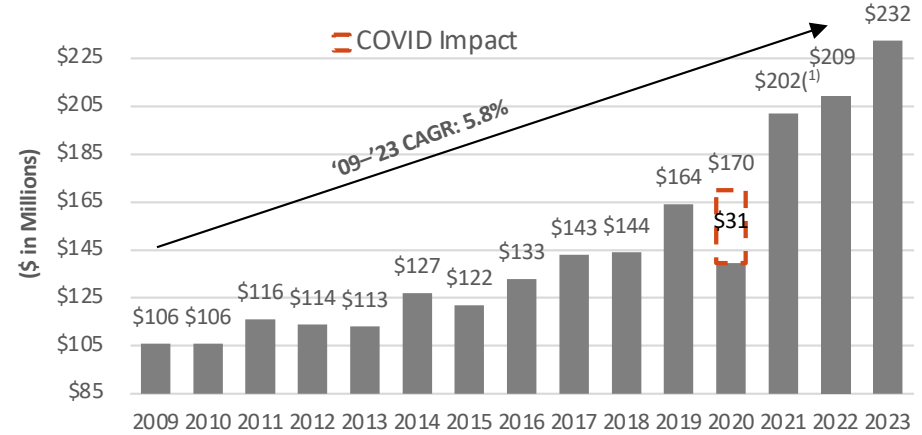
(c) Defined by the Company as Adjusted EBITDA less Capital Expenditures and Cash Interest Expense.

# Proven Track Record of Consistent Revenue, EBITDA and Procedural Volume Growth

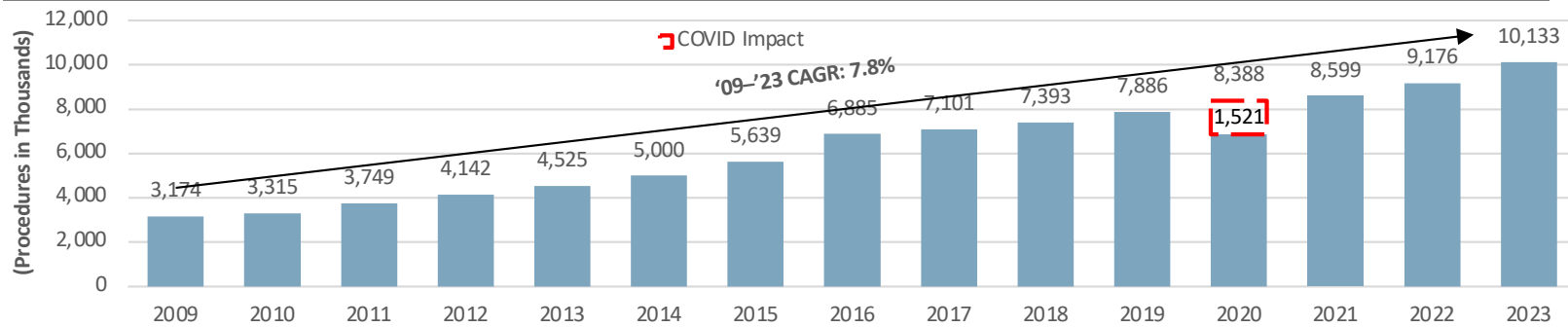
Net Revenue



Reported Adjusted EBITDA



Procedure Volumes



(1) Reported Adjusted EBITDA of \$218.9 less \$9.1 million of CARES Act Provider Relief payments and \$7.7 million employee retention credit.

## Current Capitalization and Valuation

Valuation Metrics	
Equity Market Capitalization @ \$55.25 per share <sup>1</sup>	\$ 4,081.9 mm
Net Debt - 03/31/24 <sup>2</sup>	317.1 mm
Current Enterprise Value	\$ 4,399.0 mm
Midpoint of 2024 Revised EBITDA of Guidance	\$ 264.0 mm
Net Leverage (Net Debt/Midpoint 2024 EBITDA Guidance)	1.2 x
Enterprise Value / Midpoint of 2024 EBITDA Guidance	16.7 x

<sup>1</sup> Per closing stock price on 5/10/2024.

<sup>2</sup> Source: RadNet 10q ended 03/31/24. Net Debt is Total Debt (including our term loan at par value) less cash balance.

### Company Capitalization (pro forma for 4/18/24 refinancing transaction)

- \$695mm cash balance; Undrawn on revolving line of credit due April 2026 (\$282mm capacity)
- \$875mm Senior Secured Term Loan at RadNet (matures April 2031) – rate is SOFR + 275 bps
- \$22.9mm of capital leases
- \$142.5mm New Jersey Imaging Network JV debt (RadNet is neither the borrower nor guarantor)

Future earnings and cash flow shielded by Federal NOLs of \$128.9 million and state NOLs of \$145.3mm as of 12/31/23