

REFINITIV

DELTA REPORT

10-K

EVH - EVOLENT HEALTH, INC.
10-K - DECEMBER 31, 2024 COMPARED TO 10-K - DECEMBER 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	7008
CHANGES	337
DELETIONS	3211
ADDITIONS	3460

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2023** **December 31, 2024**

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-37415

Evolent Health, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other
jurisdiction of
incorporation or
organization)

32-0454912

(I.R.S.
Employer
Identification
No.)

1812 N. Moore

Street , Suite 1705 , Arlington , Virginia

22209

(Address of principal executive offices)

(Zip Code)

(571) 389-6000

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock of Evolent Health, Inc., par value \$0.01 per share	EVH	New York Stock Exchange

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13 (a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒ S

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant (based on the closing price of the shares on the New York Stock Exchange on such date) as of the last business day of the registrant's most recently completed second fiscal quarter was **\$3.4 billion** ~~\$2.2 billion~~.

As of **February 15, 2024** ~~February 14, 2025~~, there were **115,430,107** ~~116,591,148~~ shares of the registrant's Class A common stock outstanding.

Documents Incorporated by Reference

Selected portions of the Proxy Statement for the Annual Meeting of **Shareholders**, **Stockholders**, scheduled for **June 6, 2024** ~~June 5, 2025~~, have been incorporated by reference into Part III of this Form 10-K to the extent stated herein. Such proxy statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended **December 31, 2023** ~~December 31, 2024~~.

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Explanatory Note

In this Annual Report on 10-K, unless the context otherwise requires, “Evolent,” the “Company,” “we,” “our” and “us” refer to the business of Evolent Health, Inc. and its consolidated subsidiaries since their respective dates of acquisition, unless otherwise indicated. In October 2021, we acquired Vital Decisions, a leading provider of technology-enabled advance care planning services. In August 2022, we acquired IPG, a leader in providing surgical management solutions for musculoskeletal conditions. In January 2023, we acquired NIA, a specialty benefit management organization that focuses on managing cost and quality in the areas of radiology, musculoskeletal, physical medicine and genetics. Evolent Health LLC, a subsidiary of Evolent Health, Inc. (“Evolent Health LLC”) through which we conduct our operations, has owned all of our operating assets and substantially all of our business since inception. Evolent Health, Inc. is a holding company.

As used in this Annual Report on Form 10-K:

- “ACA” means the Patient Protection and Affordable Care Act;
- “accountable care organizations,” or “ACOs,” means organizations of groups of doctors, hospitals and other health care providers which have come together voluntarily to provide coordinated care to their Medicare patients;
- “capitated arrangements” means health care payment arrangements whereby providers are paid a fixed amount of money per patient during a given period of time rather than on a per-service or per-procedure basis;
- “CMS” means the Centers for Medicare and Medicaid Services;
- “DGCL” means General Corporation Law of the State of Delaware;
- “EMR” means electronic medical records;
- “Evolent Health Holdings” means Evolent Health Holdings, Inc., the predecessor to Evolent Health, Inc.;
- “EVH Passport” means Justify Holdings, Inc., a wholly-owned subsidiary of the Company;
- “Evolent Care Partners” means Evolent Care Partners, a wholly-owned subsidiary of the Company;
- “Exchange Act” means the Securities Exchange Act of 1934, as amended;
- “founders” means the Advisory Board Company (“The Advisory Board”), and the University of Pittsburgh Medical Center (“UPMC”);

- “FTC” means the United States Federal Trade Commission;
- “GAAP” means United States of America generally accepted accounting principles;
- “HIPAA” means The Health Insurance Portability and Accountability Act;
- “HITECH Act” means The Health Information Technology for Economic and Clinical Health Act;
- “IPG” means Implantable Provider Group, Inc., a wholly-owned subsidiary of the Company;
- “IPO” means our initial public offering of 13.2 million shares of our Class A common stock, par value \$0.01 per share (“Class A common stock”) at a public offering price of \$17.00 per share in June 2015;
- “New Century Health” means NCIS Holdings, Inc., a wholly-owned subsidiary of the Company;
- “NIA” means National Imaging Associates, Inc., a wholly-owned subsidiary of the Company;
- “NYSE” means the New York Stock Exchange;
- “Offering Reorganization” means the reorganization undertaken in 2015 prior to our IPO where our predecessor, Evolent Health Holdings, Inc. merged with and into Evolent Health, Inc.;
- “partners” means our customers, unless we indicate otherwise or the context otherwise implies;
- “performance-based” means risk-based contracts with our partners wherein Evolent assumes financial responsibility for the cost of care, which may range from upside and downside gain share to all, or substantially all, of the responsibility for the cost of care within a defined scope subject to Evolent management controls and contractual protections;
- “pharmacy benefit management,” or “PBM,” means the administration of prescription drug programs, including developing and maintaining a list of medications that are approved to be prescribed, contracting with pharmacies, negotiating discounts and rebates with drug manufacturers and processing prescription drug claim payments;
- “population health” means an approach to health care that seeks to improve the health of an entire human population;
- “SEC” means the Securities and Exchange Commission;
- “Securities Act” means the Securities Act of 1933, as amended;
- “third-party administration,” or “TPA,” means the processing of insurance claims or the administration of certain aspects of employee benefit plans for a separate entity;
- “True Health” means True Health New Mexico, Inc., a previously wholly-owned subsidiary of Evolent Health, Inc.;
- “TPG” means TPG Global, LLC and its affiliates including one or both of TPG Growth II BDH, LP and TPG Eagle Holdings, L.P.;
- “TRA” means the Income Tax Receivables Agreement. See “Part II — Item 8. Financial Statements and Supplementary Data - Note 11 & 10 and Note 16” 15” for further details of the Tax Receivables Agreement;
- “UHC” means University Health Care, Inc d/b/a Passport Health Plan;
- “UR” means utilization review;

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- “value-based care” means a health care management strategy that is focused on high-quality and cost-effective care with the goals of promoting a healthy lifestyle, enhancing the patient experience and reducing preventable hospital admissions and emergency visits;
- “VIE” means variable interest entities; and
- “Vital Decisions” means Vital Decisions, LLC, a wholly-owned subsidiary of the Company.

FORWARD-LOOKING STATEMENTS - CAUTIONARY LANGUAGE

Certain statements made in this report and in other written or oral statements made by us or on our behalf are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (“PSLRA”). A forward-looking statement is a statement that is not a historical fact and, without limitation, includes any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain words like: “believe,” “anticipate,” “expect,” “estimate,” “aim,” “predict,” “potential,” “continue,” “plan,” “project,” “will,” “should,” “shall,” “may,” “might” and other words or phrases with similar meaning in connection with a discussion of future operating or financial performance. In particular, these include statements relating to our ability to **grow weather current dynamics, continue to expand our impact significantly throughout this year and beyond, footprint**, future actions, trends in our businesses, prospective services, new partner additions/expansions, **the adoption and launch of a unified brand**, our guidance and business outlook and future performance or financial results, and the closing of pending transactions and the outcome of contingencies, such as legal proceedings. We claim the protection afforded by the safe harbor for forward-looking statements provided by the PSLRA.

These statements are only predictions based on our current expectations and projections about future events. Forward-looking statements involve risks and uncertainties that may cause actual results, level of activity, performance or achievements to differ materially from the results contained in the forward-looking statements. Risks and uncertainties that may cause actual results to vary materially, some of which are described within the forward-looking statements, include, among others:

- **risks relating to our ability to efficiently integrate NIA into our operations;**
- **the financial information of NIA and the pro forma financial information of NIA may not be indicative of future results or our financial condition;**
- **the significant portion of revenue we derive from our largest partners, and the potential loss, non-renewal, termination or renegotiation of our relationship or contract with any significant partner, or multiple partners in the aggregate;**

- our ability to terminate certain leases and recognize impairment charges in connection the increasing number of risk-sharing arrangements we enter into with our repositioning plan;
- evolution of the healthcare regulatory and political framework;
- uncertainty in the health care regulatory framework, including the potential impact of policy changes;
- our ability to offer new and innovative products and services and our ability to keep pace with industry standards, technology and our partners' needs;
- risks related to completed and future acquisitions, investments, alliances and joint ventures, including our acquisitions of IPG and NIA, which could divert management resources, result in unanticipated costs or dilute our stockholders; partners;
- the growth and success of our partners and certain revenues from our engagements, which are difficult to predict and are subject to factors outside of our control, including governmental funding reductions and other policy changes;
- risks relating to our ability to maintain profitability for accurately predict our total cost of care and exposure under performance-based contracts and products, including capitation and risk-bearing contracts;
- failure by our ability customers to effectively manage our growth provide us with accurate and maintain an efficient cost structure, and to successfully implement cost cutting measures;
- changes in general economic conditions nationally and regionally in our markets, including increasing inflationary pressures and economic and business conditions and the impact thereof on the economy resulting from public health emergencies, epidemics, pandemics or contagious diseases;
- risks related to the failure of any bank in which we deposit our funds, which could reduce the amount of cash we have available to meet our cash commitments and make additional investments; timely information;
- our ability to recover the significant upfront costs in our partner relationships and develop our partner relationships over time;
- our ability to attract new partners and successfully capture new opportunities;
- the increasing number our ability to offer new and innovative products and services and our ability to keep pace with industry standards, technology and our partners' needs;
- our ability to maintain and enhance our reputation and brand recognition;
- our dependency on our key personnel, and our ability to attract, hire, integrate and retain key personnel;
- risks related to completed and future acquisitions, investments, alliances and joint ventures, which could divert management resources, result in unanticipated costs or dilute our stockholders;
- our ability to effectively manage our growth and maintain an efficient cost structure;
- our ability to partner with providers due to exclusivity provisions in our and some of risk-sharing arrangements we enter into with our partners could limit or negatively impact partner and founder contracts;
- risks related to managing our profitability; offshore operations and cost reduction goals;
- our ability to estimate the size of our target markets for our services;
- our ability to maintain and enhance our reputation and brand recognition;
- consolidation in the health care industry;
- competition which could limit our ability to maintain or expand market share within our industry;
- risks related to audits by CMS and other governmental payers and actions, including whistleblower claims under the False Claims Act;

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- our ability to partner with providers due to exclusivity provisions in our contracts in some evolution of our partner and founder contracts;
- risks related to managing our offshore operations and cost reduction goals;
- our ability to contain the health care costs, implement increases in premium rates on a timely basis, maintain adequate reserves for policy benefits or maintain cost effective provider agreements;
- our dependency on our key personnel, regulatory and our ability to attract, hire, integrate and retain key personnel;
- the impact of additional goodwill and intangible asset impairments on our results of operations;
- our indebtedness, our ability to service our indebtedness, and our ability to obtain additional financing on favorable terms or at all;
- our ability to achieve profitability in the future;
- the impact of litigation proceedings, government inquiries, reviews, audits or investigations;
- material weaknesses in the future may impact our ability to conclude that our internal control over financial reporting is not effective and we may be unable to produce timely and accurate financial statements; political framework;
- restrictions on the manner in which we access personal data and penalties as a result of privacy and data protection laws;
- liabilities and reputational risks related to our ability to safeguard the security and privacy of confidential data;
- data loss or corruption due to failures or errors in our systems and service disruptions at our data centers;
- adequate protection of our intellectual property, including trademarks;
- liabilities and reputational risks related to legal proceedings related our ability to any alleged infringement, misappropriation or violation safeguard the security and privacy of third-party intellectual property rights; confidential data;

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- our use of "open source" software; ability to obtain, maintain and enforce intellectual property rights and protect our trademarks and trade names, including from third parties alleging that we are infringing or violating their intellectual property rights;
- our ability to protect the confidentiality of our trade secrets, know-how secrets;
- risks associated with our use of artificial intelligence ("AI") and other proprietary information; machine learning models;
- our use of "open-source" software;
- our reliance on third parties and licensed technologies;
- restrictions on our ability to use, disclose, de-identify or license data and to integrate third-party technologies;
- our reliance on Internet infrastructure, bandwidth providers, data center providers, other third parties and our own systems for providing services to our partners; partners and operating our business;
- material weaknesses in the future may impact our ability to conclude that our internal control over financial reporting is not effective and we may be unable to produce timely and accurate financial statements;
- our reliance ability to achieve profitability in the future;
- the impact of additional goodwill and intangible asset impairments on third-party vendors to host and maintain our technology platform; results of operations;
- our obligations to make material payments to certain of our pre-IPO investors for certain tax benefits we may claim in the future;
- our ability to utilize benefits under the tax receivables agreement described herein;
- our obligations to make payments under the tax receivables agreement that may be accelerated or may exceed the tax benefits we realize;
- our ability to utilize benefits under the tax receivables agreement described herein;
- the terms of agreements between us and certain of our pre-IPO investors may contain different terms than comparable agreement we may enter into with unaffiliated third parties;
- Our inability to obtain financing may result in a reduction in the ownership of our stockholders;
- the conditional conversion features, and changes in accounting treatment, of the 2025 Notes and the 2029 Notes (as defined below), which, if triggered, may adversely affect our financial condition and operating results;
- our ability to raise funds necessary to settle conversions of our notes in cash, to repurchase our notes for cash upon a fundamental change or to pay the redemption price for any notes we redeem;
- interest rate risk and other restrictive covenants under the Credit Agreement (as defined below) and the terms of our Cumulative Series A Convertible Preferred Shares, par value \$0.01 per share ("Series A Preferred Stock");
- our debt following the NIA acquisition indebtedness, our ability to service our indebtedness, and our ability to meet our obligations; obtain additional financing on favorable terms or at all;
- our ability to service our debt and pay dividends on our Series A Preferred Stock;
- interference with our ability to access the revolving credit facility under our Credit Agreement;
- the potential volatility of our Class A common stock price;
- the potential decline of our Class A common stock price if a substantial number of shares are sold or become available for sale, including those issuable upon conversion of our Series A Preferred Stock;
- our Series A Preferred Stock has rights, preferences and privileges that are not held by and are preferential to the rights of holders of our Class A common stock, and could in the future substantially dilute the ownership interest of holders of our Class A common stock;
- the potential decline of our Class A common stock price if a substantial number of shares are sold or become available for sale, including those issuable upon conversion of our Series A Preferred Stock;
- provisions in our certificate of incorporation and by-laws and provisions of Delaware law that discourage or prevent strategic transactions, including a takeover of us;
- the ability of certain of our investors to compete with us without restrictions;
- provisions in our certificate of incorporation which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees; and
- our intention not to pay cash dividends on our Class A common stock; stock;
- the impact of litigation proceedings, government inquiries, reviews, audits or investigations;
- risks related to the failure of any bank in which we deposit our funds, which could reduce the amount of cash we have available to meet our cash commitments and make additional investments;
- public health emergencies, epidemics, pandemics or contagious diseases;
- the cost of compliance with sustainability or other ESG (as defined below) law and regulations; and
- the impact of increasing inflationary pressures and rising consumer costs on our business.

The risks included here are not exhaustive. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. More information on potential factors that could affect our businesses and financial performance is included in "Forward Looking

Statements - Cautionary Language," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" or similarly captioned sections of this Annual Report and the other period and current filings we make from time to time with the SEC. Moreover, we operate in a rapidly changing and competitive environment. New risk factors emerge from time to time, and it is not possible for management to predict all such risk factors.



Further, it is not possible to assess the effect of all risk factors on our businesses or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. In addition, we undertake no obligation to publicly update any forward-looking statements to reflect events or circumstances that occur after the date of this report except to the extent expressly required by law.

Market Data and Industry Forecasts and Projections

We use market data and industry forecasts and projections throughout this Annual Report on Form 10-K, and in particular in "Part I - Item 1. Business." We have obtained the market data from certain publicly available sources of information, including publicly available independent industry publications and other third-party sources. Unless otherwise indicated, statements in this Annual Report on Form 10-K concerning our industry and the markets in which we operate, including our general expectations and competitive position, business opportunity and market size, growth and share, are based on information from independent industry organizations and other third-party sources (including industry publications, surveys and forecasts), data from our internal research and management estimates. We believe the data that third parties have compiled is reliable, but we have not independently verified the accuracy of this information and there is no assurance that any of the forecasted amounts will be achieved. Any forecasts are based on data (including third-party data), models and experience of various professionals and are based on various assumptions, all of which are subject to change without notice. While we are not aware of any misstatements regarding the industry data presented herein, forecasts, assumptions, expectations, beliefs, estimates and projections involve risks and uncertainties and are subject to change based on various factors, including those described under the heading "Forward-Looking Statements - Cautionary Language" and in "Part I - Item 1A. Risk Factors."



PART I - FINANCIAL INFORMATION

Item 1. Business

Market Opportunity

Evolent is a market leader in connecting care for people with complex conditions like cancer, cardiovascular disease, and musculoskeletal diagnoses. We work on behalf of health plans and other risk-bearing entities and payers (our customers) to support physicians and other healthcare providers (our users) in providing high quality evidence-based care to their patients. We believe adherence to evidence-based clinical pathways supports better outcomes for patients, a better experience for physicians, and lower costs for the healthcare system overall.

Specialty care represents a significant and fast-growing portion of healthcare costs in the U.S., United States, driven in part by the pace of development of new therapies and treatments. To manage these increasing costs, some health plans and other risk-bearing entities historically deployed cost containment strategies that can limit access to care and operate in narrow silos (for example, prior authorization for radiological studies being considered independently from a comprehensive chemotherapy regimen). We believe Evolent can bring an integrated approach to a patient's condition across multiple specialties, using technology to recommend our evidence-based clinical pathways in a way that provides rapid feedback to the provider, seeks to remove barriers to care, and aligns financial incentives with the best evidence. As a result of this approach, we have seen as much as a 30% increase in adherence to best evidence for populations that we manage.

Our Business

Our History

Evolent was founded in 2011 by members of our management team, UPMC, an integrated delivery system in Pittsburgh, Pennsylvania, and The Advisory Board Company, to enable providers to pursue a value-based business model and evolve their competitive position and market opportunity. Since that time, we have grown both organically and through acquisitions. In October 2018, we acquired New Century Health, a national population health leader in managing specialty care for Medicare, commercial and Medicaid members under performance-based arrangements, focused primarily on oncology and cardiovascular care, initiating Evolent's current primary strategy to pursue solutions for managing high prevalence, complex specialty care. To add to our capabilities, in October 2021, we acquired Vital Decisions, a leading provider of technology-enabled advance care planning services. In August 2022, we acquired IPG, a leader in providing surgical management solutions for musculoskeletal conditions. In January 2023, we acquired NIA, a specialty benefit management organization that focuses on managing cost and quality in the areas of radiology, musculoskeletal, physical medicine and genetics. In August 2024, we acquired certain assets of Machinify, Inc. and the exclusive, perpetual and royalty-free license of Machinify Auth, a software platform that leverages advances in artificial intelligence ("Machinify"), with the goal of increasing the clinical quantity, speed and consistency of the clinical reviews of specialty conditions.

As The Company made organizational changes, including re-evaluating its reportable segments, as a result of January 1, 2023 growth in our value-based specialty care business, both organically and through acquisitions. Effective during the three months ended March 31, 2023, we began managing the Company changed its reportable segments to reflect changes in the way its chief operating decision maker ("CODM") evaluates the performance of its operations, develops strategy and allocates capital resources. Specifically, the Company collapsed its previous two segments, Evolent Health Services and Clinical Solutions, into one segment.

We have one operating segment and one reportable segment as our operations CODM, who is our Chief Executive Officer, reviews financial information on a consolidated basis for purposes of evaluating financial performance and allocating resources across one segment, instead of two. We now provide a broad spectrum of specialty care management services in oncology, cardiology, musculoskeletal markets and holistic total cost of care management along with an integrated platform for health plan administration and value-based business infrastructure under one go to market package. resources.

Our Solutions

We have three primary solutions: (i) specialty care management services, (ii) total cost of care management and (iii) administrative services. From time to time, we package our solutions under various go-to-market brand names to create product differentiation. Our partners may engage us to provide one, or multiple types of solutions, depending on their specific needs.

Specialty Care Management Services Solution

The foundation for our specialty care management services solution was our acquisition in 2018 of New Century Health, a national leader in managing specialty care for Medicare members under performance-based and technology and services arrangements. Since then, we have continued to invest in the solution to broaden, deepen, and scale its capabilities. Today we focus on the oncology, cardiology, and musculoskeletal markets, supported by diagnostics like radiology and genetic testing, with the objective of helping providers and payers deliver higher quality, more affordable care. In addition, we provide comprehensive quality management for oncology and cardiology patients from diagnosis through advance care planning services as well as identifying high quality, lowest cost of care for outpatient orthopedic surgeries.

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We provide a differentiated approach by (i) assembling networks of high-performance providers, (ii) designing evidence-based clinical pathways and (iii) deploying proprietary specialty care management technology.

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(i) Assembling high-performance provider networks

We develop high-performance provider networks with tools, capabilities and incentives to align and support physicians and other healthcare providers. We develop and manage comprehensive specialty networks, provide physician engagement and support and identify provider financial incentive alignment. Key features include:

- **Direct contracts with specialists** facilitate ease of care.
- **Comprehensive specialty networks** include multiple downstream subspecialists.
- **Incentivizes financial payment** for quality and cost-efficient utilization.
- **Minimizes "buy and bill" incentives** through shared savings methodologies.
- **Dedicated provider operations** provide staff to support practices.
- **Clinical response team** provides clinical education on-site to practice staff.
- **Dedicated central call center** facilitates referrals and helps to resolve claims issues.
- **Provides established system** of ongoing provider education and training.
- **Increases the frequency of utilization and value** of advance care planning.

(ii) Designing evidence-based clinical pathways

We design high-quality evidence-based clinical pathways to drive provider behavior towards improved quality of care at a lower cost. The transparent pathway development process for our specialty care management service solution's health focal areas, oncology and cardiology, is designed to achieve the following objectives:

- **Reduce** unnecessary clinical variation.
- **Support** physician clinical decision making of evidence-based therapies.
- **Increase** patient engagement.
- **Facilitate** total cost-of-care management.

Our clinical pathways are based on national guidelines with independent scientific advisory boards, in-house clinical expertise with original publications and presentations at national congress. We employ a collaborative review process that is not based on denials, which includes customized clinical review based on tier 1-5 drugs and proactive monitoring response to therapy. We employ quality metrics and clinical benchmarking to continually improve our pathways. We incentivize financial payment for quality by minimizing "buy and bill" incentives and through a shared savings methodology.

(iii) Deploying proprietary specialty care management technology.

Our legacy New Century Health business leverages a custom specialty care management workflow platform, CarePro™, to provide clinical decision support and manage providers to high-quality care, while aiming to achieve significant cost savings. Our technology consists of a clinical decision support portal that provides oversight of individual treatment plans for pathway adherence. Our platform integrates clinical analytics and protocols, pharmacy management, physician engagement, network management and claims payment to drive improved outcomes for partners. Key attributes include:

- **Decision support portal** delivers specialty specific clinical experience based on assigned roles (e.g., cardiologist vs. oncologist).
- **Custom-built rules engine** allows flexibility for multiple specialties and automated decisions based on clinical relevance, considering, for example, rigor levels based on specified payers and providers.
- **Workflow capability** facilitates a seamless collaboration within and across organizations, connecting payers and clearing houses for systematic data exchange.
- **Nurse triage system** leverages proprietary technology infrastructure.
- **Overall flexibility** enables a new business launch of existing specialty within 60 days.

Total Cost of Care Management Solution

Our total cost of care management solution enables providers to manage populations they may be accountable for under value-based contracts with payers or ACO contracts with CMS. This solution seeks to reduce the total cost of care for a given population by identifying and managing high-cost patients with targeted interventions managed and coordinated through primary care physicians. The economic model of our total cost of care management solution is primarily performance-based, which we believe enhances our

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ability to influence provider behavior by aligning our incentives with our partners. We use, and may continue to use, different go-to-market brand names for various solution packages, depending on the markets we seek to address. These go-to-market brand names include: (i) Value Based Services, wherein we support primarily health systems in their value-based operations and (ii) Evolent Care

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Partners, wherein we offer physicians the opportunity to join Evolent's proprietary payer contracting vehicles, scaled risk pools and operating model.

We refer to the offerings within this solution increasingly as "Complex Care." Core elements of this solution include: (i) population health performance, which supports the delivery of patient-centric cost-effective care and (ii) delivery network alignment, comprising the development of **high performance high-performance** delivery networks. We integrate change management processes and ongoing physician-led transformation into all value-based services to build engagement, integration and alignment within our partners to successfully deliver value-based care and sustain performance. We have standardized the processes described below and are able to leverage our expertise across our partner base. Through the technological and clinical integration, we achieve, our solutions are delivered as engrained components of our partners' core operations rather than as add-on solutions.

Administrative Services

Our administrative services solution includes our integrated value-based care platform designed to help our customers manage and administer patient health in a more cost-effective manner. We have invested in our primary platform to facilitate value-based care business models for health plans called Identifi® along with our clinical solutions to offer an integrated value-based care platform.

Our comprehensive health plan administration services help regional and national payers and providers assemble the infrastructure required to operate, manage and capitalize on a variety of financial and administrative management services, such as health plan services, risk management, analytics and reporting and leadership and management. Historically, the economic model of this solution is primarily fee-based with defined service-level agreements around key operating metrics. The administrative services provided by the Company include:

- **Health plan services:** Health plan services is a comprehensive suite of services including third-party administration, enrollment and billing support, medical and utilization management, third-party payment and program integrity support and provider network contracting services. Other health plan related services include sales and marketing, product development, actuarial, and regulatory and compliance.
- **Pharmacy benefit management:** Our team of professionals support the prescription drug component of providers' plan offerings and bring national buying power and dedicated resources that are tightly integrated with the care delivery model. Differentiated from what we consider to be traditional PBMs, our solution is

integrated into patient care and engages population health levers including generic utilization, provider management, and utilization management to reduce pharmacy costs.

- **Risk management:** Our risk management services provide the capabilities needed to successfully manage risk for payers, including analysis, data and operational integration with payer processes, and ongoing performance management.
- **Analytics and reporting:** Our analytics and reporting services provide the ongoing and ad hoc analytic teams and reports required to measure, inform and improve performance, including population health analytics, market analytics, network evaluation, staffing models, physician effectiveness, clinical delivery optimization and patient engagement.
- **Leadership and management:** Our local and national talent assist our partners in effectively managing the performance of their value-based operations.

Identifi® is our proprietary technology system that aggregates and analyzes data, manages care workflows and engages patients. Identifi® links our processes with those of our partners and other third parties to create a connected clinical delivery ecosystem, stratify patient populations, standardize clinical workflows and enable high-quality, cost-effective care. The configurable nature and broad capabilities of Identifi® help enhance the benefits our partners receive from our services and increase the effectiveness of our partners' existing technology architecture. In addition, Identifi® provides support and value to our specialty care management services and total cost of care management customers in a limited fashion. Highlights of the capabilities of Identifi® include the following:

- **Data and integration services:** Data from disparate sources, such as EMRs, and lab and pharmacy data, is collected, assembled, integrated and maintained to provide health care professionals with a holistic view of the patient.
- **Clinical and business content:** Clinical and business content is applied to the integrated data to create actionable information to optimize clinical and financial performance.
- **EMR integration:** Data and clinical insights from Identifi® are fed back into partner EMRs to improve both provider and patient satisfaction, create workflow efficiencies, promote clinical documentation and coding and provide clinical support at the point-of-care.

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- **Applications:** A suite of cloud-based applications manages the clinical, financial and operational aspects of the value-based model. Our applications scale with the clinical, financial and administrative needs of our provider partners. As additional capabilities are required by our partners, they are often deployed as applications through Identifi®.

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Sources of Revenue

The majority of our revenue is derived from recurring multi-year contracts which we believe enables us to have strong visibility into future revenue. Revenue from our Specialty Technology and Services Suite is derived from non-capitation arrangements under our specialty care management solution. Revenue from our Performance Suite includes services provided through capitation arrangements where we assume responsibility for the cost of medical claims under our scope. This revenue is derived from arrangements under our specialty care management solution and our total cost of care management solution. Administrative Services revenue is derived from recurring multi-year platform and operations contracts under our administrative services solution. Generally, for our Performance Suite, Specialty Technology and Services Suite and Administrative Services revenue, we are paid a fixed fee per member per month. Also included in our specialty care management services solution are certain services billed on a per-case basis and presented as Cases. The amount of revenue in a given contract is typically driven by: (i) the number of members that Evolent is contracted to manage, (ii) the population types being served (e.g., Medicare, Medicaid, commercial) and (iii) the depth and breadth of the services and technology applications that our partners utilize from us.

Our business model benefits from scale, as we leverage our purpose-built technology-enabled solutions and centralized resources in conjunction with the growth of our partners' membership base. While our absolute investment in our centralized resources and technologies may increase over time, we expect it will decrease as a percentage of revenue as we are able to scale this investment across a broader group of partners. We expect to grow with current partners as they increase membership in their existing operations, through expanding the number of services we provide to our existing partners, by adding new partners and by capturing value through risk-sharing arrangements.

Significant Activities

Acquisition of Vital Decisions

On August 2, 2021, the Company, through a wholly owned subsidiary, entered into a definitive agreement for the Company to acquire Vital Decisions. On October 1, 2021, we consummated the acquisition of Vital Decisions for \$46.5 million in cash and the issuance of 1.8 million shares of Class A common stock. Vital Decisions is part of Evolent's specialty care management services solution.

Acquisition of IPG

On June 24, 2022, the Company, through a wholly owned subsidiary, entered into a definitive agreement for the Company to acquire IPG. On August 1, 2022, we consummated the acquisition of IPG for \$256.5 million in cash and the issuance of 3.7 million shares of Class A common stock. IPG is part of Evolent's specialty care management services solution.

Refer to "Part II - Item 8. Financial Statements and Supplementary Data - Note 4" for additional discussion regarding the IPG transaction.

Acquisition of NIA

On November 17, 2022, Evolent Health LLC and the Company entered into a definitive agreement for the Company to acquire NIA. On January 20, 2023, we consummated the acquisition of NIA for \$387.8 million in cash consideration, which was financed in part with \$265.0 million in debt borrowed from affiliates of Ares Capital Corporation ("Ares") and the proceeds from the sale of an aggregate 175,000 shares of the Company's Series A Preferred Stock, resulting in gross proceeds of \$168.0 million, and stock consideration of 8.5 million shares of Class A common stock issued to the seller. NIA is part of Evolent's specialty care management offering. Refer to "Part II - Item 8. Financial Statements and Supplementary Data - Note 4" for additional discussion regarding the NIA acquisition.

Acquisition of Machinify

On August 1, 2024, the Company completed its acquisition of certain assets of Machinify, Inc. and the exclusive, perpetual and royalty-free license of Machinify Auth. The acquisition consideration was \$28.5 million which included \$19.5 million of cash, \$11.0 million which was paid upon closing and \$8.5 million which was paid on November 1, 2024, as well as an earn-out consisting of additional consideration of up to \$12.5 million payable in cash or shares of the Company's Class A common stock at the election of the Company in the second quarter of 2025. Refer to "Part II - Item 8. Financial Statements and Supplementary Data - Note 4" for additional discussion regarding the Machinify acquisition.

Credit Agreement Amendment

On December 6, 2024 (the "Amendment No. 3 Effective Date"), the Company entered into Amendment No. 3 ("Amendment No. 3") to the Credit Agreement that provides new secured debt financing in the form of (i) additional commitments under the Company's existing asset-based revolving credit facility in an aggregate principal amount equal to \$50.0 million (the "2024 Revolver Increase", and together with the Initial Revolving Facility and the 2023 Revolver Increase, the "Revolving Facility", (ii) a new delayed draw term loan facility in an aggregate principal amount equal to \$125.0 million (the "2024-A Delayed Draw Term Loan Facility"), and (iii) a new delayed draw term loan facility in an aggregate principal amount equal to \$75.0 million (the "2024-B Delayed Draw Term Loan Facility" and effected certain amendments to the Existing Credit Agreement. Refer to "Part II - Item 8. Financial Statements and Supplementary Data - Note 9" for a discussion of Amendment No. 3."

During the year ended December 31, 2024, the Company borrowed \$62.5 million under the Revolving Facility. As of December 31, 2024, there was \$100.0 million outstanding under the Company's Revolving Facility. On January 29, 2025, the Company borrowed \$125.0 million under its 2024-A Delayed Draw Term Loan and \$75.0 million under its 2024-B Delayed Draw Term Loan.

Competitive Strengths

We believe we are well-positioned to benefit from the transformations occurring in health care payment and delivery described above. We believe this environment that rewards the better use of information to drive patient outcomes aligns with our business model, recent investments and other competitive strengths.

Early Innovator

We believe we are an innovator in the delivery of comprehensive value-based care solutions. We were founded in 2011, ahead of the implementation of the ACA and before the rapid expansion of programs, such as Medicare ACOs or Medicare bundled payment initiatives. Since our inception, we have invested a significant amount in expanding our offerings.

In connection with the Machinify acquisition, the Company has sought to further enhance and accelerate its uses of AI through its AI-enabled tools, such as Auth Intelligence. The Auth Intelligence tool incorporates AI to aid nurses and physicians in completing clinical review of prior authorization requests. Specifically, the tool identifies relevant information within the medical record, extracts key information, and highlights relevant parts of the record for reviewers. Auth Intelligence is intended to help reviewers quickly locate important information that is relevant to assist in the review. However, the human reviewer is always responsible for completing relevant documentation including the clinical rationale and for finalizing the clinical decision. In addition, we use an AI application to automate authorization approvals only, which is accomplished by detecting strong patterns from millions of historical observations and dozens of features. Each application is calibrated individually to our partners to reflect local policy, utilization, and geographical variances.

⁴ It is against our Company policy to use AI to deny care and all such decisions must be made by clinical professionals. When the application cannot render an approval decision, the request is sent for manual clinical review.

Differentiated Offering by Performing More Services Utilizing An Integrated Strategy

Building off of our strength in oncology and cardiology, we believe the acquisition of NIA will accelerate our market leadership to serve the needs of large scale, national payer organizations to manage the cost and quality of care across large and complex medical specialties. NIA is a specialty benefit management company with a complementary service offering to the Company's historic specialties. Based on feedback from our clients, we believe the market for value-based specialty care is large, fragmented and lacking a market leader to provide clinically sophisticated, technology-enabled solutions across the highest cost, highly prevalent and most complex medical specialties. The acquisitions of NIA and IPG by Evolent are part of our competitive response to this apparent unmet need. We believe our payer clients will benefit from a platform offering a broader set of specialty services in order to avoid the inefficiencies of vendor fragmentation, and we believe they prefer fewer vendors that may provide more consistent services to their membership over time.

Comprehensive End-to-End Solutions

We provide end-to-end, built-for-purpose, technology-enabled solutions for our partners to succeed in value-based payment models. We believe that offering comprehensive and integrated solutions which bring together clinical and administrative management allows payers and providers to accelerate their path to adoption of value-based care.

Depth of Market Experience

With experience across Medicare, Medicaid and commercial markets, our depth and variety of expertise allows us to serve a variety of customer types in the broad health care marketplace including health systems, providers, physicians, health plans, ACOs, delegated arrangements and other payers.

Proprietary Technology

Our integrated proprietary technology, Identifi®, allows us to deliver a connected delivery ecosystem, implement replicable clinical processes, scale our value-based services and capitalize on multiple types of value-based payment relationships.

We leverage a custom workflow platform, CarePro™, as part of our Specialty Technology and Services Suite, to provide clinical decision support and manage providers to high-quality care, while aiming to achieve significant cost savings. Our technology consists of a clinical decision support portal that provides oversight of individual treatment plans for pathway adherence. Our platform integrates clinical analytics and protocols, pharmacy management, physician engagement, network management and claims payment to drive improved outcomes for partners.

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We believe we are creating scaled benefits for our partners in areas such as data analytics, administrative services and care management. We expect Identifi® and CarePro™ to enable us to deliver increasing levels of efficiency to our partners.

Provider-Heritage Brand Identity

We believe our provider-heritage brand identity and origins differentiate us from our competitors in the value-based care services area. We believe our solutions resonate with potential partners seeking proven solutions that work with providers in a manner that attempts to minimize friction and foster a care team approach. Our analytical and clinical solutions are rooted in our experience in growing a provider-led, integrated delivery network over the 15-years prior to the founding of Evolent Health, Inc., and growing to become one of the largest provider-owned health plans in the country. Our unique position allows for the sharing of data across multiple payers and care delivery integration regardless of payer, which we believe is not possible with traditional, payer-siloed solutions.

Partnership-Driven Business Model

Our business model is predicated on strategic partnerships with leading providers and payers that are attempting to evolve two of their most critical business functions: how they deliver care and how they are compensated for it. The partnership model enables cultural alignment, integration into the provider care delivery and payment work-flow, contractual relationships and a cycle of clinical and cost improvement with shared financial benefit. In certain cases, we also agree to participate alongside our partners in risk-sharing or other support arrangements to increase our alignment of interests via performance-based relationships.

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Proven Leadership Team

We have made a significant investment in building an industry-leading management team. Our senior leadership team has extensive experience in the health care industry and a track record of delivering measurable clinical, financial and operational improvement for health care providers and payers. Our Chief Executive Officer, Seth Blackley, had served as our President since from August 2011, 2011 until his promotion. Prior to co-founding the Company, Mr. Blackley was the Executive Director of Corporate Development and Strategic Planning at The Advisory Board from June 2007 to August 2011. Our President, Dan McCarthy, served as the New Century Health's Chief Executive Officer since 2019 and held multiple leadership roles within Evolent since joining the Company in 2014. Prior to joining the Company, Mr. McCarthy was a leader at McKinsey & Company's healthcare practice. Our Chief Financial Officer, John Johnson, served as the acting Chief Financial Officer for New Century Health along with various roles within the Company since 2016.

Growth Opportunities

Multiple Avenues for Growth with Our Existing, Embedded Partner Base

We have established a multi-year partnership model with multiple drivers of embedded growth through the following avenues:

- growth in lives in existing covered populations;
- partners expanding into new lines of value-based care to capture growth in new profit pools;
- cross-selling additional solutions to existing partners; and
- capturing value created through a variety of value-based arrangements by participating alongside our partners in upside risk sharing arrangements.

Ability to Capture Additional Value through Delivering Clinical Results

We are capturing only a portion of the addressable clinical and administrative dollars in the market through our current solutions. We believe there is a significant opportunity to capture an increasing portion of the medical dollar over time, namely the remainder of the premium dollar which goes to medical expenses, and we have begun to do so in certain performance-based relationships. We believe business models that allow us to participate in the medical savings through a variety of risk-sharing arrangements that align incentives to reduce costs and improve quality outcomes will enable us to grow and differentiate ourselves from other vendors. We anticipate the manner with which we partner and share in risk with health care providers will likely continue to evolve over time given the still nascent and fragmented nature of value-based care.

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Expand Offerings to Meet Evolving Market Needs

There are multiple business offerings that our partners may require to operate in a value-based care environment that we do not currently provide, including but not limited to:

- physician employment;
- PBM expansion to include additional specialty pharmacy management capabilities;
- additional Specialty Technology and Services Suite lines of business beyond oncology, cardiology and musculoskeletal, including kidney and fetal-maternal medicine care;
- on-site or specialty clinic services; and
- consumer engagement and digital outreach.

Selectively Pursue Strategic Acquisitions, Investments and Divestitures

We believe that the nature of our competitive landscape provides meaningful acquisition and investment opportunities. Our industry is in the early stages of its life cycle and there are multiple firms attempting to capitalize on the transformation of the care delivery model and the various forms of new profit pools. We believe that our partners will require an end-to-end solution and we believe we are well positioned to meet this demand by expanding the breadth of our offerings through not only organic growth, but also the acquisition of niche vendors and non-core portions of larger enterprises. From time to time, we may also pursue acquisition and investment opportunities of businesses related to services we currently provide or that are complementary to our technical capabilities. For example, we completed the following recent acquisitions described in Part I - Item 1. Business - Significant Activities which are expected to deepen capabilities of both Evolent and the acquired organizations, allowing cross-sell, an enhanced value proposition to partners and an opportunity to increase the margin profile of the combined organization:

- On October 1, 2021, we completed the acquisition of Vital Decisions, a leading provider of technology-enabled advance care planning services.

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- On August 1, 2022, we completed the acquisition of IPG, a leading technology and services company providing surgical management solutions for musculoskeletal conditions.
- On January 20, 2023, we completed the acquisition of NIA (also known as "Magellan Specialty Health"), the specialty benefit management organization that focuses on managing cost and quality in the areas of radiology, musculoskeletal, physical medicine, and genetics.organization.

As we grow, from time to time, we pursue and consummate opportunities to dispose of non-core businesses and assets.

Sales and Marketing

We market and sell our services to payers and providers throughout the United States. Our sales team works closely with our leadership team and subject matter experts to foster long-term relationships with our partners' leadership and board of directors given the nature of our partnerships. Our dedicated business development team works closely with our partners to identify additional service opportunities on a continuous basis.

Partner Relationships

We have sought to partner with leading payers and providers in sizable markets, which we believe creates a growth cycle that benefits from the secular transition to value-based care. From time to time, we restructure or renegotiate our contracts with partners to adapt to changing market conditions and dynamics.

Our contracts governing the relationships with our partners include key terms which may include the period of performance, revenue rates, advanced billing terms, service level agreements, termination clauses, exclusivity clauses and right of first refusal exclusivity clauses. Typically, these contracts provide for a monthly payment calculated based on a specified rate multiplied by the number of members that our partners are managing. The specified rate varies depending on which market-facing solutions the partner has adopted and the number of our solutions they are utilizing. In some cases, we are responsible for paying for all, or substantially all, of the cost of care for a defined scope of health care services out of the revenue we receive. Many of these arrangements include contractual provisions designed to limit our financial exposure, such as risk corridors, stop loss limits, and/or change event rate protections (for example, to account for changes in disease prevalence) in the case of events beyond our control. Some of our contracts allow for advance billing of our partners. In some of our contracts, a defined portion of the revenue is at risk and can be refunded to the partner if certain service levels are not attained. We Although we monitor our compliance with the service levels to determine whether a refund will be provided and record an estimate of these refunds, refunds, we cannot assure you that our estimates will be accurate. In addition, certain of our contracts provide that if we fail to meet specified implementation targets, the contracts will terminate and/or we will be subject to financial penalties. These provisions could impact our cash flows and profitability.

The initial terms of New Century Health our specialty contracts including contracts of IPG and Vital Decisions, are typically are multi-year. While they typically regularly contain year-to-year renewal provisions, we cannot assure you any or all of these contracts will be renewed in any particular year. NIA's contracts with partners typically have stated terms of one to three years, and in certain cases contain renewal provisions (at the partner's option) for successive terms of between one and two years (unless terminated earlier). Substantially all year as these contracts may be immediately terminated with cause and many of NIA's our specialty contracts, following an initial term, are terminable without cause by the customer or NIA Evolent either upon the giving of requisite notice and the passage of a specified period of time (typically between 30 and 180 days) or upon the occurrence of other specified events.

Although the

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The revenue from our contracts is not guaranteed because guaranteed. Although we have long-term contracts with many partners, these contracts may be terminated before their terms expire for various reasons, such as changes in the regulatory landscape and poor performance by us, subject to certain conditions, amongst others. For example, after a specified period, certain of our contracts are terminable for convenience by our partners after a notice period has passed and, in certain cases, partners would be required to pay us a termination fee in certain circumstances. fee. Termination fees and the related notice period in certain of our contracts are determined based on the scope of the market-facing solutions that the our partner has adopted and the duration of the contract. Most of our contracts include cure periods for certain breaches, during which time we may attempt to resolve any issues that would trigger a partner's ability to terminate the contract. However, certain of our Certain contracts are also terminable immediately on upon the occurrence of certain events. For example, some of our contracts may be terminated by the partner if we fail to achieve target performance metrics over a specified period. Certain of our contracts may be terminated by the partner immediately following repeated failures by us to provide specified levels of service over periods ranging from six months to more than a year. Certain of our contracts may be terminated immediately by the partner if we lose applicable licenses, go bankrupt, lose our liability insurance become insolvent, file for bankruptcy or receive an exclusion, suspension or debarment from state or federal government authorities. Additionally, if a partner were to lose applicable licenses, go bankrupt, lose liability insurance, become insolvent, file for bankruptcy or receive an exclusion, suspension or debarment from state or federal government authorities, our the contract with such partner could in effect be terminated. The loss, termination or renegotiation of any contract could negatively impact our results. In addition, as our partners' businesses respond to market dynamics and financial pressures, and as our partners make strategic business decisions in respect of the lines of business they pursue and programs in which they participate, we expect that certain of our partners will, from time to time, seek to restructure their agreements with us. The loss, termination or renegotiation of any contract could negatively impact our results.

The contracts may contain exclusivity or other restrictive provisions which are negotiated on an individual basis and vary depending on many factors, including the term and scope of the contract. The term of these exclusivity and other restrictive provisions typically corresponds to the term of the contract. These exclusivity or other restrictive provisions may apply to specific competitors of our partners or specific geographic areas, subject to certain exceptions. Accordingly, these exclusivity clauses may prevent us from entering into relationships with certain potential partners.

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The contracts with our partners impose other obligations on us. For example, we typically agree that all services provided under the partner contract and all employees providing such services will comply with our partner's policies and procedures. In addition, in most instances, we have agreed to indemnify our partners against certain third-party claims, which may include claims that our services infringe the intellectual property rights of such third parties.

Competition

The market for our solutions is fragmented, competitive and characterized by rapidly evolving technology standards, customer needs and the frequent introduction of new products and services. Our competitors range from smaller niche companies to large, well-financed and technologically-sophisticated entities. Our services solutions compete based on several factors, including breadth, depth and quality of product and service offerings, ability to deliver clinical, financial and operational performance improvement using products and services, quality and reliability of services, ease of use and convenience, brand recognition and the ability to integrate services with existing technology. Some of our competitors are more established, benefit from greater brand recognition, have larger client bases and have substantially greater financial, technical and marketing resources. The entrance or expansion of these larger companies in the managed healthcare industry (including our customers who have in-sourced or who may choose to in-source healthcare services) could increase the competitive pressures we face and could limit our ability to maintain or increase our rates. If this happens, our profitability could be adversely affected. In addition, if we do not adequately respond to these competitive pressures, it could cause us to be unable to maintain our current contracts or obtain new contracts. Other competitors have proprietary technology that differentiates their product and service offerings from ours. Our competitors are constantly developing products and services that may become more efficient or appealing to our existing partners and potential partners. Additionally, some health care information technology providers have begun to incorporate

enhanced analytical tools and functionality into their core product and service offerings used by health care providers. Our partners providers, including with the use of AI or machine learning. As a result of these competitive advantages, our competitors and potential competitors may also choose to be able to insource solution functions from us in part or in whole. Our services solutions compete based on several factors, including breadth, depth respond more quickly to market forces, take advantage of acquisitions and quality of product and service offerings, ability to deliver clinical, financial and operational performance improvement using other opportunities more readily, undertake more extensive marketing campaigns for their brands, products and services, quality more successfully utilize developing technology, including data analytics, AI and reliability of services, ease of use machine learning, and convenience, brand recognition make more attractive offers to our existing partners and the ability to integrate services with existing technology, potential partners. We also compete based on price and aligned performance relationships and the basis of price. We are subject to pricing pressures as a result of, among other things, competition within the industry, consolidation of health care industry participants, practices of managed care organizations, government action and financial stress experienced by our partners. If our pricing experiences significant downward pressure, our business will be less profitable and our results of operations will be adversely affected.

We cannot be certain that we will be able to retain our current partners or expand our partner base in this competitive environment. If we do not retain current partners or expand our partner base, or if we have to renegotiate existing contracts, our business, financial condition and results of operations will be harmed. Moreover, we expect that competition will continue to increase as a result of consolidation in both the health care information technology and health care industries. If one or more of our competitors or potential

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competitors were to merge or partner with another of our competitors, the change in the competitive landscape could also adversely affect our ability to compete effectively and could harm our business, financial condition and results of operations.

Government Regulation

Our business is subject to extensive, complex and rapidly changing evolving federal and state laws and regulations. Various federal and state agencies have discretion to issue regulations and interpret and enforce health care laws. While we believe we comply in all material respects with applicable health care and insurance laws and regulations, these regulations can vary significantly from jurisdiction to jurisdiction, and interpretation and enforcement of existing laws and regulations may change periodically. Federal and state legislatures also may enact various legislative proposals that could materially impact certain aspects of our business. The following are summaries of key federal and state laws and regulations that impact our operations:

Governmental Health Care Programs and Health Care Reform

We are subject to regulation by both CMS and state agencies with respect to certain services we provide relating to Medicaid, Medicare, and Medicare programs. ACA programs and payers. Medicare is a federal program that provides hospital and medical insurance benefits to persons age aged 65 and over, as well as certain other individuals. More than half of Medicare beneficiaries are enrolled in private Medicare Advantage ("MA") plans that offer an alternative to traditional Medicare and are regulated by CMS and financed through Medicare and beneficiary premiums and cost-sharing. Medicaid programs are jointly funded by federal and state governments and are administered by states under an approved plan that provides hospital and other health care benefits to qualifying individuals. Roughly three quarters of Medicaid beneficiaries are served by private Medicare Managed Care Organizations ("MCOs"). As we increase our exposure to Medicare and Medicaid businesses through new and existing partners, we increase our exposure to changes in government policy with respect to and regulation of the Medicaid and Medicare programs in which we and our partners participate.

Because some of our partners are participants in governmental programs, our services have in the past and may again in the future be subject to periodic surveys and audits by governmental entities or contractors for compliance with Medicare and other standards and requirements. As a result of surveys or audits, we may incur fines and penalties and could be excluded from participating in one or more programs or institute other sanctions against us if we fail to comply with CMS regulations or Medicare and Medicaid contractual requirements.

The regulations and requirements applicable to us and other participants in Medicaid and Medicare programs are complex and subject to change. In particular, prior authorization standards and requirements, including Medicaid and Medicare programs, have come under increased scrutiny at the state and federal level. Many states have proposed, and some have passed, bills which prescribe how providers and services which meet certain approval rates become exempt from prior authorization for a period of time, time, widely known as "gold carding." Most recently, the state of Illinois passed a law requiring guidance on gold carding to be adopted; the new law would exempt qualifying providers from prior authorization on all services subject to review for the year in which they qualify. Medicare Advantage Organization ("MAOs") utilization management practices have been the focus of a 2022 report by the Department of Health and Human Services Office of Inspector General as well as new final rules by (CMS-4201-F and CMS-0057-F). CMS-4201-F, effective calendar year 2024, imposes several requirements on MAOs with respect to their use of prior authorization. CMS-0057-F further imposes stricter medical necessity decision timeframes on federal managed care programs, effective CY 2026, as well as complex technical interface requirements, effective CY 2027, for Medicare, Medicaid, the Children's Health Insurance Program ("CHIP"), and Medicaid which Qualified Health Plans ("QHPs") offered on the ACA Federally Facilitated Exchange. These are intended to facilitate increased data sharing between managed care plans, enrollees and providers and streamline the prior authorization process.

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The U.S. United States Congress ("Congress") and state and local legislatures and regulators may propose and adopt legislation or policy changes or implementations effecting additional fundamental changes with respect to Medicare, Medicaid, and Medicaid exchange programs. Such changes in the law, or new interpretations of existing laws, may have a significant impact on our methods and costs of doing business. Additionally, expansion of enforcement activity could adversely affect our business and financial condition. Going forward, we expect CMS, Congress, and state agencies to continue to closely scrutinize each component of the Medicare, Medicaid, and Medicaid exchange programs, as well as modify the terms and requirements of the programs. Further since taking office in January 2025, the Trump administration has taken dramatic steps to freeze some federal funding and reduce the size of the federal workforce. It is not possible to predict the outcome of this congressional, executive, or regulatory activity, either of which could adversely affect us.

Similarly, we cannot predict whether pending or future federal or state legislation or court proceedings will change various aspects of the Medicaid and Medicare programs, nor can we predict the impact those changes will have on our business operations or financial results, but the effects could be materially adverse.

In addition, CMS Congress, state legislatures and third-party payers may continue to review and assess alternative health care delivery and payment systems and may in the future propose and adopt legislation or policy changes or implementations effecting additional fundamental changes in the health care delivery system, including with respect to Medicare, and Medicaid, and exchange programs. We cannot assure you as to the ultimate content, timing, or effect of any changes, nor is it possible at this time to estimate the impact

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of any such potential legislation or changes. Health care reform has resulted in profound changes to the individual health insurance market and our business, and we expect these changes to continue.

Medicaid and exchange enrollment is impacted, and may fluctuate, based on a variety of factors. These include continuous enrollment requirements instituted during the COVID-19 public health emergency (the "PHE") in 2021 under which Medicaid enrollment grew, and the resumption of Medicaid eligibility redeterminations, or "unwinding," that began in 2023 at the PHE's conclusion which reduced enrolled lives for some Medicaid MCOs. State may also take varying approaches to streamlining or discouraging enrollment, and income levels for eligibility may vary (particularly in non-expansion vs. expansion states). The 119th Congress and Trump administration have been exploring potential changes to Medicaid which could include cuts to federal matching payments, work requirements, or other eligibility and enrollment changes, as well as potential changes to ACA enrollment. Enrollment decreases for our partners may decrease the number of lives on our platform and impact the revenues derived from such partners.

Additional legislative and regulatory developments which may impact our business directly or indirectly through our partners include:

- Health IT interoperability efforts beginning with the Health Information Technology for Economic and Clinical Health (HITECH) Act in 2009 and 21st Century Cures Act in 2016, from which we have seen an array of regulations on topics including electronic data exchange and the move to HL7 FHIR application programming interface methods; prohibitions on electronic health records vendor and provider information blocking; the move to electronic or digital all-payer quality measurement; and the move to electronic prior authorization methods.
- Health care price transparency efforts including No Surprises Act provisions enacted as part of the Consolidated Appropriations Act in 2020, effective as of 2022.
- Efforts to reduce prescription drug costs including the Inflation Reduction Act of 2022 which created a negotiation program for Medicare Part D and Part B drugs; redesigned the Medicare Part D drug benefit to lower patient cost sharing; and instituted other changes designed to improve patient access. While these policies may or may not have a direct impact on our business, they can change market dynamics such as Medicare Advantage growth vs. standalone Part D plans, national health expenditures and trend factors that play into benchmarks for MA and Medicare ACOs, and drug formulary and rebate negotiations.

An emerging trend is intensified scrutiny by state and federal authorities with respect to the use of AI, particularly any AI systems used in utilization management. At least 40 states introduced or enacted AI legislation in 2024, more than half of which touching upon health care, and we see this trend continuing in 2025. For example, California Governor Newsom signed Senate Bill 1120 into law, which aims to safeguard patients and maintain oversight when payers use AI. A new Colorado law and guidance from the New Jersey Attorney General seek to ensure AI does not introduce discrimination or algorithmic bias. The use of AI has also been the focus of congressional inquiries and federal guidance documents. The Trump administration has rescinded the Biden administration's Executive Order ("EO") on AI and replaced it with a new EO that directs Administration leaders to solicit stakeholder input and produce a new AI Action Plan in 2025 designed to promote AI innovation primarily. It may also begin to introduce some regulatory frameworks and guardrails.

Fraud, Waste and Abuse Laws

Investigating and prosecuting healthcare fraud, waste and abuse continues to be a top priority for state and federal law enforcement entities. The focus of these efforts has been directed at Medicare, Medicaid, the ACA's Health Insurance Marketplace ("Health Insurance Marketplace") and commercial products. Compliance with these laws may require substantial resources. We are constantly looking for ways to improve our fraud, waste and abuse detection methods. The fraud, waste and abuse laws include federal and state anti-kickback laws that generally prohibit the payment or receipt of kickbacks, bribes or other remuneration in exchange for the referral of patients or other health-related business. The United States federal health care programs' Anti-Kickback Statute makes it unlawful for individuals or entities knowingly and willfully to solicit, offer, receive or pay any kickback, bribe or other remuneration, directly or indirectly, in exchange for or to induce the referral of an individual to a person for the furnishing or arranging for the furnishing of any item or service for which payment may be made in whole or in part under a federal health care program or the purchase, lease or order, or arranging for or recommending purchasing, leasing or ordering, any good, facility, service, or item for which payment may be made in whole or in part under a federal health care program. Penalties for violations include criminal penalties and civil sanctions such as fines, imprisonment and possible exclusion from federal health care programs. If an arrangement falls outside the safe harbors, it must be evaluated on its specific facts to assess whether regulatory authorities might take the position that one purpose of the arrangement is to induce referrals of federal health care program business. Our business arrangements may implicate the Anti-Kickback Statute, and we evaluate whether investment and compensation arrangements being developed by us on behalf of clients and providers fall within one of the safe harbors or Medicare Shared Savings Program waiver. If not, we consider the factors that regulatory authorities are likely to consider in attempting to identify the intent behind such arrangements. We also design business models that reduce the risk that any such arrangements might be viewed as abusive and trigger Anti-Kickback Statute claims.

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In addition to these health care laws and regulations, we are subject to various other laws and regulations, including, among others, other aspects of state insurance laws, the Stark Law relating to self-referrals, the whistleblower provisions of the False Claims Act, anti-kickback laws, antitrust laws and the privacy and data protection laws. The federal civil False Claims Act imposes liability on any person or entity who, among other things, knowingly presents, or causes to be presented, a false or fraudulent claim for payment by a federal health care program. The “qui tam” or “whistleblower” provisions of the False Claims Act allow a private individual to bring actions on behalf of the federal government alleging that the defendant has submitted a false claim to the federal government, and to share in any monetary recovery. Our activities relating to the way we sell and market our services, including our risk adjustment solution, may be subject to scrutiny under these laws.

The HIPAA health care fraud statute created a class of federal crimes, including health care fraud and false statements relating to health care matters, known as the “federal health care offenses.” The HIPAA health care fraud statute prohibits, among other things, executing a scheme to defraud any health care benefit program, while the HIPAA false statements statute prohibits, among other things, concealing a material fact or making a materially false statement in connection with the payment for health care benefits, items or services. Entities that are found to have aided or abetted in a violation of the HIPAA federal health care offenses are deemed by statute to have committed the offense and are punishable as a principal.

In addition, we may be subject to federal and state “self-referral” laws, which generally prohibit physicians from referring patients for items covered by Medicare or Medicaid to entities with which the physician has a financial relationship, unless that relationship falls within a specified exception. The Stark Law is a strict liability statute and is violated even if the parties did not have an improper intent to induce physician referrals. The Stark Law is relevant to our business because we frequently organize arrangements of various kinds under which (a) physicians and hospitals jointly invest in and own ACOs, clinically integrated networks and other entities that engage in value-based contracting with third-party payers or (b) physicians are paid by hospitals or hospital affiliates for care management, medical or other services related to value-based contracts. We evaluate when these investment and compensation arrangements create financial relationships under the Stark Law and design structures that are intended to satisfy exceptions under the Stark Law or Medicare Shared Savings Program waiver.

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Antitrust Laws

The antitrust laws are designed to prevent competitors from jointly fixing prices. However, competitors often work collaboratively to reduce the cost of health care and improve quality. To balance these competing goals, antitrust enforcement agencies have established a regulatory framework under which claims of per se price fixing can be avoided if a network of competitors (such as an ACO or clinically integrated network) is financially or clinically integrated. In this context, we evaluate the tests for financial and clinical integration that would be applied to the provider networks that we are helping to create and support, including the nature and extent of any financial risk that must be assumed to be deemed financially integrated and the types of programs that must be implemented to achieve clinical integration. However, even if a network is integrated, it is still subject to a “rule of reason” test to determine whether its activities are, on balance, pro-competitive. The key factors in the rule of reason analysis are market share and exclusivity. We focus on network size, composition and contracting policies to strengthen our partners’ position that their networks meet the rule of reason test.

Privacy and Data Security

We are subject to various federal, state and local laws and rules regarding the use, security and disclosure of protected health information, personal information, and other categories of confidential or legally protected data that we handle. Such laws and rules include, without limitation, HIPAA, the Federal Trade Commission Act, the Gramm-Leach-Bliley Financial Modernization Act of 1999 (Gramm-Leach-Bliley Act), and state privacy and security laws such as the California Privacy Rights Act. Privacy and security laws and regulations often change due to new or amended legislation, regulations or administrative interpretation. A variety of state and federal regulators enforce these laws, including but not limited to the U.S. Department of Health and Human Services, the Federal Trade Commission, state attorneys general and other state regulators.

By processing data on behalf of our partners, we are subject to specific compliance obligations under privacy and data security-related laws, including HIPAA, the HITECH Act and related state laws. We are also subject to federal and state security breach notification laws, as well as state laws regulating the processing of protected personal information, including laws governing the collection, use and disclosure of social security numbers and related identifiers. The regulations that implement HIPAA and the HITECH Act establish uniform standards governing the conduct of certain electronic health care transactions and protecting the security and privacy of individually identifiable health information maintained or transmitted by health care providers, health plans and health care clearinghouses, all of which are referred to as “covered entities,” and their “business associates” (which includes anyone who performs a service on behalf of a covered entity involving the use or disclosure of protected health information and is not a member of the covered entity’s workforce). Our partners’ health plans generally will be covered entities, and, as their business associate, they require us to contractually comply with certain aspects of these standards by entering into requisite business associate agreements. **HHS has recently proposed updating the HIPAA Security Rule in an effort to strengthen the cybersecurity requirements that protect electronic**

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Protected Health Information. Comments to the Proposed Rule are due March 7, 2025. If passed, the new Security Rule would require us to enhance our information security infrastructure, update certain business associate agreements, and may subject us to additional penalties in the event of a violation.

In addition to federal regulations issued under HIPAA, several states have enacted privacy and security statutes or regulations, which we refer to as state privacy laws, that govern the use and disclosure of a person’s medical information or records and, in some cases, are more stringent than those issued under HIPAA. These state privacy laws include regulation of employers; regulation of organizations that perform certain administrative functions, such as UR, or TPA; issuance of notices of privacy practices; and reporting and

providing access to law enforcement authorities. In those cases, it may be necessary to modify our operations and procedures to comply with these more stringent state privacy laws. If we fail to comply with applicable state privacy laws, we could be subject to additional sanctions.

Federal and state consumer protection laws are being applied increasingly by the FTC, Federal Communications Commission and states' attorneys general to regulate the collection, use, storage and disclosure of personal or patient information, through websites or otherwise, and to regulate the presentation of website content and to regulate direct marketing, including telemarketing and telephonic communication. Courts may also adopt the standards for fair information practices promulgated by the FTC, which concern consumer notice, choice, security and access.

Other State Laws

State insurance laws require licenses for certain health plan administrative activities, including TPA licenses for the processing, handling and adjudication of health insurance claims and UR agent licenses for providing medical management services. Given the nature and scope of services that we provide to certain partners, we are required to maintain TPA and UR agent licenses and ensure that such licenses are in good standing on an annual basis. In addition, laws in many states govern prompt payment obligations for health care services. These laws generally define claims payment processes and set specific time frames for submission, payment, and appeal steps. Failure to meet these requirements and time frames may result in rejection, delay of claims and possible interest and regulatory penalties. **The Company has also established a captive insurance company under the laws of the State of Vermont and is subject to the captive insurance laws of that state.**

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Intellectual Property

Our continued growth and success depend, in part, on our ability to protect our intellectual property and proprietary technology, including our Identifi® software and CarePro™ platform. We primarily protect our intellectual property through a combination of copyrights, trademarks and trade secrets, intellectual property licenses and other contractual rights (including confidentiality, non-disclosure and assignment-of-invention agreements with our employees, independent contractors, consultants and companies with which we conduct business).

However, these intellectual property rights and procedures may not prevent others from creating a competitive online presence or otherwise competing with us. We may be unable to obtain, maintain and enforce the intellectual property rights on which our business depends, and assertions by third parties that we violate their intellectual property rights could have a material adverse effect on our business, financial condition and results of operations. For additional information related to our intellectual property position see "Part I - Item 1A. Risk Factors - Risks relating to Data Protection, Privacy, Cybersecurity, Intellectual Property and Technology."

Research and Development

Our research and development expenditures primarily consist of our strategic investment in enhancing the functionality and usability of our software, Identifi® and developing programs and processes to maximize care delivery efficiency and effectiveness. We also capitalize software development costs related to Identifi® and CarePro™. **Our research and development expenditures and capitalized software development costs also include the suite of products developed primarily by New Century Health.**

Human Capital Management

We believe our people differentiate our business and power our mission. As of **December 31, 2023** **December 31, 2024**, we had approximately **4,700** **4,500** global employees. None of our employees are represented by a labor union, and we are not a party to any collective bargaining agreements. Our primary human capital objective is to attract, retain and develop great talent that is committed to our mission and business objectives. We focus on the following **areas to this strategy**: **areas**:

- Talent Attraction, Selection, and Hiring
- Employee Compensation and Incentives
- Employee Training and Career Development
- Employee Well Being
- **Diversity, Equity and Culture of Inclusion ("DEI")**

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Talent Attraction, Selection, and Hiring

We seek to source the right talent by looking at both internal and external talent pools.

We make key investments in tools and resources to help engage and attract talent through modern, **and data-driven** recruitment practices. This includes in-bound (job postings/referrals) and outbound (outreach to passive talent) strategies aimed at casting a wide net to engage the best talent available to us. We are rigorous in our selection process to

facilitate alignment with our company values and core needs of teams. And finally, we conduct background checks and have a comprehensive onboarding program.

Employee Compensation and Incentives

Our Total Rewards philosophy is dedicated to attracting, growing, and retaining top talent to drive company success and nurture our culture. We aim offer comprehensive benefits and competitive pay, including leading medical, dental, prescription, and 401(k) plans, along with market-competitive salaries for strong performance. Our incentive programs are designed to achieve short- and long-term goals, foster accountability, and attract skilled staff by aligning interests of leadership and retain stockholders. Additionally, we provide benefits beyond salary, such as time off, leave programs, family support, life and disability insurance, and remote-work options, all meeting or exceeding market standards. By sharing success, we recognize that our talented team sets us apart in the highest caliber of health care talent. We believe in pay for performance marketplace and structure helps us fulfill our compensation to annually incentivize and reward high performance. We periodically review and evaluate our compensation and pay practices for market competitiveness. mission.

Employee Growth and Development

We believe the continued growth and development of our talent is critical to maintaining our success and growth as a company. We have established a global talent management approach to invest in our employees' ongoing learning and to identify and develop talent that accelerates our business. We support a culture of growth and development through engaging and relevant resources including Evolent-exclusive live learnings and curated, on-demand content through LinkedIn Learning. These resources are available to all employees through our online learning center. We also believe in providing challenging and diverse experiences and opportunities to

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our people to help them develop and grow in their skills and impact. We rely on shared values and a leadership framework to create an environment with clear expectations and where everyone has the opportunity to learn, develop and grow.

Additionally, we continue to deepen our internal mobility program, initially launched in 2020, aimed at retaining talent. The program gives employees the visibility and opportunity to apply for positions within their current teams as well as companywide. Our commitment to posting open vacancies across the organization on our internal jobs board allows us to identify well-qualified internal talent and assess their readiness for the next step in their career. We believe this not only benefits the personal growth of our employees but allows Evolent to retain key talent.

Employee Well-Being

Our approach to employee well-being reflects the spirit of our mission to change the health of the nation. We believe that we have a responsibility to support our people's health and well-being. We provide our employees with benefits including medical insurance, dental, vision, paid time off, and 401k 401(k) plan with company match for eligible employees. In addition, we offer fertility support, bariatric surgery, diabetes, and hypertension program offerings, as well as 100% paid pregnancy leave and parental leave. Employees and their families can access mental health resources as part of their benefits, covering a spectrum of mental wellness needs. In addition, we have an active employee listening strategy, including employee surveys, personal impact days to promote social improvement engagement, an employee relief fund, holistic wellness initiatives during the year that include yoga, cooking sessions, meditation, and wellness challenges.

Diversity, Equity and

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Culture of Inclusion

Evolent stands firm behind its commitment to DEI supports inclusion efforts and overall is committed to non-discrimination practices. Evolent is an equal opportunity employer and works aims to create an environment where diverse perspectives can belong, grow, be included, developed, and lead regardless of gender, national origin, ethnicity, or other protected class. Our focus on building a diverse, equitable and inclusive culture has included executive coaching and development programming that supports diverse talent, leadership training in DEI throughout the organization and the hiring of a Head of Diversity, Equity and Inclusion. Additionally, we have strengthened our key talent processes (hiring, performance reviews) with the objective of supporting data-based decision making. advanced. The table below presents certain self-identification and self-disclosed employee demographic data based on our latest engagement surveys for each of the respective years below (results are based on self-identification); data:

	December 31,		
	2023	2022	2021
Gender (global representation)			
Women	68%	62 %	62 %
Men	32%	38 %	38 %
Racial and ethnic minorities (U.S. representation)			
Black or African American	21.4%	22.2 %	21.8 %
Asian	10.8%	12.6 %	13.8 %

Hispanic or Latino	11.7%	14.1 %	12.1 %
Two or more races	3.0%	2.8 %	2.7 %
American Indian or Alaska Native	0.4%	0.3 %	0.2 %
Native Hawaiian or Other Pacific Islander	0.4%	0.4 %	0.4 %
Leadership Representation (Managing Director level or above)			
Women	50 %	48 %	50 %
Racial and ethnic minorities	30 %	28 %	29 %
Employee self-identification (U.S. representation)			
LGBTQ+	11.3 %	8.7 %	7.2 %
Veteran	10.1 %	2.0 %	2.4 %
Disabled Individual	13.9 %	7.8 %	4.8 %

December 31, 2024

Gender (global representation)	
Women	68.0%
Men	32.0%
Racial and ethnic minorities (U.S. representation) ⁽¹⁾	
Racial and ethnic minorities	50.4%
Non-racial and ethnic minorities	49.6%
Leadership Representation (U.S. representation, Managing Director level or above)	
Women	57.1%
Men	42.9%
Racial and ethnic minorities	23.4%
Non-racial and ethnic minorities	76.6%
Employee self-identification (U.S. representation)	
LGBTQ+	12.1%
Veteran	2.3%
Individual with disability	2.0%

⁽¹⁾ Metrics around the minority representation include Black or African American, Asian, Hispanic or Latino, American Indian, Alaska Native, Native Hawaiian, Other Pacific Islander, Two or More Races, and decline to state.

Information about our Executive Officers

Our executive officers as of February 22, 2024 February 20, 2025, were as follows:

Name	Age	Position
Seth Blackley	45 46	Chief Executive Officer
Dan McCarthy	39 40	President
John Johnson	40 41	Chief Financial Officer
Emily Rafferty	41 42	Chief Operating Officer
Jonathan Weinberg	56 57	General Counsel
Aammaad Shams	40 41	Chief Accounting Officer

Seth Blackley is our co-founder and has served as our Chief Executive Officer since October 2020 and served as our President from August 2011 until his promotion. Prior to co-founding the Company, Mr. Blackley was the Executive Director of Corporate Development and Strategic Planning at The Advisory Board from June 2007 to August 2011. Mr. Blackley began his career as an analyst in the Washington, D.C. office of McKinsey & Company. Mr. Blackley holds a Bachelor of Arts degree in business from The University of North Carolina at Chapel Hill, and a Master of Business Administration from Harvard Business School.

Dan McCarthy has served as our President since September 2022. Prior to his role as President, Mr. McCarthy was the New Century Health Chief Executive Officer since 2019, and prior to that held multiple leadership roles within Evolent since joining the Company in 2014. Mr. McCarthy came to Evolent from McKinsey & Company, where he was a leader in the firm's health care practice. Mr. McCarthy holds an M.B.A. from Harvard Business School, where he was a Goldsmith Fellow, and received a B.A. from Georgetown University.

John Johnson has served as our Chief Financial Officer since July 2019. Prior to his role as Chief Financial Officer, Mr. Johnson was acting Chief Financial Officer for New Century Health from March 2019 to June 2019. Prior to his New Century Health role, Mr.

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Johnson was Senior Vice President, Corporate Performance at Evolent Health from January 2018 to March 2019 and Vice President, Corporate Performance at Evolent Health from April 2016 to December 2017. Prior to joining the Company, Mr. Johnson was the Managing Partner at Riverbend Analytics, LLC from December 2015 until April 2016 and the Vice President of Strategy at PSA Healthcare from February 2013 until November 2015. Mr. Johnson holds a Bachelor of Arts degree in Physics from Cornell University.

Emily Rafferty has served as our Chief Operating Officer since July 2023. Prior to her role as Chief Operating Officer, Ms. Rafferty held multiple leadership roles within the Company, including President and Chief Operating Officer of Evolent Health Services, a former reporting segment of the Company, from September 2020 to June 2023, President, Market Operations and Pharmacy Services, from February 2018 to July 2019, and Senior Vice President, Advisory Services, from October 2016 to January 2018. Prior to joining the Company, Ms. Rafferty was Vice President of Provider Consulting at Optum, working closely with health systems in revenue-cycle strategy and process design, inclusive of clinical documentation improvement. Ms. Rafferty holds a B.B.A. in economics and management from University of Iowa and completed the Executive Development Program at the Wharton School of the University of Pennsylvania.

Jonathan Weinberg has served as our General Counsel since January 2014. Prior to joining Evolent, Mr. Weinberg was a Senior Vice President and Deputy General Counsel for Coventry Health Care, Inc. (Aetna Inc.) from 1999 to 2013, and oversaw the day-to-day management of the legal department as well as the company's risk management department. Prior to joining Coventry, Mr. Weinberg was an associate and then partner at Epstein Becker and Green, P.C. in the firm's health care practice, specializing in managed care issues from 1992 to 2002. Mr. Weinberg received his Bachelor of Arts in history and political science from the University of Wisconsin-Madison and his juris doctorate from the Catholic University of America.

Aammaad Shams has served as our Chief Accounting Officer since August 2022. Prior to his current role, Mr. Shams was the Company's Controller from June 2020 to August 2022 and Assistant Corporate Controller from January 2020 to June 2020. Mr. Shams also served as Senior Director of Technical Accounting from April 2018 to June 2019 and Senior Director of Accounting from July 2019 until December 2019. Prior to joining the Company, Mr. Shams was a Director in KPMG, LLP's Accounting Advisory Services practice from June 2015 until March 2018. Mr. Shams is a Certified Public Accountant in the Commonwealth of Virginia.

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Our executive officers are elected annually by our Board of Directors. All executive officers serve until their successors are duly chosen or elected and qualified, except in the case of earlier death, resignation or removal.

Corporate Information

Evolent began business operations in August 2011. Evolent Health, Inc., the registrant, was incorporated in the State of Delaware in December 2014. We completed our IPO in June 2015 and our Class A common stock is listed on the NYSE under the symbol "EVH". Evolent Health, Inc. is a holding company whose principal asset is all of the Class A common units it holds in Evolent Health LLC, and its only business is to act as sole managing member of Evolent Health LLC. Substantially all of our operations are conducted through Evolent Health LLC and its consolidated subsidiaries and the financial results of Evolent Health LLC are consolidated in the financial statements of Evolent Health, Inc.

Website to Access Our Reports

Our internet website address is www.evolent.com. In addition to the information about us and our subsidiaries contained in this Annual Report on Form 10-K, information about us can be found on our website including information on our corporate governance principles and practices. Our Investor Relations website at ir.evolenthealth.com ir.evolent.com contains a significant amount of information about us, including financial and other information for investors. We use the investor relations page of our website for purposes of compliance with Regulation FD and as a routine channel for distribution of important information, including news releases, investor presentations, financial information and corporate governance practices. We encourage investors to visit our website, as we frequently update and post new information about our company on our website and it is possible that this information could be deemed to be material information. Our website and information included in or linked to our website are not part of this Annual Report on Form 10-K.

We make available, free of charge, on or through our website our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

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Item 1A. Risk Factors

The following summary highlights some of the principal risks that could adversely affect our business, financial condition or results of operations. This summary is not complete and the risks summarized below are not the only risks we face. These risks are discussed more fully further below. These risks include, but are not limited to, the following:

- We may be unable to efficiently integrate NIA into the significant portion of revenue we derive from our operations, largest partners, and the potential loss, termination or renegotiation of our relationship or contract with any significant partner, or multiple partners in the aggregate;
- The historical financial information the increasing number of NIA related to the NIA acquisition may not be a reliable indicator of future results, risk-sharing arrangements we enter into with our partners;
- We derive a significant portion the growth and success of our partners and certain revenues from our largest partners, engagements, which are difficult to predict and are subject to factors outside of our control, including governmental funding reductions and other policy changes;
- The market for value-based health care in the United States is rapidly evolving, our ability to accurately predict our exposure under performance-based contracts;
- The health care regulatory failure by our customers to provide us with accurate and political framework is uncertain and evolving, timely information;
- If we are unable our ability to recover the upfront costs in our partner relationships and develop our partner relationships over time;
- our ability to attract new partners and successfully capture new opportunities;
- our ability to offer new and innovative products and services or and our products and services fail ability to keep pace with industry standards, technology and our results of operations may suffer, partners' needs;
- We have made our ability to maintain and entered, enhance our reputation and may in the brand recognition;
- our dependency on our key personnel, and our ability to attract, hire, integrate and retain key personnel;
- risks related to completed and future make and enter acquisitions, investments, and alliances and joint ventures, which may be difficult to integrate, could divert management resources, result in unanticipated costs or dilute our stockholders, stockholders;
- Our revenues and growth rely, in part, on our partners and revenues from our engagements, which are subject to factors outside of our control.
- Failure to accurately predict our exposure under performance-based contracts could result in a reduction in profitability.
- If we fail ability to effectively manage our growth and costs, our business could be harmed, maintain an efficient cost structure;
- Public health emergencies have adversely affected, our ability to partner with providers due to exclusivity provisions in our and could in the future, adversely affect our business and the business some of our customers partner and suppliers, founder contracts;
- Our risks related to managing our offshore support operations and professional services may prove difficult to manage or may not allow us to realize our cost reduction goals, goals;
- If we lose key members of our management team or employees or are unable ability to attract and retain employees, our compensation costs will increase and our business and operating results will be adversely affected.
- We have recorded a significant amount of goodwill, and we may never realize the full value of our intangible assets, causing us to record impairments that may negatively affect our results of operations.
- We may need to obtain additional financing.
- We have experienced net losses in the past and we may not achieve profitability in the future.
- We are and may become subject to litigation, proceedings, government inquiries, reviews, audits or investigations.
- We typically incur significant upfront costs in our partner relationships, and if we are unable to develop or grow these partner relationships over time, we are unlikely to recover these costs and our operating results may suffer.
- If we do not continue to attract new partners and successfully capture new opportunities with new or existing partners, we may not achieve our financial projections, and our results of operations would be harmed.
- The costs of compliance with sustainability or other environmental, social responsibility or governance laws, regulations, or policies, including investor and client-driven policies and standards, could adversely affect our business.
- As we enter into an increasing number and variety of risk sharing arrangements with partners, our revenues and profitability could be limited and negatively impacted.
- If the estimates and assumptions we use to determine estimate the size of the our target markets for our services are inaccurate, our future growth rate may be impacted and our business would be harmed, services;
- Consolidation consolidation in the health care industry could have a material adverse effect on us, industry;
- We face intense competition which could limit our ability to maintain or expand market share within our industry, and if we do not maintain or expand our market share our business and operating results will be harmed, industry;
- Increasing inflationary pressures risks related to audits by CMS and consumer costs may have a negative effect on our margins, profitability other governmental payers and results of operations, actions, including whistleblower claims under the False Claims Act;
- We are subject to data privacy evolution of the health care regulatory and protection laws, political framework;
- Data restrictions on the manner in which we access personal data and penalties as a result of privacy and data protection laws;
- data loss or corruption due to failures or errors in our systems or and service disruptions at our data centers may adversely affect our reputation and relationships with existing partners, which could have a negative impact on us, centers;
- Our business is subject liabilities and reputational risks related to online security risks, and if we are unable our ability to safeguard the security and privacy of confidential data, we may face significant liabilities and our reputation and business will be harmed, data;
- If we are unable our ability to obtain, maintain and enforce intellectual property protection, others may be able to develop rights and commercialize technology and products similar to ours, and our ability to commercialize our technology and products may be adversely affected.

- If protect our trademarks and trade names, are not adequately protected, we may not be able to build name recognition in our markets of interest and our business may be adversely affected.

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- Third including from third parties may initiate legal proceedings alleging that we are infringing or otherwise violating their intellectual property rights, the outcome of which would be uncertain and could have a material adverse effect on us, rights;
- Our use of "open source" software could adversely affect our ability to offer our services and subject us to possible litigation.
- If we are unable to protect the confidentiality of our trade secrets, know-how and other proprietary information, the value of our technology and products could be adversely affected. secrets;
- We do not control the intellectual property rights covering certain technologies risks associated with our use of AI and any loss of rights to these technologies or the rights licensed to us could prevent us from developing and/or commercializing our products, machine learning models;
- Any restrictions on our use of or ability to license, data, or our failure to license data and integrate third-party technologies, could have a material adverse effect on us, "open-source" software;
- We rely our reliance on third parties and licensed technologies;
- restrictions on our ability to use, disclose, de-identify or license data and to integrate third-party technologies;
- our reliance on Internet infrastructure, bandwidth providers, data center providers, other third parties and our own systems for providing services to our partners and any failure or interruption in the services provided by these third parties or operating our own systems could expose us to litigation and negatively impact our relationships with partners, adversely affecting our brand and our business, business;
- We rely on third-party vendors to host and maintain our technology platform.
- If we identify material weaknesses in the future we and may impact our auditor may ability to conclude that our internal control over financial reporting is not effective and we may be unable to produce timely and accurate financial statements, statements;
- We are required our ability to pay achieve profitability in the future;
- the impact of additional goodwill and intangible asset impairments on our results of operations;
- our obligations to make material payments to certain of our pre-IPO investors for certain tax benefits we may claim in the future, and these amounts are expected to be material, future;
- We will not be reimbursed for any our obligations to make payments made under the TRA in tax receivables agreement that may be accelerated or may exceed the event that any tax benefits are disallowed, we realize;
- The our ability to utilize benefits under the tax receivables agreement described herein;
- the terms of agreements between us and certain of our pre-IPO investors were made in the context of an affiliated relationship and may contain different terms than comparable agreements agreement we may enter into with unaffiliated third parties, parties;
- The Our inability to obtain financing may result in a reduction in the ownership of our stockholders;
- the conditional conversion feature features, and changes in accounting treatment, of the 2025 Notes and the 2029 Notes (each as (as defined below), which, if triggered, may adversely affect our financial condition and operating results, results;

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- our ability to raise funds necessary to settle conversions of our notes in cash, to repurchase our notes for cash upon a fundamental change or to pay the redemption price for any notes we redeem;
- We are exposed to interest rate risk which could cause and other restrictive covenants under the Company's debt service obligations to increase significantly, Credit Agreement (as defined below) and the terms of our Series A Preferred Stock;
- Our debt following the NIA acquisition is significant and could adversely affect our business indebtedness, our ability to service our indebtedness, and our ability to meet our obligations, obtain additional financing on favorable terms or at all;
- Servicing our ability to service our debt requires a significant amount of cash, and we may not have sufficient cash flow from pay dividends on our business to pay our debt, Series A Preferred Stock;
- Our interference with our ability to access the revolving credit facility under our Credit Agreement;
- the potential volatility of our Class A common stock price;
- our Series A Preferred Stock has rights, preferences and privileges that are not held by and are preferential to the rights of holders of our Class A common stock, stock, and could in the future substantially dilute the ownership interest of holders of our Class A common stock;
- The market price the potential decline of our Class A common stock could decline due to the large price if a substantial number of shares of Class A common stock are sold or become available for sale, including those issuable upon conversion of our convertible notes or the Series A Preferred Stock, Stock;
- provisions in our certificate of incorporation and by-laws and provisions of Delaware law that discourage or by sales prevent strategic transactions, including a takeover of us;
- provisions in our certificate of incorporation which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or issuances of substantial amounts of our directors, officers or employees;
- our intention not to pay cash dividends on our Class A common stock, stock;

- We do not anticipate paying the impact of litigation proceedings, government inquiries, reviews, audits or investigations;
- risks related to the failure of any bank in which we deposit our funds, which could reduce the amount of cash dividends we have available to meet our cash commitments and make additional investments;
- public health emergencies, epidemics, pandemics or contagious diseases;
- the cost of compliance with sustainability or other ESG (as defined below) law and regulations; and
- the impact of increasing inflationary pressures and rising consumer costs on our common stock in the foreseeable future. business.

Our business, operations and financial position are subject to various risks. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including the audited annual consolidated financial statements and notes thereto included elsewhere in this Form 10-K, when evaluating your investment in our securities. The risks and uncertainties described below are those that we currently believe may materially affect the Company. Additional risks and uncertainties of which we are unaware or that we currently deem immaterial also may become important factors that affect the Company. If any of the following risks are realized, our business, financial condition, operating results and prospects could be materially and adversely affected. In that event, the price of our securities could decline, and you could lose part or all of your investment. Some statements in this Form 10-K, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section entitled "Forward-Looking Statements - Cautionary Language."

Risks relating Relating to the NIA acquisition

We may be unable to efficiently integrate NIA into our operations.

The successful integration of the NIA business and operations into those of our own, and our ability to realize the expected synergies and benefits of the NIA acquisition are subject to a number of risks and uncertainties, many of which are outside of our control. We have been and may continue to be required to devote significant management attention and resources to integrating business practices, cultures and operations of each business. The risks and uncertainties relating to integrating the two businesses, and realizing the anticipated cost synergies, include, among other things:

- the challenge of integrating complex organizations, platforms, systems, operating procedures, compliance programs, technology, networks and other assets of NIA;
- the difficulties harmonizing differences in the business cultures of our company and NIA;

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- the inability to combine successfully our respective businesses in a manner that permits us to achieve the cost savings, revenue synergies and other anticipated benefits from the NIA acquisition;
- the inability to minimize the diversion of management attention from ongoing business concerns during the process of integrating NIA into our businesses;
- the inability to resolve potential conflicts that may arise relating to customer, supplier and other important relationships of our business and NIA; and
- difficulties in retaining key management and other key employees.

We have incurred substantial expenses to consummate the NIA acquisition but may not realize the anticipated cost synergies, revenue synergies and other benefits to the extent expected, on the timeline expected, or at all. In addition, even if we are able to integrate the NIA business successfully, the anticipated benefits of the NIA acquisition may not be realized fully, or at all, or may take longer to realize than expected. Moreover, competition may also cause us not to fully realize the anticipated benefits of the NIA acquisition. Given the size and significance of the NIA acquisition, we may encounter difficulties in the integration of the operations of NIA and may fail to realize the full benefits and synergies of the NIA acquisition, which could adversely impact our business, results of operation and financial condition.

The historical combined financial information of NIA may not be a reliable indicator of future results.

The historical audited and unaudited financial information of NIA that was included in Amendment Nos. 1 and 2 filed with the SEC on September 26, 2023 and October 16, 2023, respectively, to our Current Report on Form 8-K filed with the SEC on January 23, 2023, and our Current Report on Form 8-K filed with the SEC on November 3, 2023 (collectively, the "NIA Historical Financial Statements"), was prepared on a carve-out basis from Centene Corporation ("Centene"), which required certain assumptions and estimates based on accounting data extracted from accounting data books that were used when preparing the consolidated financial statements of Centene.

Accordingly, the NIA Historical Financial Statements were derived from the historical accounting records of Centene, and we anticipate that significant changes will occur in NIA's cost structure, financing and business operations as a result of our operation of it as part of our larger corporate organization. Such historical financial information may therefore not reflect what NIA's results of operations, financial position or cash flows would have been had it been a standalone company during the periods presented, or what they would have been had NIA been operated by us as part of our larger corporate organization during the periods presented, and may not be indicative of what NIA's results of operations, financial position or cash flows will be in the future. In addition, our accounting policies may differ from those reflected in the carve-out financial statements.

The pro forma financial information related to the NIA acquisition was prepared for informational purposes only and may not be an indication of our financial condition or results of operations in the future.

The unaudited pro forma condensed combined financial statements included in Amendment Nos. 1 and 2 filed with the SEC on September 26, 2023 and October 16, 2023, respectively, to our Current Report on Form 8-K filed with the SEC on January 23, 2023, and our Current Report on Form 8-K filed with the SEC on November 3, 2023, were presented for informational purposes only and are not necessarily indicative of what our actual financial condition or results of operations would have been had the NIA acquisition, Amendment No. 1 to the Credit Agreement (as defined below) and sale of the Series A Preferred Stock been completed on the date indicated. The assumptions used in preparing

the pro forma financial information may not prove to be accurate and other factors may affect our financial condition or results of operations. Accordingly, our financial condition and results of operations in the future may not be consistent with, or evident from, such pro forma financial information.

Risks relating to our Our Business and Industry Strategy

We derive a significant portion of our revenues from our largest partners. The loss, termination or renegotiation of our relationship or contract with a significant partner, or multiple partners in the aggregate, could negatively impact our results.

Historically, we have relied on a limited number of partners for a substantial portion of our total revenue. Our **three** largest partners in terms of revenue, **Humana Insurance Company**, **Molina Healthcare, Inc. ("Molina")**, **Florida Blue** and **Cook County Health and Hospitals System Molina Healthcare, Inc. ("Molina")** comprised 19.3%, 13.7%, 12.9% and **Humana Insurance Company** comprised 15.7%, 13.5% and 12.0% **11.5%**, respectively, of our revenue for the year ended **December 31, 2023** **December 31, 2024**. In addition, our partnership with Centene has grown, both as a result of the NIA acquisition and from other partnership opportunities. The loss of any of these partners, or any other significant partner, pursuant to a repurchase process or otherwise, or the non-renewal or renegotiation of any of our significant partner contracts, could adversely affect our results.

In the ordinary course of business, we engage in active discussions and renegotiations, and at times we are required to participate in repurchase or other request for proposal ("RFP") exercises with our partners in respect of the services we provide and the terms of our partner agreements, including our fees. Certain of our partners are subject to Medicaid health plans with state contracts that come

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up for renewal from time to time and can be subject to an RFP process. If a partner loses its contract or an RFP process it would cause the Company to lose that portion of the customer's business. In addition, we may not successfully win new contracts or renewals of existing contracts through competitive market standard repurchase or RFP processes. As partners' businesses respond to market dynamics and financial pressures, and as partners make strategic business decisions in respect of the lines of business they pursue and programs in which they participate, certain of our **and NIA's** partners have renegotiated or terminated, or not renewed, and we expect that in the future additional partners will, from time to time, seek to renegotiate or terminate or not renew their agreements with us. The impact of these actions have included, and in the future could include making organizational changes across our business as well as other profitability initiatives that may result in reductions in force, re-aligning of resources as well as other potential operational efficiency and cost-reduction initiatives and could result in reductions to the fees and changes to the scope of services contemplated by our

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original partner contracts and consequently have and could negatively impact our revenues, financial results (including potential impairments), business and prospects.

Because we rely on a limited number of partners for a significant portion of our revenues, we depend on the creditworthiness of these partners. Our partners are subject to a number of risks including reductions in payment rates from governmental payers, higher than expected health care costs and lack of predictability of financial results when entering new lines of business, particularly with high-risk populations, such as plans established under the ACA and Aged, Blind and Disabled Medicaid. If the financial condition of our partners declines, our credit risk could increase. Should one or more of our significant partners declare bankruptcy, be declared insolvent or otherwise be restricted by state or federal laws or regulation from continuing in some or all of their operations, this could adversely affect our ongoing revenues, financial results (including potential impairments), the collectability of our accounts receivable and our bad debt reserves and net income (loss).

The revenue from our contracts is not guaranteed. Although we have long-term contracts with many partners, these contracts may be terminated before their **term expires** **terms** **expire** for various reasons, such as changes in the regulatory landscape and poor performance by us, subject to certain **conditions** **conditions**, amongst others. For example, after a specified period, certain of our contracts are terminable for convenience by **the partner** **our partners** after a notice period has passed and, in certain cases, **partners would be required to pay us a termination fee**. Termination fees and the related notice period in certain of our contracts are determined based on the scope of the market-facing solutions that **our partner has paid** adopted and the duration of the contract. Most of our contracts include cure periods for certain breaches, during which time we may attempt to resolve any **issues that would trigger a termination fee** **partner's ability to terminate the contract**. Certain contracts are terminable immediately upon the occurrence of certain events. For example, some contracts may be terminated by the partner if we fail to achieve target performance metrics over a specified period. Certain contracts may be terminated by the partner immediately following repeated failures by us to provide specified levels of **service** **service over periods ranging from six months to more than a year**. Certain contracts may be terminated immediately by the partner if we lose applicable licenses, go bankrupt, lose our liability insurance or receive an exclusion, suspension or debarment from state or federal government authorities. Additionally, if a partner were to lose applicable licenses, go bankrupt, lose liability insurance, become insolvent, file for bankruptcy or receive an exclusion, suspension or debarment from state or federal government authorities, the contract with such partner could in effect be terminated. In addition, **as our partners' businesses respond to market dynamics and financial pressures, and as our partners make strategic business decisions in respect of the lines of business they pursue and programs in which they participate, we expect that certain of our partners will, from time to time, seek to restructure their agreements with us. The loss, termination or renegotiation of any contract could negatively impact our results.**

Our Performance Suite contracts involve risk sharing arrangements with partners, pursuant to which our revenues and profitability could be limited and negatively impacted.

Through our Performance Suite, we take on members from payers through performance-based arrangements where we assume risks related to pricing of contracts. We have incurred (including in the second half of 2024), and in the future may **be terminated immediately** incur losses under these arrangements if we **become insolvent** are unable to adjust our rates if faced with increased costs, including related to patient care or **file** pharmaceutical products. We have recently migrated key Performance Suite customers to an adjusted Performance Suite contractual model, which includes a narrowed risk corridor. While the narrowed risk corridor is intended to limit our downside risk, it also limits our potential for **bankruptcy**. **If any upside on profitability. In some of our contracts, a defined portion of the revenue is at risk and can be refunded to the partner if certain service levels are not**

attained. Although we monitor our compliance with partners are terminated, the service levels to determine whether a refund will be provided and record an estimate of these refunds, we may not be able to assure you that our estimates will be able to recover all fees due under the terminated contract, which may adversely affect our operating results, accurate. In addition, certain of our contracts provide that if we fail to meet specified implementation targets, the contracts will terminate and/or we will be subject to financial penalties. While they typically contain year-to-year renewal These provisions we cannot assure that any or all of these contracts will be renewed in any particular year. We expect that future contracts will contain similar provisions to those described in this paragraph. The market for value-based health care in the United States continues to evolve, which makes it difficult to forecast demand for could impact our products cash flows and services, profitability.

The market for value-based health care in As of December 31, 2024, the United States is rapidly evolving. Our future financial performance will depend in part on growth in this market Company had approximately \$16.6 million of restricted cash and on our ability restricted investments related to adapt to emerging demands risk-sharing arrangements. These arrangements have included and may include provision of this market. It is difficult to predict with letters of credit, loans, reinsurance arrangements, equity investments and other extensions of capital, where we are and may be at risk of not recovering all or a portion of any precision the future growth rate and size such loan or other extension of our target markets, capital.

The rapidly evolving nature of As the markets market evolves, we expect to engage in which we operate, as well as other factors that are beyond similar and new risk sharing strategies with our control, reduce our ability to accurately evaluate our long-term outlook partners. Any risk sharing arrangements could limit and forecast annual performance. Widespread acceptance of the value-based care model is critical to our future growth and success. A reduction in demand for our solutions caused by lack of acceptance, technological challenges, competing offerings or other factors would result in a lower revenue growth rate or decreased revenue, either of which could negatively impact our business and results of operations. For example, a significant portion of our revenue, is derived from partners in the managed care industry, including risk bearing providers and national and regional managed care payers. Changes in this industry's business practices could negatively impact our financial results. For example, if our managed care partners seek to provide services directly to their subscribers instead of contracting with us for such services, we could be adversely affected.

The health care regulatory and political framework is uncertain and evolving.

Health care laws and regulations are rapidly evolving and may change significantly in the future, including as a result of the Biden administration, which could adversely affect our financial condition and results of operations. We are subject to regulation by both CMS and state agencies in respect of certain services we provide relating to Medicaid and Medicare programs. Medicare is a federal program that provides hospital and medical insurance benefits to persons age 65 and over, as well as certain other individuals. Medicaid programs are jointly funded by federal and state governments and are administered by states under an approved plan that provides hospital and other health care benefits to qualifying individuals. As we increase our exposure to Medicare and Medicaid

businesses through new and existing partners, we increase our exposure to changes in government policy with respect to and regulation of the Medicaid and Medicare programs in which we and our partners participate.

Because some of our partners are participants in governmental programs, our solutions have in the past and may again in the future be subject to periodic surveys and audits by governmental entities or contractors for compliance with Medicare and other standards and requirements. As a result of surveys or audits, we may incur fines and penalties, and could be excluded from participating in one or more programs or institute other sanctions against us if we fail to comply with CMS regulations or Medicare and Medicaid contractual requirements.

The regulations and requirements applicable to us and other participants in Medicaid and Medicare programs are complex and subject to change. In particular, prior authorization standards and requirements, including Medicaid and Medicare programs, have come under increased scrutiny at the state and federal level. Many states have proposed, and some have passed, bills which prescribe how providers and services which meet certain approval rates become exempt from prior authorization for a period of time. Medicare Advantage Organization ("MAOs") utilization management practices have been the focus of a 2022 report by the Department of Health and Human Services Office of Inspector General as well as new final rules by (CMS-4201-F and CMS-0057-F). CMS-4201-F, effective calendar year 2024, imposes several requirements on MAOs with respect to their use of prior authorization. CMS-0057-F further imposes stricter medical necessity decision timeframes on federal managed care programs, effective CY 2026, as well as complex technical interface requirements for Medicare and Medicaid which are to facilitate increased data sharing between managed care plans, enrollees and providers and streamline the prior authorization process.

Congress and state and local legislatures and regulators may propose and adopt legislation or policy changes or implementations effecting additional fundamental changes with respect to Medicare and Medicaid programs. Such changes in the law, or new interpretations of existing laws, may have a significant impact on our methods and costs of doing business. Additionally, expansion of enforcement activity could adversely affect our business and financial condition. Going forward, we expect CMS, Congress, and state agencies to continue to closely scrutinize each component of the Medicare and Medicaid programs, as well as modify the terms and requirements of the programs. It is not possible to predict the outcome of this congressional or regulatory activity, either of which could adversely affect us. Similarly, we cannot predict whether pending or future federal or state legislation or court proceedings will change various aspects of the Medicaid and Medicare programs, nor can we predict the impact those changes will have on our business operations or financial results, but the effects could be materially adverse.

In addition, CMS, Congress, state legislatures and third-party payers may continue to review and assess alternative health care delivery and payment systems and may in the future propose and adopt legislation or policy changes or implementations effecting additional fundamental changes in the health care delivery system, including with respect to Medicare, Medicaid, and exchange programs.

Additionally, expansion of enforcement activity could adversely affect our business and financial condition. Going forward, we expect CMS and Congress to continue to closely scrutinize each component of the Medicare program as well as modify the terms and requirements of the program. It is not possible to predict the outcome of this congressional or regulatory activity, either of which could adversely affect us. Similarly, we cannot predict whether pending or future federal or state legislation or court proceedings will change

various aspects of the health care delivery system, including Medicaid and Medicare programs, nor can we predict the impact those changes will have on our business operations or financial results, but the effects could be materially adverse.

Furthermore, in April 2020, Congress enacted the Families First Coronavirus Response Act, which requires Medicaid programs to keep individuals continuously enrolled through the end of the month in which the COVID-19 public health emergency (the "PHE") is terminated. The PHE was most recently re-extended on October 13, 2022 through January 11, 2023. On January 30, 2023, President Biden stated that the PHE would terminate on May 11, 2023. Since the PHE extension ended on May 11, 2023, and Medicaid redeterminations resumed, certain of our partners have experienced a decrease of enrolled lives, which may decrease the numbers of lives on our platform and which would impact the revenues derived from such partners.

As another example of recent health care legislative changes, the Consolidated Appropriations Act (the "CAA"), enacted on December 27, 2020, contains provisions impacting group health plans, including protections for plan participants from surprise medical bills and ensuring health plan price transparency. The CAA prohibits plans from entering into services agreements that directly or indirectly restrict the plans from disclosing provider-specific costs and quality of care information. The CAA will also require certain service providers for health plans to comply with certain ERISA fee disclosure rules. In addition, effective January 1, 2022, the No Surprises Act (enacted as part of the CAA) provides protection against surprise medical bills by prohibiting plans and providers from balance billing patients for emergency care performed by out-of-network providers as well as non-emergency and ancillary services performed by out-of-network providers at in-network facilities, subject to certain notice and consent exceptions for non-emergency and ancillary services. The new law also grants additional patient protections, including requiring providers to send a good faith estimate of the expected charges for furnishing items or services to an insured patient's health plan (or directly to an uninsured patient) before such items or services are delivered (including items or services reasonably expected to be provided in conjunction with scheduled items or

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services or that are reasonably expected to be delivered by another provider). The No Surprises Act also provides a dispute resolution process in the event the actual charges for such items and services are substantially higher than the plan's estimate and will prohibit providers from charging patients an amount beyond the in-network cost sharing amount for services rendered by out-of-network providers, subject to certain exceptions. Several states have also enacted comprehensive surprise billing laws and the CAA defers to existing state requirements with respect to state-established payment amounts.

We are unable to predict how these changes and other health care reform initiatives from new legislation, regulation, judicial action and/or executive action, including the CAA and No Surprises Act and state laws, will ultimately impact the health care industry and what the potential impact may be on our business, financial condition, operating results and prospects.

In addition to these health care laws and regulations, we are subject to various other laws and regulations, including, among others, other aspects of state insurance laws, the Stark Law relating to self-referrals, the whistleblower provisions of the False Claims Act, anti-kickback laws, antitrust laws and the privacy and data protection laws.

Investigating and prosecuting healthcare fraud, waste and abuse continues to be a top priority for state and federal law enforcement entities. The focus of these efforts has been directed at Medicare, Medicaid, Health Insurance Marketplace and commercial products. Compliance with these laws may require substantial resources. We are constantly looking for ways to improve our fraud, waste and abuse detection methods. The fraud, waste and abuse laws include In the United States, there are federal and state anti-kickback laws that generally prohibit the payment or receipt of kickbacks, bribes or other remuneration in exchange for the referral of patients or other health-related business. In addition to these health care laws and regulations, we are subject to various other laws and regulations, including, among others, other aspects of state insurance laws, the Stark Law relating to self-referrals, the whistleblower provisions of the False Claims Act, anti-kickback laws, antitrust laws and the privacy and data protection laws. The federal civil False Claims Act imposes liability on any person or entity who, among other things, knowingly presents, or causes to be presented, a false or fraudulent claim for payment by a federal health care program. The "qui tam" or "whistleblower" provisions of the False Claims Act allow a private individual to bring actions on behalf of the federal government alleging that the defendant has submitted a false claim to the federal government, and to share in any monetary recovery. Our activities relating to the way we sell and market our services, including our risk adjustment solution, may be subject to scrutiny under these laws. The Stark Law is relevant to our business because we frequently organize arrangements of various kinds under which (a) providers and hospitals jointly invest in and own ACOs, clinically integrated networks and other entities that engage in value-based contracting with third-party payers or (b) providers are paid by hospitals or hospital affiliates for care management, medical or other services related to value-based contracts. We evaluate when these investment and compensation arrangements create financial relationships under the Stark Law and design structures that are intended to satisfy exceptions under the Stark Law or Medicare Shared Savings Program waiver. We have identified instances of non-compliance in the past and cannot guarantee that we will not identify other instances in the future, or the outcome of any regulatory investigation into any non-compliance. If we were to become subject to litigation, liabilities or penalties under these or other laws or as part of a governmental review or audit, our business could be adversely affected.

If we are unable to offer new and innovative products and services or our products and services fail to keep pace with advances in industry standards, technology and our partners' needs, our partners may terminate or fail to renew their relationships with us and our revenue and results of operations may suffer.

Our success depends on providing high-quality products and services that health care providers use to improve clinical, financial and operational performance. If we cannot adapt to rapidly evolving industry standards, technology, including artificial intelligence, and increasingly sophisticated and varied partner needs, our existing technology could become undesirable or obsolete, which could harm our reputation. We must continue to invest significant resources in our personnel and technology, including artificial intelligence, in a timely and cost-effective manner in order to enhance our existing products and services and introduce new high-quality products and services that existing partners and potential new partners will want. Our operating results would also suffer if our innovations are not responsive to the needs of our existing partners or potential new partners, are not appropriately timed with market opportunity, are not effectively brought to market or significantly increase our operating costs. If our new or modified product and service innovations are not responsive to partner preferences, emerging industry standards or regulatory changes, are not appropriately timed with market opportunity or are not effectively brought to market, we may lose existing partners or be unable to obtain new partners and our results of operations may suffer. In addition, should any of our partners terminate their relationship with us after implementation has begun, we would not only lose our time, effort and resources invested in that implementation, but we would also have lost the opportunity to leverage those resources to build a relationship with other partners over that same period of time. In some cases, we price our services based on expectations of

long-term relationships with our partners. When a partner terminates the relationship earlier than we had expected, we lose the resources invested in that relationship as well as the upside benefits we had anticipated.

We also engage third-party vendors to develop, maintain and enhance the technology we use in our solutions, and our ability to develop and implement new technologies is therefore dependent on our ability to engage suitable vendors. We may also need to license software or technology from third parties in order to maintain, expand or modify our technology-enabled services platform. However, there is no guarantee we will be able to enter into such agreements on acceptable terms or at all. The functionality of our

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services platforms depends, in part, on our ability to integrate with third-party applications and data management systems that our partners use and from which they obtain data. These third parties may terminate their relationships with us, change the features of their applications and platforms, restrict our access to their applications and platforms or alter the terms governing use of their applications, data management systems and application programming interfaces and access to those applications and platforms in an adverse manner.

We have made and entered into, and may in the future make and enter into acquisitions, investments, alliances and joint ventures, which may be difficult to integrate, divert management resources, result in unanticipated costs or dilute our stockholders.

As our business continues to grow, we may continue to acquire or invest in companies, businesses, products or technologies that complement our current products and services, enhance our market coverage or technical capabilities or offer growth opportunities. This may include acquiring or investing in companies, businesses, products or technologies that are tangential to our current business and in which we have limited or no prior operating experience. That, and other acquisitions, investments, alliances or joint ventures, have resulted and could result in new, material risks to our results of operations, financial condition, business and prospects. These new risks could include increased variability in revenues and prospects associated with various **In addition, our failure to agree on satisfactory risk sharing arrangements.** In addition, the market price for our Class A common stock could also be affected, following the consummation of any other transaction, by factors that have not historically affected the market price for our Class A common stock.

We continuously evaluate potential acquisition targets and investments as well as opportunities to divest of non-core assets. However, there can be no assurance that any of these potential acquisitions, investments or divestitures will be consummated. Acquisitions, investments and alliances, including our acquisitions of NIA, Vital Decisions, and IPG, could result in numerous risks to our business which **solutions with partners** could negatively impact our financial condition and results of operations, including:

- difficulty converting platforms or integrating the purchased operations, products or technologies;
- substantial unanticipated integration costs, delays and challenges that may arise in integration;
- the loss of key customers who are in turn subject to risks and financial dislocation in their businesses;
- the loss of key employees, particularly those of the acquired operations;
- difficulty retaining or developing the acquired business' customers;
- adverse effects on our existing business relationships with customers, suppliers, other partners, standing with regulators;
- challenges related to the integration and operation of businesses that operate in new geographic areas and new markets or lines of business;
- unanticipated financial losses in the acquired business, including the risk of higher-than-expected health care costs;
- failure to realize the potential cost savings or other financial benefits or the strategic benefits of the acquisitions, including failure to consummate any proposed or contemplated transaction; and
- liabilities, including acquired litigation, and expenses from the acquired businesses for contractual disputes with customers and other third parties, infringement of intellectual property rights, data privacy violations or other claims and failure to obtain indemnification for such liabilities or claims, and distraction of our personnel in connection with any related proceedings.

We may be unable to integrate the operations, products, technologies or personnel gained through acquisitions or investments or integrate or complete any other such transaction without a material adverse effect on our business, financial condition and results of operations. Transaction agreements may impose limitations on our ability, or the ability of the business to be acquired, to conduct business. Events outside our control, including operating changes or regulatory changes, could also adversely affect our ability to realize anticipated revenues, synergies, benefits **retain** and cost savings. In addition, revenues of acquired businesses or companies, prior to and after consummation of a transaction, may be less than expected. Counterparties in transactions may have contracts with customers and other business partners which may require consents from these parties in connection with a transaction. If these consents cannot be obtained, the Company may suffer a loss of potential future revenue and may lose rights that are material to its business and the business of any combined company. Any such disruptions could limit our ability to achieve the anticipated benefits of the transaction. Any integration may be unpredictable, or subject to delays or changed circumstances, and we and any targets may not perform in accordance with our expectations. See the risk factor captioned "We may be unable to efficiently integrate NIA into our operations." for additional information concerning integrating NIA into our operations.

We have also entered into a number of joint ventures, some of which include put or call features under which we could be forced to extend purchase or buy interest from our joint venture partner. Conflicts or disagreements between us and any joint venture partner may negatively impact the benefits expected to be achieved by the joint venture or may ultimately threaten the ability of such joint venture to continue. We are also subject to additional costs, risks and uncertainties because we may be dependent upon and subject to the liability, losses or reputational damage relating to joint venture partners that are not entirely under our control. We may be required to, or may determine to, incur expenses related to our joint venture investments that we do not anticipate or that may not deliver the level of returns that we expect, in lieu of a put requirement or otherwise.

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In connection with these acquisitions, investments, alliances or joint ventures, we could incur significant costs, debt, amortization expenses related to intangible assets or large and immediate write-offs or other impairments or charges, assume liabilities or issue stock (as we have done in prior transactions, including the acquisition of NIA) that would dilute our current stockholders' ownership, attract partners.

Our revenues and the growth of our business rely, in part, on the growth and success of our partners and certain revenues from our engagements, which are difficult to predict and are subject to factors outside of our control, including governmental funding reductions and other policy changes.

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We enter into agreements with our partners under which a significant portion of our fees are variable, including fees which are dependent upon the number of members that are covered by partners' health care plans each month, expansion of partners and the services that we provide, as well as performance-based metrics. The number of members covered by a partner's health care plan is often impacted by factors outside of our control, such as the actions of our partner or third parties. In addition, ongoing payment of fees by our partners could be negatively impacted by the general financial condition of partners. Accordingly, revenue under these agreements is unpredictable. If the number of members covered by one or more of our partners' plans were to be reduced by a material amount, or if member enrollment numbers in new plans are lower than expected, such decrease would lead to a decrease in our expected revenue, which could harm our business, financial condition and results of operations. In addition, growth forecasts of our partners are subject to significant uncertainty and are based on assumptions and estimates that may prove to be inaccurate. Even if the markets in which partners compete meet the size estimates and growth forecasted, their health plan membership could fail to grow at similar rates, if at all. In addition, a portion of the revenue under certain of our service contracts is tied to the partners' continued participation in specified payer programs over which we have no control. If a partner ceases to participate or is disqualified from participation in any such program, this would lead to a decrease in our expected revenue under the relevant contract. For example, as Medicare Advantage plans make changes to manage their profitability, it is possible that significant membership declines in Medicare Advantage plans will follow. A significant number of Medicare Advantage prescription drug plan geographies or local markets across the country were terminated for 2025, including many local markets that were our customers in 2024, which could have an adverse impact on our financial results and profitability in 2025 and beyond.

In addition, broader policy shifts as a result of the new administration could impact our partners' businesses. For example, Medicaid policy may shift to block grants or other structures that may result in lower overall Medicaid membership. It is also possible that state or federal regulations may eliminate utilization management, which would negatively impact our revenue and increase our medical costs.

In addition, the transition to value-based care may be challenging for our partners. For example, fully-capitated or other provider risk arrangements have had a history of financial challenges for providers. Our partners may also have difficulty in value-based care if premium pricing is under pressure or if they incur selection bias in the health plans under which they assume risk and in so doing the premium, capitation amount or other risk-sharing arrangement they undertake may not adequately reflect the health status of the membership. Our partners may choose not to continue to capitalize affiliated health plans or subsidize losses to their reimbursement rates. Furthermore, revenue under our partner contracts may differ from our projections because of the termination of the contract for cause or at specified life cycle events, or because of fee reductions that are occasionally agreed to after the contract is initially signed.

Our partners derive a substantial portion of their revenue from third-party private and federal and state governmental payers, including Medicaid programs. Revenue under certain of our agreements could be negatively impacted as a result of governmental funding reductions impacting government-sponsored programs, changes in reimbursement rates, and premium pricing reductions, as well as the inability of partners to control and, if necessary, reduce health care costs, all of which are out of our control. We are unable to predict the impact on the Company's operations of future regulations or legislation affecting Medicaid programs, or the healthcare industry in general. For example, our partners may receive generally received less Medicaid-based revenue following the Biden administration's termination of the COVID-19 PHE as a result of and the subsequent state Medicaid redeterminations. Because certain partners' revenues are highly reliant on third-party payer reimbursement funding rates and mechanisms, overall reductions of rates from such payers could adversely impact the liquidity of our partners, resulting in their inability to make payments to us on agreed payment terms. See "Risk factors—The Factors—Risks Relating to Our Industry and Market—The health care regulatory and political framework is uncertain and evolving" for additional information.

Failure to accurately predict our exposure under performance-based contracts could result in a reduction in profitability for our specialty care management services solution. Performance Suite.

We deploy our specialty care management services solution in capitation arrangements, which we call the Performance Suite, where we are paid a fixed fee per member per month and assume responsibility for the cost of medical claims under our scope. If and when the Company is unable to accurately predict our exposure under the health care cost risk and control associated costs, for example due to changes in the delivery system; changes in utilization patterns, including post-pandemic as we may experience increased utilization due to higher demand for elective procedures that were not performed during the pandemic; changes in covered populations and the number of members seeking treatment; changes in acuity; unforeseen fluctuations in claims backlogs; unforeseen increases in the costs of the services; unforeseen increases in the rate at which customers overturn our denials of service; the occurrence of catastrophes; fraud, waste and abuse in our non-delegated claims; a lack of integrity in the claims we receive from certain customers; regulatory changes; and changes in benefit plan design, the Company's profitability, margins and prospects have and could decline. For example, beginning in the second half of 2024, increasing oncology costs outpaced historical averages, resulting in an adverse impact on our financial results and profitability in 2024, which could continue in the future. In addition, when we enter new or less mature specialty markets, and as our products evolve, it may be difficult for us to predict our exposure under performance-based contracts and our contracts may be less profitable than we expect. We are also dependent on our customers to provide us with accurate and timely information which we cannot control. Moreover, costs of providing oncology, cardiology, radiology (including advanced imaging), musculoskeletal, physical medicine, genetics and other specialties are and have been very hard to predict, in part as a result

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of rapidly changing utilization of new and existing drugs and changing diagnostic and therapeutic protocols. When generic drugs are not available or there are shortages, this has increased and in the future may increase our costs, and has impacted and in the future may impact our profitability. Further, the competitive environment for our performance-based products, and customer demands or expectations as to margin levels could result in pricing pressures which could cause us to reduce our rates. A reduction in

performance-based contract rates which are not accompanied by a reduction in covered services or expected underlying care **trend trends** could result in a decrease of our profitability and operating margins.

If While certain of our contracts include provisions providing for automatic rate increases, some of our contracts require partner consent to implement rate increases. When we fail are unable to effectively manage reach agreement on revised rates when appropriate, or when our growth rate increases do not adequately capture increased costs (particularly in oncology and cost structure, cardiovascular), our business profitability, margins and results of operations prospects have been and will be negatively impacted.

Failure by our customers to provide us with accurate and timely information could be harmed, impact our profitability.

We have expanded our operations and the number of lives are dependent on our platform has grown significantly since customers to provide us with accurate and timely information, which we cannot control, including to develop our inception, organically as well as through acquisitions. If financial outlook. For example, in the second half of 2024, we experienced a significant increase in submission of claims paid by customers in prior periods than files that had been previously submitted, which negatively impacted our financial results and profitability. Additionally, our procedures, which include the use of third-party service providers, may not be effective in detecting fraudulent or other out-of-scope claims. When we do not effectively manage receive accurate and or timely information from our growth and maintain an efficient cost structure as we continue to expand, the quality of our solutions could suffer. Our growth to date, including as a result of our acquisition of NIA, has increased the significant demands on our management, our operational and financial systems and infrastructure and other resources. We must also continue to improve our existing systems for operational and financial management, including our reporting systems, procedures and controls. These improvements require significant capital expenditures and place increasing demands on our management. We may not be successful in managing or expanding our operations or in maintaining adequate financial and operating systems and controls. For example, as we expand into and across jurisdictions, if we do not comply with local clinical licensure laws in the provision of our services, customers, our results of operations and reputation could be harmed. If we do not successfully manage these processes, including the timely management of providers ability to develop our financial outlook has been and processing of claims on behalf of our partners, care could be delayed, we could suffer reputational harm and our business and results of operations could be harmed including as a result of potential penalties under partner contracts.

The failure of any bank in which we deposit our funds could reduce the amount of cash we have available to pay distributions and make additional investments.

The Federal Deposit Insurance Corporation ("FDIC") only insures amounts up to \$250,000 per depositor. It is likely that we will have cash and cash equivalents and restricted cash deposited in certain financial institutions in excess of federally insured levels. Recently, we have seen the abrupt failure of more than one regional bank. Although we did not experience any loss related to these failures, if any of the banking institutions in which we deposit funds ultimately fails, we may lose any amounts of our deposits over federally insured levels. The loss of our deposits could reduce the amount of cash we have available to distribute or invest and could result in a decline in our value.

Public health emergencies or outbreaks of epidemics, pandemics, or contagious diseases have adversely affected, and could in the future adversely affect our business and the business of our partners.

An epidemic, pandemic or similar serious public health issue, and the measures undertaken by governmental authorities to address it, could significantly disrupt or prevent us from operating our business in the ordinary course for an extended period, and thereby, and/or along with any associated economic and/or social instability or distress, adversely affect our business and the business of our partners. The extent to which an epidemic, pandemic or similar serious public health issue could impact our business, results of operations, financial condition and liquidity or the business of our partners will depend on numerous evolving factors, known and unknown, that we cannot predict, including the duration and scope of the epidemic, pandemic or similar public health issue; government, business and individual actions that taken in response; the impact of the public health issue on national and global economic activity; disruption of the financial and labor markets, including the possibility of a national or global economic recession or depression; limitations on operations requiring employees to perform their duties in-person; and disruptions in the healthcare markets, including state Medicaid agencies. Additionally, the increased number of employees who work remotely during a public health emergency or outbreak could introduce additional operational risk, such as an increased vulnerability to cyber-attacks, and harm productivity and collaboration. In addition, the risks and uncertainties described elsewhere in this "Risk Factors" section may be exacerbated by an epidemic, pandemic or similar serious public health issue.

Our offshore support and professional services may prove difficult to manage or may not allow us to realize our cost reduction goals.

We use certain offshore resources to provide certain support and professional services, which requires technical and logistical coordination. If we are unable to maintain acceptable standards of quality in support and professional services, our attempts to reduce costs and drive growth through margin improvements in technical support and professional services may be negatively impacted, which would adversely affect our results of operations. Our offshore resources, and their ability to provide support and professional services to our domestic operations, are subject to domestic regulation at the federal, state and local levels. In certain cases, those regulations restrict or prohibit us from using our offshore resources. In addition, our ability to use offshore resources is limited by or subject to approval pursuant to certain partner contracts. As a result, we may not be able to reduce costs for our domestic operations or fully realize our margin improvement goals, which could adversely affect our results of operations.

If we lose key members of our management team or employees or are unable to attract and retain the employees we need, our compensation costs will increase and our business and operating results will be adversely affected.

Our success depends largely upon the continued services of our key executive officers and recruitment of additional highly-skilled employees. From time to time, there may be changes in our senior management team resulting from the hiring or departure of executives, which could disrupt our business. Hiring executives with needed skills or the replacement of one or more of our executive officers or other key employees would likely involve significant time and costs and may significantly delay or prevent the achievement of our business objectives. In addition, competition for qualified talent in our industry is intense, particularly in the last several years. The market to build, retain and replace talent has become even more highly competitive, and many of the companies with which we compete for personnel have greater financial and other resources than we do.

We have faced and may continue to face difficulties attracting, hiring and retaining highly-skilled personnel with appropriate qualifications and may not be able to fill positions. To attract top talent, we have had to offer, and believe we will need to continue to offer, competitive compensation and benefits packages before we can validate the productivity of those employees. We have increased, and expect to continue to increase, our employee compensation levels in response to our competition, as necessary. In addition, the pressures of inflation have increased our costs of labor and may continue to do so.

In addition, we believe our corporate culture has been a key contributor to our success to date. With many of our employees working remotely, we may find it difficult to maintain important aspects of our culture, which could negatively affect our ability to retain and recruit personnel who are essential to our future success and could ultimately have a negative impact on our business and our ability to execute on our strategy. In order to successfully expand our business, we must effectively recruit, integrate and motivate new and retain existing employees, while maintaining the beneficial aspects of our corporate culture. All of our employees are "at-will" employees, and their employment can be terminated by us or them at any time, for any reason and without notice. We may not be able to hire new employees quickly enough to meet our needs. If we fail to effectively manage our hiring needs and successfully integrate new employees, our efficiency and ability to meet our forecasts and our employee morale, productivity and retention could suffer, and our business and results of operations could be harmed. In addition, volatility or lack of performance in our stock price may affect our ability to attract replacements should key personnel depart.

We have recorded a significant amount of goodwill, and we may never realize the full value of our intangible assets, causing us to record impairments that may negatively affect our results of operations.

The Company has one reporting unit. Our total assets include substantial goodwill and intangible assets. As of December 31, 2023, we had \$1.1 billion and \$0.8 billion recorded as goodwill and intangible assets on our balance sheet, respectively. Goodwill is not amortized, but is reviewed at least annually for indications of impairment, with consideration given to financial performance and other relevant factors.

While our annual goodwill impairment test is conducted annually on October 31, we have processes in place to monitor for interim triggering events. Under GAAP, we review our goodwill for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Intangible assets with finite lives are assessed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that may be considered a change in circumstances indicating that the carrying value of our goodwill may not be recoverable include macroeconomic conditions, industry and market considerations, our overall financial performance including an analysis of our current and projected cash flows, revenue and earnings, a sustained decrease in our share price and other relevant entity-specific events including changes in strategy, partners or litigation. A significant change to the estimates and assumptions we use as part of the discounted cash flow analyses and market multiple analyses we use to estimate reporting unit fair values could cause the estimated fair value of our reporting unit and intangible assets to decline and increase the risk of an impairment charge to earnings. A detailed discussion of our impairment testing is included in "Part II - Item 8. Financial Statements and Supplementary Data - Note 9."

When other indications of impairment exist, we may be required to recognize additional impairments in the future as a result of market conditions or other factors related to our performance, including changes in our forecasted results, investment strategy, interest rates or assumptions used as part of the goodwill impairment analysis. Any further impairment charges that we may record in the future could be material to our results of operations.

We may need to obtain additional financing which may not be available or, if it is available, may result in a reduction in the ownership of our stockholders.

We may need to raise additional funds in order to:

- finance unanticipated working capital requirements;
- develop or enhance our technological infrastructure and our existing solutions;
- fund strategic relationships, including joint ventures and co-investments;
- fund additional implementation engagements;
- acquire complementary businesses, technologies, products or services; or

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- refinance existing debt.

Additional financing may not be available on terms favorable to us, or at all. If adequate funds are unavailable or are unavailable on acceptable terms, our ability to fund our expansion strategy, take advantage of unanticipated opportunities, develop or enhance technology or services or otherwise respond to competitive pressures could be significantly limited. If we raise additional funds by issuing equity or convertible debt securities, the ownership of our then-existing stockholders may be reduced, and holders of these securities may have rights, preferences or privileges senior to those of our then-existing stockholders. In addition, any indebtedness we incur and restrictive covenants contained in the agreements related thereto could:

- make it difficult for us to satisfy our obligations, including interest payments on any debt obligations;

- limit our ability to obtain additional financing to operate our business;
- require us to dedicate a substantial portion of our cash flow to payments on our debt, reducing our ability to use our cash flow to fund capital expenditures and working capital and other general operational requirements;
- limit our flexibility to plan for and react to changes in our business and the health care industry;
- place us at a competitive disadvantage relative to our competitors;
- limit our ability to pursue acquisitions; and
- increase our vulnerability to general adverse economic and industry conditions, including changes in interest rates or a downturn in our business or the economy.

The occurrence of any one of these events could cause a significant decrease in our liquidity and impair our ability to pay amounts due on any indebtedness, and could have a material adverse effect on our business, financial condition and results of operations.

We have experienced net losses in the past and we may not achieve profitability in the future.

We have incurred significant net losses in the past and our operating expenses may increase in the future as we continue to invest to grow our business and build relationships with partners, develop our platforms and develop new solutions. These efforts may prove to be more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently to offset these higher expenses. In addition, as we continue to increase our partner base, we could incur increased losses due to mis-forecasted underwriting in performance-based contracts or because significant costs associated with entering into partner agreements are generally incurred upfront, while revenue under certain of our partner agreements is recognized each period in the month in which the services are delivered. As a result, we may need to raise additional capital through equity and debt financings in order to fund our operations. We may also fail to improve the gross margins of our business as anticipated. If we are unable to effectively manage these risks and difficulties as we encounter them, our business, financial condition and results of operations may suffer.

We are and may become subject to litigation, proceedings, government inquiries, reviews, audits or investigations which could have a material adverse effect on our business, financial condition and results of operations.

We are and may become subject to litigation, proceedings, government inquiries, reviews, audits or investigations in the future, including potential claims against us by our partners, with or without merit. Some of these matters and claims may result in significant defense costs and potentially significant judgments against us, some of which we are not, or cannot be, insured against. We generally intend to defend ourselves vigorously; however, we cannot be certain of the ultimate outcomes of any claims or other matters that may arise in the future. Resolution of these types of matters against us may result in us having to pay significant fines, judgments or settlements, which, if uninsured, or if the fines, judgments and settlements exceed insured levels, could adversely impact our earnings and cash flows, thereby having a material adverse effect on our business, financial condition, results of operations, cash flow and per share trading price of our Class A common stock. Certain litigation, proceedings, government inquiries, reviews, audits or investigations or the resolution of such matters may affect the availability or cost of some of our insurance coverage, which could adversely impact our results of operations and cash flows, expose us to increased risks that would be uninsured and adversely impact our ability to attract directors and officers. **impacted.**

We typically incur significant upfront costs in our partner relationships, and if we are unable to develop or grow these partner relationships over time, we are unlikely to recover these costs, and our operating results may suffer.

We devote significant resources to establish relationships with our partners. Some of our partners undertake a significant and prolonged evaluation process, often to determine whether our solutions meet their unique **health system** needs, which has in the past resulted in extended periods of time to establish a partner relationship. Our efforts involve educating our partners about the use, technical capabilities and benefits of our solutions. Accordingly, our operating results will depend in substantial part on our ability to deliver a successful partner experience and persuade our partners to grow their relationship with us over time. If we are unable to sell additional solutions to existing partners, enter into and maintain favorable relationships with new partners or sufficiently grow our partners' lives on platform, it could have a material adverse effect on our business, financial condition and results of operations. As we grow, our customer acquisition costs could outpace our build-up of recurring revenue, and we may be unable to reduce our total

operating costs through economies of scale such that we are unable to achieve profitability. For example, some of our partnerships require significant upfront investment including, in the case of new markets, investments in infrastructure to meet readiness and operating requirements which have outpaced our revenue growth. Under the Accounting Standards Codification ("ASC") Topic 606 revenue standard, certain set up costs we incur during the implementation phase may be deferred into the **platform and operations ongoing** phase, potentially along with associated revenues. If the economics of a partnership change such that we are unlikely to fully recover those costs, we may be required to write off a portion or all of those deferred costs and revenues and our operating results may suffer. In addition, we estimate the costs and timing for completing the transformation phase of relevant partner relationships. These estimates reflect our best judgment. Any increased or unexpected costs or unanticipated delays, including delays caused by factors outside our control, could cause our operating results to suffer.

If we do not continue to attract new partners and successfully capture new opportunities with new or existing partners, we may not achieve our financial projections, and our results of operations would be harmed.

In order to grow our business, we must continually attract new partners and successfully capture new opportunities, including by further penetrating our existing partner base. Our ability to do so depends on our ability to perform well under existing contracts and maintain our reputation, as well as the success of our sales and marketing efforts. Potential partners may seek out other options. Therefore, we must demonstrate that our products and services provide a viable solution for potential partners. If we fail to provide high-quality solutions and convince individual partners of our value proposition, we may not be able to retain existing partners, further penetrate existing partners, or attract new partners. In addition, there may be a limited-time opportunity to achieve and maintain a significant share of the market for our products and services due in part to the rapidly evolving nature of the health care and technology industries and the substantial resources available to our existing and potential competitors. If the market for our products and services declines or grows more slowly than we expect, if we fail to successfully convert new growth opportunities or if the number of individual partners that use our solutions declines or fails to increase as we expect, our revenue, results of operations, financial condition, business and prospects could be harmed.

As we enter into an increasing number and variety of risk sharing arrangements with partners, our revenues and profitability could be limited and negatively impacted.

We incorporate certain risk sharing arrangements as part of our contractual arrangements with certain partners, and we expect to enter an increasing number and variety of risk sharing arrangements in the future. As an example, as part of our strategy to support certain partners, we entered into upside and downside risk-sharing arrangements. Through our Performance Suite, we take on members from payers through performance-based arrangements where we assume risks related to pricing of contracts. We may incur losses under these arrangements if we are unable to adjust offer new and innovative products and services or our rates if faced products and services fail to keep pace with increased costs related to patient care or pharmaceutical products.

As the market evolves, we expect to engage advances in similar and new risk sharing strategies with our partners. As of December 31, 2023, the Company had approximately \$16.2 million of restricted cash and restricted investments related to risk-sharing arrangements. These arrangements have included and may include provision of letters of credit, loans, reinsurance arrangements, equity investments and other extensions of capital, where we are and may be at risk of not recovering all or a portion of any such loan or other extension of capital. These and any other potential risk sharing arrangements could limit and negatively impact our revenue, results of operations, financial condition, business and prospects.

In addition, our failure to agree on satisfactory risk sharing solutions with potential partners could negatively impact our ability to attract new partners. We may also be required to make additional capital contributions as we invest and enter into new joint ventures and strategic alliances.

If the estimates and assumptions we use to determine the size of the target markets for our services are inaccurate, our future growth rate may be impacted industry standards, technology and our business would be harmed.

Market opportunity estimates and growth forecasts are subject to significant uncertainty and are based on assumptions and estimates that partners' needs, our partners may not prove to be accurate. Our estimates and forecasts relating to the size and expected growth of the markets for our services may prove to be inaccurate. Even if the markets in which we compete meet our size estimates and forecasted growth, our business could terminate or fail to grow at similar rates, if at all.

Our estimates of the market opportunities for renew their relationships with us and our solutions are based on the assumption that the strategic approaches we offer will be attractive to potential partners. Potential partners may pursue different strategic options, or none at all. In addition, our assumptions could be impacted by changes to health care laws and regulations as a result of upcoming presidential and congressional elections or otherwise. If our assumptions prove inaccurate, our business, financial condition revenue and results of operations could be adversely affected.

may suffer.

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Our success depends on providing high-quality products and services that health care providers use to improve clinical, financial and operational performance. If we cannot adapt to rapidly evolving industry standards, technology, including AI, and increasingly sophisticated and varied partner needs, our existing technology could become undesirable or obsolete, which could harm our reputation. We must continue to invest significant resources in our personnel and technology, including AI, in a timely and cost-effective manner in order to enhance our existing products and services and introduce new high-quality products and services that existing partners and potential new partners will want. Our operating results would also suffer if our innovations are not responsive to the needs of our existing partners or potential new partners, are not appropriately timed with market opportunity, are not effectively brought to market or significantly increase our operating costs. If our new or modified product and service innovations are not responsive to partner preferences, emerging industry standards or regulatory changes, are not appropriately timed with market opportunity or are not effectively brought to market, we may lose existing partners or be unable to obtain new partners and our results of operations may suffer. In addition, should any of our partners terminate their relationship with us after implementation has begun, we would not only lose our time, effort and resources invested in that implementation, but we would also have lost the opportunity to leverage those resources to build a relationship with other partners over that same period of time. In some cases, we price our services based on expectations of long-term relationships with our partners. When a partner terminates the relationship earlier than we had expected, we lose the resources invested in that relationship as well as the upside benefits we had anticipated.

We also engage third-party vendors to develop, maintain and enhance the technology we use in our solutions, and our ability to develop and implement new technologies is therefore dependent on our ability to engage suitable vendors. We may also need to license software or technology from third parties in order to maintain, expand or modify our technology-enabled services platform. However, there is no guarantee we will be able to enter into such agreements on acceptable terms or at all. The functionality of our services platforms depends, in part, on our ability to integrate with third-party applications and data management systems that our partners use and from which they obtain data. These third parties may terminate their relationships with us, change the features of their applications and platforms, restrict our access to their applications and platforms or alter the terms governing use of their applications, data management systems and application programming interfaces and access to those applications and platforms in an adverse manner.

If we are not able to maintain and enhance our reputation and brand recognition, our business and results of operations will be harmed.

We believe that maintaining and enhancing our reputation and brand recognition is critical to our relationships with existing partners and to our ability to attract new partners. The promotion of our brands may require us to make substantial investments and we anticipate that, as our market becomes increasingly competitive, these marketing initiatives may become increasingly difficult and expensive. Our marketing activities may not be successful or yield increased revenue, and to the extent that these activities yield increased revenue, the increased revenue may not offset the expenses we incur and our results of operations could be harmed. In addition, any factor that diminishes our reputation or that of our management, including failing to meet the expectations of our partners, or any adverse publicity or litigation involving or surrounding the Company or one of our joint venture partners, investors or strategic alliance partners could make it substantially more difficult for us to attract new partners. Similarly, because our existing partners often act as references for us with prospective new partners, any existing partner that questions the quality of our work or that of our employees could impair our ability to secure additional new

partners. Therefore, financial adversity of our partners' affiliated health plans may adversely affect our reputation. In addition, negative publicity resulting from any adverse government payer audit could injure our reputation. More broadly, we and our partners may also suffer negative reputational impact as a result of our involvement in utilization management, adverse determinations, prior authorizations, clinical decision support and similar matters. If we do not successfully maintain and enhance our reputation and brand recognition, our business may not grow and we could lose our relationships with partners, which would harm our business, results of operations and financial condition.

If we lose key members of our management team or employees or are unable to attract and retain the employees we need, our compensation costs will increase and our business and operating results will be adversely affected.

Our success depends largely upon the continued services of our key executive officers and recruitment of additional highly-skilled employees. From time to time, there may be changes in our senior management team resulting from the hiring or departure of executives, which could disrupt our business. Hiring executives with needed skills or the replacement of one or more of our executive officers or other key employees would likely involve significant time and costs and may significantly delay or prevent the achievement of our business objectives. In addition, competition for qualified talent in our industry is intense, particularly in the last several years. The market to build, retain and replace talent has become even more highly competitive, and many of the companies with which we compete for personnel have greater financial and other resources than we do. Recent and increasing threats to the safety of corporate officers, particularly in the healthcare industry, may put additional pressure on our ability to recruit and retain top talent, as well as the costs related thereto.

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We have faced and may continue to face difficulties attracting, hiring and retaining highly-skilled personnel with appropriate qualifications and may not be able to fill positions. To attract top talent, we have had to offer, and believe we will need to continue to offer, competitive compensation and benefits packages before we can validate the productivity of those employees. We have increased, and expect to continue to increase, our employee compensation levels in response to our competition, as necessary. In addition, the pressures of inflation have increased our costs of compliance labor and may continue to do so.

In addition, we believe our corporate culture has been a key contributor to our success to date. With many of our employees working remotely, we may find it difficult to maintain important aspects of our culture, which could negatively affect our ability to retain and recruit personnel who are essential to our future success and could ultimately have a negative impact on our business and our ability to execute on our strategy. In order to successfully expand our business, we must effectively recruit, integrate and motivate new and retain existing employees, while maintaining the beneficial aspects of our corporate culture. All of our employees are "at-will" employees, and their employment can be terminated by us or them at any time, for any reason and without notice. We may not be able to hire new employees quickly enough to meet our needs. If we fail to effectively manage our hiring needs and successfully integrate new employees, our efficiency and ability to meet our forecasts and our employee morale, productivity and retention could suffer, and our business and results of operations could be harmed. In addition, volatility or lack of performance in our stock price may affect our ability to attract replacements should key personnel depart.

We have made and entered into, and may in the future make and enter into, acquisitions, investments, alliances and joint ventures, which may be difficult to integrate, divert management resources, result in unanticipated costs or dilute our stockholders.

As our business continues to grow, we may continue to acquire or invest in companies, businesses, products or technologies that complement our current products and services, enhance our market coverage or technical capabilities or offer growth opportunities. This may include acquiring or investing in companies, businesses, products or technologies that are tangential to our current business and in which we have limited or no prior operating experience. That, and other acquisitions, investments, alliances or joint ventures, have resulted and could result in new, material risks to our results of operations, financial condition, business and prospects. These new risks could include increased variability in revenues and prospects associated with sustainability various risk sharing arrangements. In addition, the market price for our Class A common stock could also be affected, following the consummation of any other transaction, by factors that have not historically affected the market price for our Class A common stock.

We continuously evaluate potential acquisition targets and investments as well as opportunities to divest of non-core assets. However, there can be no assurance that any of these potential acquisitions, investments or divestitures will be consummated. Acquisitions, investments and alliances, including our acquisitions of Machinify, NIA, Vital Decisions, and IPG, could result in numerous risks to our business which could negatively impact our financial condition and results of operations, including:

- difficulty converting platforms or integrating the purchased operations, products or technologies;
- substantial unanticipated integration costs, delays and challenges that may arise in integration;
- the loss of key customers who are in turn subject to risks and financial dislocation in their businesses;
- the loss of key employees, particularly those of the acquired operations;
- difficulty retaining or developing the acquired business' customers;
- adverse effects on our existing business relationships with customers, suppliers, other partners, standing with regulators;
- challenges related to the integration and operation of businesses that operate in new geographic areas and new markets or lines of business;
- unanticipated financial losses in the acquired business, including the risk of higher-than-expected health care costs;
- failure to realize the potential cost savings or other environmental, social responsibility financial benefits or governance the strategic benefits of the acquisitions, including failure to consummate any proposed or contemplated transaction; and
- liabilities, including acquired litigation, and expenses from the acquired businesses for contractual disputes with customers and other third parties, infringement of intellectual property rights, data privacy violations or other claims and failure to obtain indemnification for such liabilities or claims, and distraction of our personnel in connection with any related proceedings.

We may be unable to integrate the operations, products, technologies or personnel gained through acquisitions or investments or integrate or complete any other such transaction without a material adverse effect on our business, financial condition and results of operations. Transaction agreements may impose limitations on our ability, or the ability of the

business to be acquired, to conduct business. Events outside our control, including operating changes or regulatory changes, could also adversely affect our ability to realize anticipated revenues, synergies, benefits and cost savings. In addition, revenues of acquired businesses or companies, prior to and after consummation of a transaction, may be less than expected. Counterparties in transactions may have contracts with customers and other business partners which may require consents from these parties in connection with a transaction. If these consents cannot be obtained, the Company may suffer a loss of potential future revenue and may lose rights that are material to its business and the business of any combined company. Any such disruptions could limit our ability to achieve the anticipated benefits of the transaction.

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Any integration may be unpredictable, or subject to delays or changed circumstances, and we and any targets may not perform in accordance with our expectations.

We have also entered into a number of joint ventures, some of which include put or call features under which we could be forced to extend purchase or buy interest from our joint venture partner. For example, one of our investments includes a put option that may be exercised by our joint venture partner in the first half of 2025 which, if exercised, would require us to acquire the interests in the joint venture that we do not own for a price of approximately \$52 million. Conflicts or disagreements between us and any joint venture partner may negatively impact the benefits expected to be achieved by the joint venture or may ultimately threaten the ability of such joint venture to continue. We are also subject to additional costs, risks and uncertainties because we may be dependent upon and subject to the liability, losses or reputational damage relating to joint venture partners that are not entirely under our control. We may be required to, or may determine to, make capital contributions or incur expenses related to our joint venture investments that we do not anticipate or that may not deliver the level of returns that we expect, in lieu of a put requirement or otherwise.

In connection with these acquisitions, investments, alliances or joint ventures, we could incur significant costs, debt, amortization expenses related to intangible assets or large and immediate write-offs or other impairments or charges, assume liabilities or issue stock (as we have done in prior transactions, including the acquisition of NIA) that would dilute our current stockholders' ownership.

If we fail to effectively manage our growth and cost structure, our business and results of operations could be harmed.

We have expanded our operations and the number of lives on our platform has grown significantly since our inception, organically as well as through acquisitions. If we do not effectively manage our growth and maintain an efficient cost structure as we continue to expand, the quality of our solutions could suffer. Our growth to date, including as a result of our acquisition of NIA, has increased the significant demands on our management, our operational and financial systems and infrastructure and other resources. We must also continue to improve our existing systems for operational and financial management, including our reporting systems, procedures and controls. These improvements require significant capital expenditures and place increasing demands on our management. We may not be successful in managing or expanding our operations or in maintaining adequate financial and operating systems and controls. For example, as we expand into and across jurisdictions, if we do not comply with local clinical licensure laws in the provision of our services, our results of operations and reputation could be harmed. If we do not successfully manage these processes, including the timely management of providers and processing of claims on behalf of our partners, care could be delayed, we could suffer reputational harm and our business and results of operations could be harmed including as a result of potential penalties under partner contracts.

Exclusivity and right of first refusal clauses in some of our partner and founder contracts may prohibit us from partnering with certain other providers in the future, and as a result may limit our growth.

Some of our partner and founder contracts include exclusivity clauses. Any founder contracts with exclusivity, right of first refusal or other restrictive provisions may limit our ability to conduct business with certain potential partners, including competitors of our founders. For example, in connection with its formation, Evolent Health LLC entered into an IP Agreement with UPMC (the "UPMC IP Agreement"), pursuant to which if we were to conduct business with certain precluded providers, it would result in the loss of the license thereunder. Partner contracts with exclusivity or other restrictive provisions may limit our ability to partner with or provide services to other providers or purchase services from other vendors within certain time periods. These exclusivity or other restrictive provisions often apply to specific competitors of our partners or specific geographic areas within a particular state or an entire state. Accordingly, these exclusivity clauses may prevent us from entering into relationships with potential partners and could cause our business, financial condition and results of operations to be harmed.

We have also entered into a reseller, services and non-competition agreement with an affiliate of UPMC, pursuant to which we are prohibited from providing products or services to certain third parties and in certain territories. These restrictions could cause our business, financial condition and results of operations to be harmed if we found it advantageous to provide products or services to such third parties or in such territories during the restricted period.

Our offshore support and professional services may prove difficult to manage or may not allow us to realize our cost reduction goals.

We use certain offshore resources to provide certain support and professional services, which requires technical and logistical coordination. If we are unable to maintain acceptable standards of quality in support and professional services, our attempts to reduce costs and drive growth through margin improvements in technical support and professional services may be negatively impacted, which would adversely affect our results of operations. Our offshore resources, and their ability to provide support and professional services to our domestic operations, are subject to domestic regulation at the federal, state and local levels. In certain cases, those regulations restrict or policies, including investor and client-driven policies and standards, prohibit us from using our offshore resources. In addition, our ability to use offshore resources is limited by or subject to approval pursuant to certain partner contracts. As a result, we may not be able to reduce costs for our domestic operations or fully realize our margin improvement goals, which could adversely affect our business, results of operations.

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Risks Relating to Our Industry and Market

The market for value-based health care in the United States is rapidly evolving. Our future financial performance will depend in part on growth in this market and on our ability to adapt to emerging demands of this market. It is difficult to predict with any precision the future growth rate and size of our target markets.

The rapidly evolving nature of the markets in which we operate, as well as other factors that are beyond our control, reduce our ability to accurately evaluate our long-term outlook and forecast annual performance. Widespread acceptance of the value-based care model is critical to our future growth and success. A reduction in demand for our solutions caused by lack of acceptance, technological challenges, competing offerings or other factors would result in a non-manufacturing service lower revenue growth rate or decreased revenue, either of which could negatively impact our business and results of operations. For example, a significant portion of our revenue is derived from partners in the managed care industry, including risk bearing providers and national and regional managed care payers. Changes in this industry's business practices could negatively impact our financial results. For example, if our managed care partners seek to provide services directly to their subscribers instead of contracting with us for such services, we have could be adversely affected.

If the estimates and assumptions we use to date been less determine the size of the target markets for our services are inaccurate, our future growth rate may be impacted from and our business would be harmed.

Market opportunity estimates and growth forecasts are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. Our estimates and forecasts relating to the size and expected growth of the markets for our services may prove to be inaccurate. Even if the markets in which we compete meet our size estimates and forecasted growth, our business could fail to grow at similar rates, if at all.

Our estimates of the market opportunities for our solutions are based on the assumption that the strategic approaches we offer will be attractive to potential partners. Potential partners may pursue different strategic options, or none at all. In addition, our assumptions could be impacted by changes to health care laws and regulations related to sustainability concerns as a result of the new administration or other environmental, social responsibility or governance ("ESG") laws, regulations, or policies. However, we may need to incur ESG related costs indirectly in response to otherwise. If our customers or shareholders. Increasingly assumptions prove inaccurate, our customers business, financial condition and shareholders expect that we meet environmental, social responsibility, sustainability or other business policies or standards, which may be more restrictive than current laws and regulations, before they commence, or continue, doing business with us or investing in our common stock. Our compliance with these policies and related requirements results of operations could be costly, and our failure to comply could adversely affect our business relationships or reputation. affected.

Consolidation in the health care industry could have a material adverse effect on our business, financial condition and results of operations.

Many health care industry participants and payers are consolidating to create larger and more integrated health care delivery systems with greater market power. We expect regulatory and economic conditions to result in additional consolidation in the health care industry in the future. As consolidation accelerates, the economies of scale of our partners' organizations may grow. If a partner experiences sizable growth following consolidation, it may determine that it no longer needs to rely on us and may reduce its demand for our products and services. In addition, as health care providers consolidate to create larger and more integrated health care delivery systems with greater market power, these providers may try to use their market power to negotiate fee reductions for our solutions. Consolidation may also result in the acquisition or future development by our partners of products and services that compete with our solutions. Finally, if any of our partners were to be acquired or otherwise change ownership, we cannot assure you that the new owner would not seek to renegotiate or terminate their agreements with us. Any of these potential results of consolidation could have a material adverse effect on our business, financial condition and results of operations.

We face intense competition, which could limit our ability to maintain or expand market share within our industry, and if we do not maintain or expand our market share our business and operating results will be harmed.

The market for our solutions is fragmented, competitive and characterized by rapidly evolving technology standards, customer needs and the frequent introduction of new products and services. Our competitors range from smaller niche companies to large, well-financed and technologically-sophisticated entities.

We Our services solutions compete based on the basis of several factors, including breadth, depth and quality of product and service offerings, ability to deliver clinical, financial and operational performance improvement through the use of using products and services, quality and reliability of services, ease of use and convenience, brand recognition and the ability to integrate services with existing technology. Some of our competitors are more established, benefit from greater brand recognition, have larger client bases and have substantially greater financial, technical and marketing resources. The entrance or expansion of these larger companies in the managed healthcare industry (including our customers who have in-sourced or who may choose to in-source healthcare services) could increase the competitive pressures we face and could limit our ability to maintain or increase our rates. If this happens, our profitability could be adversely affected. In addition, if we do not adequately respond to these competitive pressures, it could cause us to be unable to maintain our current contracts or obtain

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new contracts. Other competitors have proprietary technology that differentiates their product and service offerings from ours. Our competitors are constantly developing products and services that may become more efficient or appealing to

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our existing partners and potential partners. Additionally, some health care information technology providers have begun to incorporate enhanced analytical tools and functionality into their core product and service offerings used by health care providers, including with the use of AI or machine learning. As a result of these competitive advantages, our competitors and potential competitors may be able to respond more quickly to market forces, take advantage of acquisitions and other opportunities more readily, undertake more extensive marketing campaigns for their brands, products and services, more successfully utilize developing technology, including data analytics, artificial intelligence, AI and machine learning, and make more attractive offers to our existing partners and potential partners.

We also compete on the basis of price. We are subject to pricing pressures as a result of, among other things, competition within the industry, consolidation of health care industry participants, practices of managed care organizations, government action and financial stress experienced by our partners. If our pricing experiences significant downward pressure, our business will be less profitable and our results of operations will be adversely affected.

We cannot be certain that we will be able to retain our current partners or expand our partner base in this competitive environment. If we do not retain current partners or expand our partner base, or if we have to renegotiate existing contracts, our business, financial condition and results of operations will be harmed. Moreover, we expect that competition will continue to increase as a result of consolidation in both the health care information technology and health care industries. If one or more of our competitors or potential competitors were to merge or partner with another of our competitors, the change in the competitive landscape could also adversely affect our ability to compete effectively and could harm our business, financial condition and results of operations.

Our offerings could be subject to audits by CMS and other governmental payers and whistleblower claims under the False Claims Act.

We support provider-sponsored health plans with Medicare Advantage, Medicaid and exchange products, as well as health systems and provider groups participating in payer-delegated risk arrangements or in various programs sponsored by CMS, including the CMS Next Generation ACO Model, Medicare Shared Savings Program. We anticipate that CMS and other governmental payers will continue to review and audit the results of our services including risk adjustment offerings, with a focus on identifying possible false claims.

In addition, aspects of our review process and coding procedures could be subject to claims under the False Claims Act or Anti-Kickback Statute. Negative results of any such audit or claim could have a material adverse effect on our business, financial condition, results of operations or prospects and could damage our reputation.

Exclusivity The health care regulatory and right of first refusal clauses in some of our partner political framework is uncertain and founder contracts evolving.

Health care laws and regulations are rapidly evolving and may prohibit us from partnering with certain other providers change significantly in the future, and including as a result may limit our growth.

Some of our partner and founder contracts include exclusivity and right of first refusal clauses. Any founder contracts with exclusivity, right of first refusal or other restrictive provisions may limit our ability to conduct business with certain potential partners, including competitors of our founders. For example, in connection with its formation, Evolent Health LLC entered into an IP Agreement with UPMC (the "UPMC IP Agreement"), pursuant to which if we were to conduct business with certain precluded providers, it would result in the loss of the license thereunder. Partner contracts with exclusivity or other restrictive provisions may limit Trump administration, which could adversely affect our ability to partner with or provide services to other providers or purchase services from other vendors within certain time periods. These exclusivity or other restrictive provisions often apply to specific competitors of our health system partners or specific geographic areas within a particular state or an entire state. Accordingly, these exclusivity clauses may prevent us from entering into relationships with potential partners and could cause our business, financial condition and results of operations to be harmed. regulation by both CMS and state agencies with respect to certain services we provide relating to Medicaid, Medicare, and ACA programs and to our payers. Medicare is a federal program that provides hospital and medical insurance benefits to persons aged 65 and over, as well as certain other individuals. More than half of Medicare beneficiaries are enrolled in private MA plans that offer an alternative to traditional Medicare and are regulated by CMS and financed through Medicare and beneficiary premiums and cost-sharing Medicaid programs are jointly funded by federal and state governments and are administered by states under an approved plan that provides hospital and other health care benefits to qualifying individuals. Roughly three quarters of Medicaid beneficiaries are served by private Medicare MCOs. As we increase our exposure to Medicare and Medicaid businesses through new and existing partners, we increase our exposure to changes in government policy with respect to and regulation of the Medicaid and Medicare programs in which we and our partners participate.

We Because some of our partners are participants in governmental programs, our services have also entered into in the past and may again in the future be subject to periodic surveys and audits by governmental entities or contractors for compliance with Medicare and other standards and requirements. As a reseller, services result of surveys or audits, we may incur fines and non-competition agreement with an affiliate of UPMC, pursuant to which we are prohibited penalties and could be excluded from providing products participating in one or services to certain third parties and in certain territories. These restrictions could cause our business, financial condition and results of operations to be harmed more programs or institute other sanctions against us if we found it advantageous fail to provide products comply with CMS regulations or services to such third parties or in such territories during the restricted period.

Inflationary pressures Medicare and rising consumer costs may have a negative effect on our margins, profitability and results of operations. Medicaid contractual requirements.

The broader U.S. economy experienced higher than expected inflationary pressures throughout 2022 related regulations and requirements applicable to continued supply chain disruptions, labor shortages and geopolitical instability. Inflation levels remained at elevated level through 2023. Increasing inflationary pressures may have a negative effect on our profit margins and earnings due to associated costs increases, including as a result of their impact on our customers' us and other third parties' ability to pay. Additionally, we face an increasingly competitive labor market due to sustained labor shortages participants in part from the COVID-19 pandemic Medicaid and Medicare programs are complex and subject to inflationary pressures change. In particular, prior authorization standards and requirements, including Medicaid and Medicare programs, have come under increased scrutiny at the state and federal level. Many states have proposed, and some have passed, bills which prescribe how providers and services which meet certain approval rates become exempt from prior authorization for a period of time, widely known as "gold carding". Most recently, the state of Illinois passed a law requiring guidance on employee wages gold carding to be adopted; the new law would exempt qualifying providers from prior authorization on all services subject to review for the year in which they qualify. MAOs utilization management practices have been the focus of a 2022 report by the Department of Health and salaries which may increase labor costs. Failure to retain highly skilled employees due to wage inflation could have a material adverse impact on our business, results Human Services Office of operations or financial condition. See the risk factor captioned "If we lose key members of our management team or employees or are unable to attract Inspector General as well as new final rules by (CMS-4201-F and retain the employees we need, our

compensation costs will increase and our business and operating results will be adversely affected." While we are unable to predict the direction of the CMS-0057-F). CMS-4201-F, effective calendar year 2024, imposes

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economy several requirements on MAOs with respect to their use of prior authorization. CMS-0057-F further imposes stricter medical necessity decision timeframes on federal managed care programs, effective CY 2026, as well as complex technical interface requirements, effective CY 2027, for Medicare, Medicaid, CHIP and QHPs offered on the ACA Federally Facilitated Exchange. These are intended to facilitate increased data sharing between managed care plans, enrollees and providers and streamline the prior authorization process.

Congress and state and local legislatures and regulators may propose and adopt legislation or if inflation policy changes or implementations effecting additional fundamental changes with respect to Medicare, Medicaid, and exchange programs. Such changes in the law, or new interpretations of existing laws, may have a significant impact on our methods and costs of doing business. Additionally, expansion of enforcement activity could adversely affect our business and financial condition. Going forward, we expect CMS, Congress, and state agencies to continue to closely scrutinize each component of the Medicare, Medicaid, and exchange programs, as well as modify the terms and requirements of the programs. Further, since taking office in January 2025, the Trump administration has taken dramatic steps to freeze some federal funding and reduce the size of the federal workforce. It is not possible to predict the outcome of this congressional, executive regulatory activity, either of which could adversely affect us. Similarly, we cannot predict whether pending or future federal or state legislation or court proceedings will increase change various aspects of these programs, nor can we predict the impact those changes will have on our business operations or revert financial results, but the effects could be materially adverse.

In addition, CMS, Congress, state legislatures and third-party payers may continue to normal review and assess alternative health care delivery and payment systems and may in the future propose and adopt legislation or policy changes or implementations effecting additional fundamental changes in the health care delivery system, including with respect to Medicare, Medicaid, and exchange programs.

Additionally, expansion of enforcement activity could adversely affect our business and financial condition. Going forward, we expect CMS and Congress to continue to closely scrutinize each component of the Medicare program as well as modify the terms and requirements of the program. It is not possible to predict the outcome of this congressional or regulatory activity, either of which could adversely affect us. Similarly, we cannot predict whether pending or future federal or state legislation or court proceedings will change various aspects of the health care delivery system, including Medicaid and Medicare programs, nor can we predict the impact those changes will have on our business operations or financial results, but the effects could be materially adverse.

Medicaid and exchange enrollment is impacted, and may fluctuate, based on a variety of factors. These include continuous enrollment requirements instituted during the COVID-19 PHE in 2021 under which Medicaid enrollment grew, and the resumption of Medicaid eligibility redeterminations, or "unwinding," that began in 2023 at the PHE's conclusion which reduced enrolled lives for some Medicaid MCOs. State may also take varying approaches to streamlining or discouraging enrollment, and income levels if inflation levels remain elevated for eligibility may vary (particularly in non-expansion vs. expansion states). The 119th Congress and Trump Administration have been exploring potential changes to Medicaid which could include cuts to federal matching payments, work requirements, or other eligibility and enrollment changes, as well as potential changes to ACA enrollment. Enrollment decreases for our partners may decrease the number of lives on our platform and impact the revenues derived from such partners.

Additional legislative and regulatory developments which may impact our business directly or indirectly through our partners include:

- Health IT interoperability efforts beginning with the Health Information Technology for Economic and Clinical Health (HITECH) Act in 2009 and 21st Century Cures Act in 2016, from which we have seen an array of regulations on topics including electronic data exchange and the move to HL7 FHIR application programming interface (API) methods; prohibitions on electronic health records vendor and provider information blocking; the move to electronic or digital all-payer quality measurement; and the move to electronic prior authorization methods.
- Health care price transparency efforts including No Surprises Act provisions enacted as part of the Consolidated Appropriations Act in 2020, effective as of 2022.
- Efforts to reduce prescription drug costs including the Inflation Reduction Act of 2022 which created a sustained period negotiation program for Medicare Part D and Part B drugs; redesigned the Medicare Part D drug benefit to lower patient cost sharing; and instituted other changes designed to improve patient access. While these policies may or may not have a direct impact on our business, they can change market dynamics such as Medicare Advantage growth vs. standalone Part D plans, national health expenditures and trend factors that play into benchmarks for MA and Medicare accountable care organizations (ACOs), and drug formulary and rebate negotiations.

An emerging trend is intensified scrutiny by state and federal authorities with respect to the use of time, AI, particularly any AI systems used in utilization management. At least 40 states introduced or enacted AI legislation in 2024, more than half of which touching upon health care, and we see this trend continuing in 2025. For example, California Governor Newsom signed Senate Bill 1120 into law, which aims to safeguard patients and maintain oversight when payers use AI. A new Colorado law and guidance from the New Jersey Attorney General seek to ensure AI does not introduce discrimination or algorithmic bias. The use of AI has also been the focus of congressional inquiries and federal guidance documents. The Trump administration has rescinded the Biden administration's EO on

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AI and replaced it with a new EO that directs Administration leaders to solicit stakeholder input and produce a new AI Action Plan in 2025 designed to promote AI innovation primarily. It may also begin to introduce some regulatory frameworks and guardrails.

We are unable to predict how these changes and other health care reform initiatives from new legislation, regulation, judicial action and/or executive action, including those described above, will ultimately impact the health care industry and what the potential impact may be on our margins, profitability business, financial condition, operating results and results prospects.

In addition to these health care laws and regulations, we are subject to various other laws and regulations, including, among others, other aspects of operations state insurance laws, the Stark Law relating to self-referrals, the whistleblower provisions of the False Claims Act, anti-kickback laws, antitrust laws and the privacy and data protection laws.

Investigating and prosecuting healthcare fraud, waste and abuse continues to be a top priority for state and federal law enforcement entities. The focus of these efforts has been directed at Medicare, Medicaid, Health Insurance Marketplace and commercial products. Compliance with these laws may require substantial resources. We are constantly looking for ways to improve our fraud, waste and abuse detection methods. The fraud, waste and abuse laws include In the United States, there are federal and state anti-kickback laws that generally prohibit the payment or receipt of kickbacks, bribes or other remuneration in exchange for the referral of patients or other health-related business. The federal civil False Claims Act imposes liability on any person or entity who, among other things, knowingly presents, or causes to be presented, a false or fraudulent claim for payment by a federal health care program. The "qui tam" or "whistleblower" provisions of the False Claims Act allow a private individual to bring actions on behalf of the federal government alleging that the defendant has submitted a false claim to the federal government, and to share in any monetary recovery. Our activities relating to the way we sell and market our services, including our risk adjustment solution, may be subject to scrutiny under these laws. The Stark Law is relevant to our business because we frequently organize arrangements of various kinds under which (a) providers and hospitals jointly invest in and own ACOs, clinically integrated networks and other entities that engage in value-based contracting with third-party payers or (b) providers are paid by hospitals or hospital affiliates for care management, medical or other services related to value-based contracts. We evaluate when these investment and compensation arrangements create financial relationships under the Stark Law and design structures that are intended to satisfy exceptions under the Stark Law or Medicare Shared Savings Program waiver. We have identified instances of noncompliance in the past and cannot guarantee that we will not identify other instances in the future, or the outcome of any regulatory investigation into any non-compliance. If we were to become subject to litigation, liabilities or penalties under these or other laws or as part of a governmental review or audit, our business could be adversely affected.

Risks Related to Data Protection Privacy, Cybersecurity, Intellectual Property and Technology

We are subject to data privacy and protection laws governing the collection, use, disclosure and security of health information, which may impose restrictions on the manner in which we access personal data and subject us to penalties if we are unable to fully comply with such laws.

As described below, we are required to comply with numerous federal and state laws and regulations that regulate health information that we may obtain, process or access in connection with the provision of our services. These laws and regulations, including their interpretation by governmental agencies, are subject to frequent change and could have a negative impact on our business.

- HIPAA protects the privacy and security of protected health information and requires covered organizations adopt standards for the exchange of electronic protected health information. Further, the privacy regulations under HIPAA also provide patients with rights related to understanding and controlling how their protected health information is used and disclosed. As a provider of services to entities subject to HIPAA, we are directly subject to certain provisions of the regulations as a "Business Associate". Associate. If we are unable to satisfy privacy and security obligations under HIPAA regulations, we could be found to have breached our contracts with our customers. Moreover, we may be subject to investigation by the U.S. Department of Health and Human Services Office for Civil Rights ("OCR") or other regulators or government bodies for potential HIPAA noncompliance. Penalties for HIPAA noncompliance includes include civil and criminal penalties that could have a material adverse effect on us. In addition, OCR performs compliance audits of Business Associates in order to proactively enforce the HIPAA privacy and security standards. OCR has become an increasingly active regulator and has signaled its intention to continue this trend. OCR has the discretion to impose penalties without being required to attempt to resolve violations through informal means; further, OCR may require companies to enter into resolution agreements and corrective action plans which impose ongoing compliance requirements. OCR enforcement activity can result in financial liability and reputational harm, and responses to such enforcement activity can consume significant internal resources.
- The HITECH Act, enacted as part of the American Recovery and Reinvestment Act of 2009, also known as the "Stimulus Bill," effective February 22, 2010, set forth health information security breach notification requirements and increased penalties for violation of HIPAA. The HITECH Act requires individual notification for all breaches, media notification of breaches for over 500 individuals and at least annual reporting of all breaches to the

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Department of Health and Human Services. Failure to comply with the HITECH Act could result in fines and penalties that could have a material adverse effect on us.

- Numerous other federal and state laws that may apply to us restrict the use of and protect the privacy and security of personal information, as well as employee personal information. These include state medical privacy laws, state social security number protection laws and federal and state consumer protection laws. These various laws in many cases are not preempted by HIPAA and may be subject to varying interpretations by the courts and government agencies, creating complex compliance issues for us and our partners and potentially exposing us to additional expense, adverse publicity and liability, any of which could adversely affect our business.
- Federal and state consumer protection laws are increasingly being applied by the FTC and states' attorneys general to regulate the collection, use, storage and disclosure of personal information, through websites or otherwise, and to regulate the presentation of website content. The FTC in particular is increasingly scrutinizing the collection, use, and disclosure of health information and any corresponding marketing and advertising efforts, as well as any other uses that attempt to monetize health information.

There is ongoing concern from privacy advocates, regulators and others regarding data protection and privacy issues, and the number of jurisdictions with data protection and privacy laws have has been increasing. Also, there are ongoing public policy discussions regarding whether the standards for de-identified, anonymous or pseudonymized health

information are sufficient to adequately protect patient privacy. These discussions may lead to further restrictions on the use or disclosure of such information. There can be no assurance that these initiatives or future initiatives will not adversely affect our ability to access and use data or to develop or market current or future services.

The security measures that we and our third-party vendors and subcontractors have in place to address privacy and data protection laws may not protect our facilities and systems from security breaches, acts of vandalism or theft, computer viruses, misplaced or lost data, programming and human errors or other similar events. As the cyber threat landscape continues to evolve, third-party threat actors have become increasingly sophisticated and adept at evading cybersecurity protections, and the frequency and scope of security incidents has increased. Under the HITECH Act, as a business associate, we may also be liable for privacy and security breaches and failures of our subcontractors. Even though we provide for protections through our agreements with our subcontractors, we still have limited control over their actions and practices. A breach of privacy or security of protected health information by a subcontractor may

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result in an enforcement action, including criminal and civil liability, against us, us, and/or may qualify as a breach of our client contracts. Enforcement actions against us could be costly and could interrupt regular operations, which may adversely affect our business.

Data loss or corruption due to failures or errors in our systems or service disruptions at our data centers may adversely affect our reputation and relationships with existing partners, which could have a negative impact on our business, financial condition and results of operations.

Because of the large amount of data that we collect and manage, it is possible that hardware failures or errors in our systems could result in data loss or corruption or cause the information that we collect to be incomplete or contain inaccuracies that our partners regard as significant. Complex software such as ours may contain errors or failures that are not detected until after the software is introduced or updates and new versions are released. We continually introduce new software and updates and enhancements to our existing software. Despite testing by us, we may discover defects or errors in our software. In addition, we may encounter defects or errors in connection with the integration of software and technology we acquire. Any defects or errors could expose us to risk of liability to partners and the government and could cause delays in the introduction of new products and services, result in increased costs and diversion of development resources, require design modifications, decrease market acceptance or partner satisfaction with our products and services or cause harm to our reputation.

Furthermore, our partners might use our software together with products from other companies. As a result, when problems occur, it might be difficult to identify the source of the problem. Even when our software does not cause these problems, the existence of these errors might cause us to incur significant costs, divert the attention of our technical personnel from our product development efforts, impact our reputation and lead to significant partner relations problems.

Our business is subject to online security risks, and if we are unable to safeguard the security and privacy of confidential data, we may face significant liabilities and our reputation and business will be harmed.

Our services involve the collection, storage and analysis of confidential information, including intellectual property and personal information of employees, health providers and others, as well as protected health information of our partners' patients. Because of the extreme sensitivity of this information, the security and privacy features of our computer, network, and communications systems infrastructure are very important. In certain cases, we provide such information to third parties, for example, to the service providers who provide hosting services for our technology platform, and we may be unable to control the use of such information or the security and privacy protections employed by such third parties. We may be required to expend significant capital and other resources to

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protect against security breaches and/or privacy incidents or to alleviate problems caused by security breaches and/or privacy incidents. Despite our implementation of security and privacy measures designed to help ensure data security and compliance with applicable laws and rules, our facilities and systems, and those of our third-party vendors, are vulnerable to threats. Furthermore, our increased use of mobile and cloud technologies, including as a result of the shift to work-from-home arrangements as a result of the COVID-19 pandemic, and the conflict between Russia and Ukraine, have heightened these cybersecurity and privacy risks, including risks from cyber-attacks such as phishing, spam emails, hacking, social engineering, and malicious software including harmful malware and ransomware. Threat actors regularly attempt to gain access to our information and infrastructure through various techniques. These threats include cyber-attacks, the use of harmful malware or ransomware, security breaches, acts of vandalism or theft (including by employees), computer viruses, misplaced or lost data, programming and/or human errors, power outages, protected health information leakage from implementing third-party technology to process and share data, hardware failures or other similar events. To date we have not experienced a cybersecurity incident that has resulted in any material impact on our business strategy, results of operations, financial condition or on our ability to service our partners or run our business. However, past and future incidents, including if we are unable to effectively resolve breaches in a timely manner, could result in damage to the market perception of the effectiveness of our security and privacy measures and we could lose sales and partners, which could have a material adverse effect on our business, operations, and financial results. A cyber-attack that bypasses our, or our third-party vendors', security systems successfully could require us to expend significant resources to remediate any damage, and prevent future occurrences, interrupt our operations, damage our reputation and our relationship with our partners, expose us or other third parties to a risk of loss or misuse of confidential information, reduce demand for our products and services or subject us to significant liability through litigation as well as regulatory action.

Cyber-attacks continue to evolve in sophistication and volume and may remain undetected for an extended period. In addition, techniques used to obtain unauthorized access to information or to sabotage information technology systems change frequently, frequently, including as a result of emerging technologies, such as AI and machine learning. Cybersecurity threat actors are increasingly targeting employees, contractors, service providers and third parties through various techniques that involve social engineering and/or misrepresentation. We have also seen, and will continue to see, industry-wide vulnerabilities, such as the Log4j vulnerability reported in December 2021, which have and could in the future affect our or other parties' systems. We expect to continue to experience such vulnerabilities in the future.

The costs of attempting to protect against cybersecurity risks and the costs of responding to cyber-attacks are significant. This could require us to expend significant resources to continue to modify or enhance our protective measures and to remediate any damage. While we maintain insurance covering certain security and privacy damages and claim expenses, we may not carry insurance or

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maintain coverage sufficient to compensate for all liability and such insurance may not be available for renewal on acceptable terms or at all, and in any event, insurance coverage would not address the reputational damage that could result from a security incident.

New data security and privacy laws and regulations are being enacted rapidly. The scope and applicability of these laws are inconsistent, uncertain, and subject to evolving court and regulatory interpretation. As such, we may not be able to timely comply with such requirements, and such requirements may not be compatible with our current processes. For example, the FTC recently announced that it will begin enforcing the Health Breach Notification Rule which it enforced three times last year. These enforcements included in 2023, resulting in multi-year consent orders that imposed strict reporting and compliance obligations in addition to fines, in one case, in the amount of \$1.5 million. Additionally, many states (including California, Utah, Colorado, Virginia, Connecticut, Washington, and several others) have passed laws that regulate how covered businesses collect, use, and disclose personal information. These laws impose data minimization and retention requirements and grant consumers broad rights with respect to their personal information, including opt out and deletion rights. Evaluating and updating our processes in light of these laws could be time consuming and expensive, and the failure to timely implement required changes could subject us to liability for noncompliance, including potential liability in the form of consumer class action lawsuits in certain states.

If we are unable to obtain, maintain and enforce intellectual property protection for our technology and products or if the scope of our intellectual property protection is not sufficiently broad, others may be able to develop and commercialize technology and products substantially similar to ours, and our ability to successfully commercialize our technology and products may be adversely affected.

Our business depends on proprietary technology and content, including software, databases, confidential information and know-how, the protection of which is crucial to the success of our business. We rely on a combination of trademark, trade-secret and copyright laws and confidentiality procedures and contractual provisions to protect our intellectual property rights in our proprietary technology and content. We may, over time, increase our investment in protecting our intellectual property through additional trademark, patent and other intellectual property filings that could be expensive and time-consuming. Effective trademark, trade-secret and copyright protection is expensive to develop and maintain, both in terms of initial and ongoing registration requirements and the costs of defending our rights. These measures, however, may not be sufficient to offer us meaningful protection. If we are unable to protect our intellectual property and other proprietary rights, our competitive position and our business could be harmed, as third parties may be able to commercialize and use technologies and software products that are substantially the same as ours without incurring the development and licensing costs that we have incurred. Any of our owned or licensed intellectual property rights could be challenged, invalidated, circumvented, infringed or misappropriated, our trade secrets and other confidential information could be disclosed in an

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unauthorized manner to third parties, or our intellectual property rights may not be sufficient to permit us to take advantage of current market trends or otherwise to provide us with competitive advantages, which could result in costly redesign efforts, discontinuance of certain offerings or other competitive harm.

Monitoring unauthorized use of our intellectual property is difficult and costly. From time to time, we seek to analyze our competitors' products and services and may in the future seek to enforce our rights against potential infringement. However, the steps we have taken to protect our proprietary rights may not be adequate to prevent infringement or misappropriation of our intellectual property. We may not be able to detect unauthorized use of, or take appropriate steps to enforce, our intellectual property rights. Any inability to meaningfully protect our intellectual property rights could result in harm to our ability to compete and reduce demand for our technology and products. Moreover, our failure to develop and properly manage new intellectual property could adversely affect our market positions and business opportunities. Also, some of our products and services rely on technologies and software developed by or licensed from third parties, and we may not be able to maintain our relationships with such third parties or enter into similar relationships in the future on reasonable terms or at all.

We may also be required to protect our proprietary technology and content in an increasing number of jurisdictions, a process that is expensive and may not be successful, or which we may not pursue in every location. In addition, effective intellectual property protection may not be available to us in every country, and the laws of some foreign countries may not be as protective of intellectual property rights as those in the United States. Additional uncertainty may result from changes to intellectual property legislation enacted in the United States and elsewhere, and from interpretations of intellectual property laws by applicable courts and agencies. Accordingly, despite our efforts, we may be unable to obtain and maintain the intellectual property rights necessary to provide us with a competitive advantage. Our failure to obtain, maintain and enforce our intellectual property rights could therefore have a material adverse effect on our business, financial condition and results of operations.

If our trademarks and trade names are not adequately protected, we may not be able to build name recognition in our markets of interest and our business may be adversely affected.

The registered or unregistered trademarks or trade names that we own or license may be challenged, infringed, circumvented, declared generic, lapsed or determined to be infringing on or dilutive of other marks. We may not be able to protect our rights in these trademarks and trade names, which we need in order to build name recognition with potential partners. In addition, third parties may in the future file for registration of trademarks similar or identical to our trademarks. If they succeed in registering or developing

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common law rights in such trademarks, and if we are not successful in challenging such third-party rights, we may not be able to use these trademarks to commercialize our technologies or products in certain relevant countries. If we are unable to establish name recognition based on our trademarks and trade names, we may not be able to compete effectively, and our business may be adversely affected.

Third parties may initiate legal proceedings alleging that we are infringing or otherwise violating their intellectual property rights, the outcome of which would be uncertain and could have a material adverse effect on our business, financial condition and results of operations.

Our commercial success depends on our ability to develop and commercialize our services and use our proprietary technology without infringing the intellectual property or proprietary rights of third parties. Intellectual property disputes can be costly to defend and may cause our business, operating results and financial condition to suffer. As the market for health care in the United States expands and more patents are issued, the risk increases that there may be patents issued to third parties that relate to our solutions of which we are not aware or that we must challenge to continue our operations as currently contemplated. Whether merited or not, we may face allegations that we, our partners, our licensees or parties indemnified by us have infringed or otherwise violated the patents, trademarks, copyrights or other intellectual property rights of third parties. Such claims may be made by competitors seeking to obtain a competitive advantage or by other parties. Additionally, in recent years, individuals and groups have begun purchasing intellectual property assets for the purpose of making claims of infringement and attempting to extract settlements from companies like ours. We may also face allegations that our employees have misappropriated the intellectual property or proprietary rights of their former employers or other third parties. It may be necessary for us to initiate litigation to defend ourselves in order to determine the scope, enforceability and validity of third-party intellectual property or proprietary rights, or to establish our respective rights. Regardless of whether claims that we are infringing patents or other intellectual property rights have merit, such claims can be time-consuming, divert management's attention and financial resources and can be costly to evaluate and defend. Results of any such litigation are difficult to predict and may require us to stop commercializing or using our products or technology, obtain licenses, modify our services and technology while we develop non-infringing substitutes or incur substantial damages, settlement costs or face a temporary or permanent injunction prohibiting us from marketing or providing the affected products and services. If we require a third-party license, it may not be available on reasonable terms or at all, and we may have to pay substantial royalties, upfront fees or grant cross-licenses to intellectual property rights for our products and services. We may also have to redesign our products or services so they do not infringe third-party intellectual property rights, which may not be possible or may require substantial monetary expenditures and time, during which our solutions may not be available for commercialization or use. Even if we have an agreement to indemnify us

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against such costs, the indemnifying party may be unable to uphold its contractual obligations. If we cannot or do not obtain a third-party license to the infringed technology on reasonable terms or at all, or obtain similar technology from another source, our revenue and earnings could be adversely impacted.

From time to time, we have been and may be subject to legal proceedings and claims in the ordinary course of business with respect to intellectual property. We are not currently subject to any claims from third parties asserting infringement of their intellectual property rights. Some third parties may be able to sustain the costs of complex litigation more effectively than we can because they have substantially greater resources. Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses and could distract our technical and management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of our Class A common stock. Moreover, any uncertainties resulting from the initiation and continuation of any legal proceedings could have a material adverse effect on our ability to raise the funds necessary to continue our operations. Assertions by third parties that we violate their intellectual property rights could therefore have a material adverse effect on our business, financial condition and results of operations.

Our use of "open source" software could adversely affect our ability to offer our services and subject us to possible litigation.

We use open source software in connection with our solutions. Companies that incorporate open source software into their products have, from time to time, faced claims challenging the use of open source software and/or compliance with open source license terms. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open source software or claiming noncompliance with open source licensing terms. Some open source software licenses require users who distribute software containing open source software to publicly disclose all or part of the source code to such software and/or make available any derivative works of the open source code, which could include valuable proprietary code of the user, on unfavorable terms or at no cost. While we monitor the use of open source software and try to ensure that none is used in a manner that would require us to disclose our proprietary source code or that would otherwise breach the terms of an open source agreement, such use could inadvertently occur, in part because open source license terms are often ambiguous. Any requirement to disclose our proprietary source code or pay damages for breach of contract could have a material adverse effect on our business, financial condition and results of operations and could help our competitors develop products and services that are similar to or better than ours.

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If we are unable to protect the confidentiality of our trade secrets, know-how and other proprietary information, the value of our technology and products could be adversely affected.

We may not be able to protect our trade secrets, know-how and other proprietary information adequately. Although we use reasonable efforts to protect this proprietary information and technology, our Our employees, consultants and other parties may unintentionally or willfully disclose our information or technology to competitors. Enforcing a claim that a third-party third party illegally obtained and is using any of our proprietary information or technology is expensive and time-consuming, and the outcome is unpredictable. In addition, courts outside the United States are sometimes less willing to protect trade secrets, know-how and other proprietary information. We rely, in part, on non-disclosure, confidentiality

and invention assignment agreements with our employees, consultants and other parties to protect our trade secrets, know-how and other intellectual property and proprietary information. These agreements may not be self-executing, or they may be breached, and we may not have adequate remedies for such breach. Moreover, third parties may independently develop similar or equivalent proprietary information or otherwise gain access to our trade secrets, know-how and other proprietary information.

We depend on certain technologies that are licensed to us. We do not control the intellectual property rights covering these technologies and any loss of our rights to these technologies or the rights licensed to us could prevent us from developing and/or commercializing our products.

We are a party to a number of license agreements under which we are granted rights to intellectual property that is important to our business, and we expect that we may need to enter into additional license agreements in the future. We are party to an intellectual property and development services license agreement between Evolent and UPMC, or the UPMC IP Agreement, and a technology license agreement with UPMC (the "UPMC Technology Agreement"). Under the UPMC IP Agreement, certain of UPMC's proprietary analytics models and know-how are licensed to Evolent on a nonexclusive basis from UPMC; pursuant to the UPMC Technology Agreement, UPMC's proprietary technology platform, associated know-how and the Identifi® trademark are licensed to Evolent on an irrevocable, non-exclusive basis from UPMC; in each case, subject to certain ongoing territorial, time and use restrictions. Evolent's rights to use these technologies and know-how and employ the software claimed in the licensed technologies are subject to the continuation of and our compliance with the terms of those licenses. Our existing license agreements impose, and we expect that future license agreements will impose on us, various exclusivity obligations. If we fail to comply with our obligations under these agreements, the applicable licensor may have the right to terminate our license, in which case we may not be able to develop or commercialize the products or technologies covered by the license.

Disputes may arise between us and our licensors regarding intellectual property rights subject to a license agreement, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- whether and the extent to which our technology and processes infringe on intellectual property of the licensor that is not subject to the license agreement;
- our obligations with respect to the use of the licensed technology in relation to our services and technologies, and which activities satisfy those obligations;
- whether our activities are in compliance with the restrictions placed upon our rights to use the licensed technology by our licensors; and
- the ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our partners.

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If disputes over intellectual property rights that we have licensed prevent or impair our ability to maintain our current licensing arrangements on acceptable terms, we may be unable to obtain equivalent replacement licensing arrangements or to successfully develop and commercialize the affected products and technologies.

The risks described elsewhere pertaining to our intellectual property rights also apply to the intellectual property rights that we license, and any failure by us or our licensors to obtain, maintain and enforce these rights could have a material adverse effect on our business. In some cases, we do not have control over the prosecution, maintenance or enforcement of the intellectual property rights that we license, and may not have sufficient ability to consult and input into the prosecution and maintenance process with respect to such intellectual property, and our licensors may fail to take the steps we feel are necessary or desirable in order to obtain, maintain and enforce the licensed intellectual property rights and, as a result, our ability to retain our competitive advantage with respect to our products and technologies may be materially affected.

We face risks associated with our use of artificial intelligence and machine learning models.

Our business utilizes AI and machine learning technologies to add AI-based applications to our offerings and to drive efficiencies in our business, and our capabilities have been enhanced by our acquisition of Machinify. In addition, some of our third-party vendors utilize AI and machine learning technologies in providing services to us. As with many technological innovations, AI presents risks and challenges that could affect its adoption, and therefore our business. Our offerings utilize, and we plan to further examine, develop and introduce, machine learning algorithms, predictive analytics, and other AI technologies to offer new applications, upgrade our solutions and enhance our capabilities, among other things, to automate approvals, identify trends, anomalies and correlations, and initiate business processes. If these AI or machine learning models are incorrectly designed, the performance of our products, services, and business, as well as our reputation, could suffer or we could incur liability through the violation of laws or contracts to which we are a party. In addition, some of our customers may not consent to our desired uses of AI or machine learning, which would undermine the investments we have made in this area and potentially have an adverse impact on our effectiveness.

Additionally, we may make future investments in adopting AI and machine learning technologies across our business, including introducing generative AI capabilities within our Performance Suite. AI and machine learning technologies are complex and rapidly evolving, and we face significant competition from other companies in our industry as well as an evolving regulatory landscape. Our efforts in developing AI and machine learning technology may not succeed and our competitors may be able to deploy the technology faster. We may further be exposed to competitive risks related to the adoption and application of new technologies by established market participants or new entrants, and others. The speed of technological development may prove disruptive to some of our markets if we are unable to maintain the pace of innovation.

In addition, market acceptance of AI and machine learning technologies is uncertain. These efforts, including the introduction of new products or changes to existing products, may result in new or enhanced governmental or regulatory scrutiny, litigation, ethical concerns, or other complications that could adversely affect our business, reputation, or financial results. Changes to existing regulations, their interpretation or implementation or new regulations could impede our use of AI and machine learning technology and also may increase our estimated costs in this area. In addition, market acceptance of AI and machine learning technologies is uncertain, and we may be unsuccessful in our product development efforts. Any of these factors could adversely affect our business, financial condition, and results of operations. To compete effectively we must also be responsive to technological change, potential regulatory developments, and public scrutiny.

Our use of "open-source" software could adversely affect our ability to offer our services and subject us to possible litigation.

We use open-source software in connection with our solutions. Companies that incorporate open-source software into their products have, from time to time, faced claims challenging the use of open-source software and/or compliance with open-source license terms. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open-source software or claiming noncompliance with open-source licensing terms. Some open-source software licenses require users who distribute software containing open-source software to publicly disclose all or part of the source code to such software and/or make available any derivative works of the open-source code, which could include valuable proprietary code of the user, on unfavorable terms or at no cost. While we monitor the use of open-source software and try to ensure that none is used in a manner that would require us to disclose our proprietary source code or that would otherwise breach the terms of an open-source agreement, such use could inadvertently occur, in part because open-source license terms are often ambiguous. Any requirement to disclose our proprietary source code or pay damages for breach of contract could have a material adverse effect on our business, financial condition and results of operations and could help our competitors develop products and services that are similar to or better than ours.

Additionally, some open-source software may include generative AI software or other software that incorporates or relies on generative AI. The use of such software may expose us to risks as the intellectual property ownership and license rights, including copyright, of generative AI software and tools has not been fully interpreted by U.S. courts or been fully addressed by federal, state or international regulations. There is a risk that open-source software licenses, including those that incorporate or rely on generative AI,

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could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide or distribute our products or services.

We rely on third-party vendors to host and maintain our technology platform.

We rely on third-party vendors to host and maintain our technology platforms, including Identifi® and CarePro™. Our ability to offer our services and operate our business is therefore dependent on maintaining our relationships with third-party vendors and entering into new relationships to meet the changing needs of our business. Any deterioration in our relationships with such vendors or our failure to enter into agreements with vendors in the future could harm our business, results of operations and financial condition. Despite precautions taken at our vendors' facilities, the occurrence of a natural disaster, a decision to close the facilities without adequate notice or other unanticipated problems, including relating to the public health emergencies, could result in lengthy interruptions in our service. These service interruption events could cause our platform to be unavailable to our partners and impair our ability to deliver services and to manage our relationships with new and existing partners, which in turn could materially affect our results of operations.

If our vendors are unable or unwilling to provide the services necessary to support our business, or if our agreements with such vendors are terminated, our operations could be significantly disrupted. Certain vendor agreements may be unilaterally terminated by the licensor for convenience, and if such agreements are terminated, we may not be able to enter into similar relationships in the future on reasonable terms or at all. We may also incur substantial costs, delays and disruptions to our business in transitioning such services to ourselves or other third-party vendors. In addition, third-party vendors may not be able to provide the services required in order to meet the changing needs of our business.

Any restrictions on our use of, or ability to license, data, or our failure to license data and integrate third-party technologies, could have a material adverse effect on our business, financial condition and results of operations.

We depend upon licenses from third parties for some of the technology and data used in our applications, and for some of the technology platforms upon which these applications are built and operate, including under the UPMC IP Agreement and the UPMC

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Technology Agreement. We expect that we may need to obtain additional licenses from third parties in the future in connection with the development of our products and services. In addition, we obtain a portion of the data that we use from government entities, public records and from our partners for specific partner engagements. We believe that we have all rights necessary to use the data that is incorporated into our products and services. However, we cannot assure you that our licenses for information will allow us to use that information for all potential or contemplated applications and products. In addition, certain of our services depend on maintaining our data and analytics platform, which is populated with data disclosed to us by our partners with their consent. If these partners revoke their consent for us to maintain, use, de-identify and share this data, consistent with applicable law, our data assets could be degraded.

In the future, data providers could withdraw their data from us or restrict our usage for any reason, including if there is a competitive reason to do so, if legislation is passed restricting the use of the data or if judicial interpretations are issued restricting use of the data that we currently use in our products and services. In addition, data providers could fail to adhere to our quality control standards in the future, causing us to incur additional expense to appropriately utilize the data. If a substantial number of data providers were to withdraw or restrict their data, or if they fail to adhere to our quality control standards, and if we are unable to identify and contract with suitable alternative data suppliers and integrate these data sources into our service offerings, our ability to provide products and services to our partners would be materially adversely impacted, which could have a material adverse effect on our business, financial condition and results of operations.

We also integrate into our proprietary applications and use third-party software to maintain and enhance, among other things, content generation and delivery, and to support our technology infrastructure. Some of this software is proprietary and some is open source open-source software. These technologies may not be available to us in the future on commercially reasonable terms or at all and could be difficult to replace once integrated into our own proprietary applications. Most of these licenses can be renewed only by mutual consent and may be terminated if we breach the terms of the license and fail to cure the breach within a specified period of time. Our inability to obtain, maintain or comply with any of these licenses could delay development until equivalent technology can be identified, licensed and integrated, which would harm our business, financial condition and results of operations.

Most of our third-party licenses are non-exclusive and our competitors may obtain the right to use any of the technology covered by these licenses to compete directly with us. Our use of third-party technologies exposes us to increased risks, including, but not limited to, risks associated with the integration of new technology into our solutions, the diversion of our resources from development of our own proprietary technology and our inability to generate revenue from licensed technology sufficient to offset associated acquisition and maintenance costs. In addition, if our data suppliers choose to discontinue support of the licensed technology in the future, we might not be able to modify or adapt our own solutions.

We rely on Internet infrastructure, bandwidth providers, data center providers, other third parties and our own systems for providing services to our partners and operating our business, and any failure or interruption in the services provided by these third parties or our own systems could expose us to litigation, and negatively impact our relationships with partners, and adversely affecting affect our brand and our business.

Our ability to deliver our solutions, particularly our cloud-based solutions, is dependent on the development and maintenance of the infrastructure of the Internet and other telecommunications services by third parties. This includes maintenance of a reliable network connection with the necessary speed, data capacity and security for providing reliable Internet access and services and reliable telephone and facsimile services. As a result, our information systems require an ongoing commitment of significant resources to maintain and enhance existing systems and develop new systems in order to keep pace with continuing changes in information technology, emerging cybersecurity risks and threats, evolving industry and regulatory standards and changing preferences of our partners.

Our services are designed to operate without interruption in accordance with our service level commitments. However, we have experienced limited interruptions in these systems in the past, including server failures that temporarily slow down the performance of our services, and we may experience more significant interruptions in the future. We rely on internal systems as well as third-party vendors, third parties, including bandwidth and telecommunications equipment providers, to provide our services. services and operate our business. We do not maintain redundant systems or facilities for some of these services. Interruptions in these systems, whether due to system failures, computer viruses, physical or electronic break-ins or other catastrophic events, could affect the security or availability of our services and prevent or inhibit the ability of our partners to access our services. These systems may be at greater risk of interruption as a result of increased use of mobile and cloud technologies, including as a result of the shift to work from home arrangements as a result of the COVID-19 pandemic.

In the event of a catastrophic event with respect to one or more of these systems or facilities, we may experience an extended period of system unavailability, which could result in substantial costs to remedy those problems or negatively impact our relationship with our partners, our business, results of operations and financial condition. To operate without interruption, both we and our service providers must guard against:

- damage from fire, power loss and other natural disasters;

- telecommunications failures;
- software and hardware errors, failures and crashes;
- security breaches, computer viruses and similar disruptive problems; and
- other potential interruptions.

Any disruption in the network access, telecommunications or co-location services provided by third-party vendors or any failure of or by third-party vendors' systems or our own systems to handle current or higher volume of use could significantly harm our business. Similarly, disruptions of service to other third parties or to our customers can negatively impact our ability to serve our clients and run our business. For example, in February 2024, Change Healthcare, a subsidiary of UnitedHealth Group and the largest clearinghouse for medical claims in the U.S., was the subject of a cyberattack that required it to take offline its computer systems that handled electronic payments and insurance claims. As a result of the outage, we had reduced visibility into setting our claims reserve for the year ended December 31, 2024. Similar events could occur in the future, and the impact to our business could be material.

We exercise limited control over our third-party vendors, third parties, which increases our vulnerability to problems with services they provide. Any errors, failures, interruptions or delays experienced in connection with these third-party technologies and information services or our own systems could negatively impact our relationships with partners and adversely affect our business and could expose us to third-party liabilities. Although we maintain insurance for our business, the coverage under our policies may not be adequate to compensate us for all losses that may occur. In addition, we cannot provide assurance that we will continue to be able to obtain adequate insurance coverage at an acceptable cost.

The reliability and performance of our Internet connection may be harmed by increased usage or by denial-of-service attacks. The Internet has experienced a variety of outages and other delays as a result of damages to portions of its infrastructure, and it could face outages and delays in the future. These outages and delays could reduce the level of Internet usage as well as the availability of the Internet to us for delivery of our Internet-based services.

We rely on third-party vendors to host and maintain our technology platform.

We rely on third-party vendors to host and maintain our technology platform, including our primary platform to facilitate value-based care business models for health plans, Identifi®. Our ability to offer our services and operate our business is therefore dependent on maintaining our relationships with third-party vendors and entering into new relationships to meet the changing needs of our business. Any deterioration in our relationships with such vendors or our failure to enter into agreements with vendors in the future could harm our

business, results of operations and financial condition. Despite precautions taken at our vendors' facilities, the occurrence of a natural disaster, a decision to close the facilities without adequate notice or other unanticipated problems, including relating to the public health emergencies, could result in lengthy interruptions in our service. These service interruption events could cause our platform to be unavailable to our partners and impair our ability to deliver services and to manage our relationships with new and existing partners, which in turn could materially affect our results of operations.

If our vendors are unable or unwilling to provide the services necessary to support our business, or if our agreements with such vendors are terminated, our operations could be significantly disrupted. Certain vendor agreements may be unilaterally terminated by the licensor for convenience, and if such agreements are terminated, we may not be able to enter into similar relationships in the future on reasonable terms or at all. We may also incur substantial costs, delays and disruptions to our business in transitioning such services to ourselves or other third-party vendors. In addition, third-party vendors may not be able to provide the services required in order to meet the changing needs of our business.

Risks Relating to Internal Control Over Financial Reporting and Other Financial Matters

If we identify material weaknesses in the future, we and our auditor may conclude that our internal control over financial reporting is not effective and we may be unable to produce timely and accurate financial statements, any of which could adversely impact our investors' confidence and our stock price.

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Our management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting includes policies and procedures that provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that a reasonable possibility exists that a material misstatement of our annual or interim financial statements would not be prevented or detected on a timely basis.

Our efforts to design and implement an effective control environment may not be sufficient to identify or prevent future material weaknesses or significant deficiencies from occurring. Any newly identified material weakness could result in a misstatement of our financial statements or disclosures that would result in a material misstatement of our annual or interim consolidated financial statements that would not be prevented or detected. A control system, no matter how well designed and operated, can provide only reasonable assurance that the control system's objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and all instances of fraud will be detected. In addition, if we identify future material weaknesses in our internal controls over financial

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reporting or if we are unable to comply with the demands that are placed upon us as a public company, including the requirements of Section 404 of the Sarbanes-Oxley Act, in a timely manner, we may be unable to accurately report our financial results, or report them within the timeframes required by the SEC. We also could become subject to investigations by the NYSE, the SEC or other regulatory authorities.

In addition, our continuing growth and expansion in dispersed markets, such as our acquisitions of IPG during the third quarter of 2022, NIA in the first quarter of 2023, **Machinify in the third quarter of 2024** and other businesses we may acquire in the future, may place significant additional pressure on our system of internal control over financial reporting and require us to update our internal control over financial reporting to integrate such acquisitions.

We have experienced net losses in the past and we may not achieve profitability in the future.

We have incurred significant net losses in the past and our operating expenses may increase in the future as we continue to invest to grow our business and build relationships with partners, develop our platforms and develop new solutions. These efforts may prove to be more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently to offset these higher expenses. In addition, as we continue to increase our partner base, we could incur increased losses due to mis-forecasted underwriting in performance-based contracts or because significant costs associated with entering into partner agreements are generally incurred upfront, while revenue under certain of our partner agreements is recognized each period in the month in which the services are delivered. As a result, we may need to raise additional capital through equity and debt financings in order to fund our operations. We may also fail to improve the gross margins of our business as anticipated. If we are unable to effectively manage these risks and difficulties as we encounter them, our business, financial condition and results of operations may suffer.

We have recorded a significant amount of goodwill, and we may never realize the full value of our intangible assets, causing us to record impairments that may negatively affect our results of operations.

The Company has one reporting unit. Our total assets include substantial goodwill and intangible assets. As of December 31, 2024, we had \$1.1 billion and \$0.7 billion recorded as goodwill and intangible assets on our balance sheet, respectively. Goodwill is not amortized, but is reviewed at least annually for indications of impairment, with consideration given to financial performance and other relevant factors.

While our annual goodwill impairment test is conducted annually on October 31, we have processes in place to monitor for interim triggering events. Under GAAP, we review our goodwill for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Intangible assets with finite lives are assessed for impairment

whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that may be considered a change in circumstances indicating that the carrying value of our goodwill may not be recoverable include macroeconomic conditions, industry and market considerations, our overall financial performance including an analysis of our current and projected cash flows, revenue and earnings, a sustained decrease in our share price and other relevant entity-specific events including changes in strategy, partners or litigation. A significant change to the estimates and assumptions we use as part of the discounted cash flow analyses and market multiple analyses we use to estimate reporting unit fair values could cause the estimated fair value of our reporting unit and intangible assets to decline and increase the risk of an impairment charge to earnings. A detailed discussion of our impairment testing is included in "Part II—Item 8. Financial Statements and Supplementary Data—Note 8."

The Company proceeded to perform a quantitative goodwill impairment test as of October 31, 2024. The concluded fair value under the income approach exceeded carrying value of consolidated total assets by approximately \$336.0 million, or 13.6% , as of October

31, 2024. As fair value was greater than carrying value under the income approach, goodwill was not impaired as of October 31, 2024. As of December 31, 2024, Evolent assessed whether there were events or changes in circumstances that would more likely than not reduce the fair value of its goodwill below its carrying amount and require an additional impairment test. The Company determined there had been no such indicators. Therefore, it was unnecessary to perform an additional goodwill impairment assessment as of December 31, 2024. Though we determined that fair value was greater than carrying value and goodwill was not impaired as of December 31, 2024, if our Class A common stock price continues to decline or if other indications of impairment exist, we may be required to further assess on an interim basis whether our goodwill is impaired which may result in additional impairments in the future as a due to market conditions or other factors related to our performance, including changes in our forecasted results, investment strategy, interest rates or assumptions used as part of the goodwill impairment analysis. Any further impairment charges that we may record in the future could be material to our results of operations.

Risks Relating to Our Former Up-C Structure

We are required to pay certain of our pre-IPO investors for certain tax benefits we may claim in the future, and these amounts are expected to be material.

Under an exchange agreement we entered into at the time of our IPO, in connection with our implementation of an "Up-C" structure (which was collapsed on December 26, 2019), we granted TPG, The Advisory Board and Ptolemy Capital (together, the "Investor Stockholders") an exchange right that allowed for receipt of newly-issued shares of the Company's Class A common stock in exchange (a "Class B Exchange") for an equal number of shares of the Company's Class B common stock (which were subsequently canceled) and an equal number of Evolent Health LLC's Class B common units. Class B common units received by the Company from relevant Investor Stockholders were simultaneously exchanged for an equivalent number of Class A common units of Evolent Health LLC, and Evolent Health LLC cancelled the Class B common units it received in the Class B Exchanges, resulting in an increase in the Company's economic interest in Evolent Health LLC.

As of December 31, 2019, all of the Class B common units held by the Investor Stockholders and certain other stockholders had been exchanged (together with an equal number of shares) for our Class A common stock. These exchanges resulted in increases in the tax basis of our share of the assets of Evolent Health LLC that otherwise would not have been available to the Company. In addition, we expect that certain net operating losses ("NOLs") will be available to us as a result of the transactions as described in "Part II - II—Item 8. Financial Statements and Supplementary Data - Data—Note 16 - "Income Taxes, 15." These increases in tax basis and NOLs may reduce the amount of tax that we may otherwise be required to pay in the future, although the Internal Revenue Service ("IRS") may challenge all or a part of the tax basis increases and NOLs, and a court could sustain such a challenge.

We have entered into the TRA, related to the tax basis step-up of the assets of Evolent Health LLC and certain NOLs of the former members of Evolent Health LLC, with the Investor Stockholders and certain of our other investors (the "TRA Holders"). Pursuant to the TRA, we will pay the TRA Holders 85% of the amount of the cash savings, if any, in U.S. federal, state and local and non-U.S. income tax that we realize as a result of increases in tax basis resulting from exchanges of Class B common units for shares of our Class A common stock (calculated assuming that any post-IPO transfer of Class B common units (other than the exchanges) had not occurred) as well as certain other benefits attributable to payments under the TRA itself.

The TRA also requires us to pay 85% of the amount of the cash savings, if any, in U.S. federal, state and local and non-U.S. income tax that we realize as a result of the utilization of the NOLs of Evolent Health Holdings and an affiliate of TPG attributable to periods prior to our IPO and the deduction of any imputed interest attributable to our payment obligations under the TRA.

The payments that we make under the TRA could be substantial. As of December 31, 2023 December 31, 2024, we recorded a TRA liability of \$107.9 million \$108.1 million including \$17.6 million of potential future payments under the TRA related to the future utilization of the pre-IPO NOLs described above and \$90.3 million \$90.5 million of potential future payments related to the tax basis step-up of the assets of Evolent Health LLC in connection with the exchanges that occurred with our completed secondary offerings and private sales. The actual amount we will be required to pay under the TRA may be materially greater than these amounts, as potential future payments will vary as a consequence of our tax position, the relevant tax basis analysis, our ability to generate sufficient future taxable income in order to be able to benefit from the aforementioned tax attributes, the character and timing of our taxable income and the income tax rates applicable at the time we realize cash savings attributable to our recognition and utilization of the aforementioned tax attributes. Payments under the TRA are not conditioned on our existing investors' continued ownership of any of our equity.

We will not be reimbursed for any payments made under the TRA in the event that any tax benefits are disallowed.

If the IRS successfully challenges the tax basis increases resulting from the Class B Exchanges or the existence or amount of the pre-IPO NOLs at any point in the future after payments are made under the TRA, we will not be reimbursed for any payments we had made under the TRA (although future payments under the TRA, if any, would be netted against any unreimbursed payments to reflect

the result of any such successful challenge by the IRS). As a result, in certain circumstances, we could be required to make payments under the TRA in excess of our cash tax savings.

We may not be able to realize all or a portion of the tax benefits that resulted from the exchanges of Class B common units for our Class A common stock or from the utilization of NOLs previously held by Evolent Health Holdings and an affiliate of TPG and from payments made under the TRA.

Our ability to realize the tax benefits that we expect to be available as a result of the increases in tax basis created by the Class B Exchanges and by the payments made pursuant to the TRA, and our ability to utilize the pre-IPO NOLs of Evolent Health Holdings and an affiliate of TPG and the interest deductions imputed under the TRA all depend on a number of assumptions, including that we earn sufficient taxable income each year during the period over which such deductions are available and that there are no adverse changes in applicable law or regulations. If our actual taxable income is insufficient or there are adverse changes in applicable law or regulations, we may be unable to realize all or a portion of these expected benefits and our cash flows and stockholders' equity could be negatively affected. Please refer to the discussion in "Part II - II—Item 8. Financial Statements and Supplementary Data - Data—Note 16 - Income Taxes" 15" for additional information.

In certain cases, payments by us under the TRA may be accelerated or significantly exceed the tax benefits we realize in respect of the tax attributes subject to the TRA.

The TRA provides that upon certain changes of control, or if, at any time, we elect an early termination of the TRA or are in material breach of our obligations under the TRA, we would be required to make an immediate payment equal to the present value of the anticipated future tax benefits to certain current or former shareholders. Such payment would be based on certain valuation assumptions and deemed events set forth in the TRA, including the assumption that we have sufficient taxable income to fully utilize such tax benefits. The benefits would be payable even though, in certain circumstances, no tax basis step-up deductions and no NOLs are actually used at the time of the accelerated payment under the TRA. Accordingly, payments under the TRA may be made years in advance of the actual realization, if any, of the anticipated future tax benefits and may be significantly greater than the benefits we realize in respect of the tax attributes subject to the TRA. In these situations, our obligations under the TRA could have a substantial negative impact on our liquidity. We may not be able to finance our obligations under the TRA and any indebtedness we incur may limit our subsidiaries' ability to make distributions to us to pay these obligations. In addition, our obligations under the TRA could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control that could be in the best interests of holders of our Class A common stock.

The agreements between us and certain of our pre-IPO investors were made in the context of an affiliated relationship and may contain different terms than comparable agreements with unaffiliated third parties.

The contractual agreements that we have with certain of our pre-IPO investors were negotiated in the context of an affiliated relationship in which representatives of such pre-IPO investors and their affiliates comprised a significant portion of our board of directors. As a result, the financial provisions, and the other terms of these agreements, such as covenants, contractual obligations on our part and on the part of such pre-IPO investors and termination and default provisions, may be less favorable to us than terms that we might have obtained in negotiations with unaffiliated third parties in similar circumstances, which could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to Indebtedness and our Series A Preferred Stock

We may need to obtain additional financing which may not be available or, if it is available, may result in a reduction in the ownership of our stockholders.

We may need to raise additional funds in order to:

- finance unanticipated working capital requirements;
- develop or enhance our technological infrastructure and our existing solutions;
- fund strategic relationships, including joint ventures and co-investments, including the exercise by our joint venture partners of any put features;
- fund additional implementation engagements;
- acquire complementary businesses, technologies, products or services; or
- refinance and/or payoff existing debt.

Additional financing may not be available on terms favorable to us, or at all. If adequate funds are unavailable or are unavailable on acceptable terms, our ability to fund our expansion strategy, take advantage of unanticipated opportunities, develop or enhance technology or services or otherwise respond to competitive pressures could be significantly limited. If we raise additional funds by

issuing equity or convertible debt securities, the ownership of our then-existing stockholders may be reduced, and holders of these securities may have rights, preferences or privileges senior to those of our then-existing stockholders. In addition, any indebtedness we incur and restrictive covenants contained in the agreements related thereto could:

- make it difficult for us to satisfy our obligations, including interest payments on any debt obligations;
- limit our ability to obtain additional financing to operate our business;

- require us to dedicate a substantial portion of our cash flow to payments on our debt, reducing our ability to use our cash flow to fund capital expenditures and working capital and other general operational requirements;
- limit our flexibility to plan for and react to changes in our business and the health care industry;
- place us at a competitive disadvantage relative to our competitors;
- limit our ability to pursue acquisitions; and
- increase our vulnerability to general adverse economic and industry conditions, including changes in interest rates or a downturn in our business or the economy.

The occurrence of any one of these events could cause a significant decrease in our liquidity and impair our ability to pay amounts due on any indebtedness and could have a material adverse effect on our business, financial condition and results of operations.

The conditional conversion feature of the 2025 Notes and 2029 Notes, if triggered, may adversely affect our financial condition and operating results.

In October 2018, the Company issued \$172.5 million aggregate principal amount of its 1.50% Convertible Senior Notes due 2025 (the “2025 Notes”), and in December 2023, the Company issued \$402.5 million aggregate principal amount of its 3.50% Convertible Senior Notes due 2029 (the “2029 Notes”). In the event the conditional conversion feature of the 2025 Notes or 2029 Notes is triggered, holders of such notes will be entitled to convert such notes during specified periods at their option. If one or more holders elect to convert their notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our Class A common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the 2025 Notes or 2029 Notes, as applicable, as a current rather than long-term liability, which would result in a material reduction of our net working capital.

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We may not have the ability to raise the funds necessary to settle conversions of our notes in cash, to repurchase our notes for cash upon a fundamental change or to pay the redemption price for any notes we redeem, and our future debt may contain limitations on our ability to pay cash upon conversion or repurchase of the notes.

Holders of our notes have the right to require us to repurchase all or a portion of their notes upon the occurrence of a fundamental change (as defined in the indentures governing the notes) at a fundamental change repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest, if any. In addition, upon conversion of the notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our Class A common stock (other than paying cash in lieu of delivering any fractional shares), we would be required to settle a portion or all of our conversion obligation through the payment of cash. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of notes surrendered therefore or notes that are being redeemed or converted.

In addition, our ability to repurchase the notes or to pay cash upon redemptions or conversions of the notes may be limited by law, by regulatory authority, or by other agreements governing our future indebtedness. Our failure to repurchase notes at a time when the repurchase is required by the applicable indenture or to pay any cash payable on future conversions of the notes as required by the applicable indenture would constitute a default under the applicable indenture. A default under either of the indentures or the occurrence of a fundamental change itself could also lead to a default under agreements governing our existing and future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the notes or make cash payments upon conversions thereof.

Changes in the accounting treatment for convertible debt securities that may be settled in cash, such as the notes offered hereby, 2025 Notes and the 2029 Notes, could have a material effect on our reported financial results.

In August 2020, the Financial Accounting Standards Board published an Accounting Standards Update (“ASU 2020-06”), which amends the accounting standards for convertible debt instruments that may be settled entirely or partially in cash upon conversion. ASU 2020-06 eliminates requirements to separately account for liability and equity components of such convertible debt instruments and eliminates the ability to use the treasury stock method for calculating diluted earnings per share for convertible instruments whose principal amount may be settled using shares. Instead, ASU 2020-06 requires (i) the entire amount of the security to be presented as a liability on the balance sheet and (ii) application of the “if-converted” method for calculating diluted earnings per share. Under the “if-converted” “if-

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converted” method, diluted earnings per share will generally be calculated assuming that the 2025 Notes and the 2029 Notes were converted solely into shares of Class A common stock at the beginning of the reporting period, unless the result would be anti-dilutive, which could adversely affect our diluted earnings per share. However, if the principal amount of the convertible debt security being converted is required to be paid in cash and only the excess is permitted to be settled in shares, the if-converted method will produce a similar result as the “treasury stock” method prior to the adoption of ASU 2020-06 for such convertible debt security. Because we will be permitted to settle conversions of the notes in cash, shares of common stock, or a combination thereof, the “if-converted” method for calculating diluted earnings per share is expected to be required with respect to the 2025 Notes and 2029 Notes. Further amendments to these accounting standards may require us to reflect the notes in a manner that adversely affects our reported diluted earnings per share.

We are exposed to interest rate risk under the Credit Agreement and the terms of our Series A Preferred Stock, which could cause the Company’s debt service obligations to increase significantly.

We are exposed to market risk from changes in interest rates. Interest under all Credit Facilities under our Credit Agreement (including the Credit Facilities) and under the terms of our Series A Preferred Stock is based on the Secured Overnight Funding Rate ("SOFR"), a floating rate, subject to a minimum rate. The Federal Reserve has raised, and may in the future further raise, interest rates to combat the effects of recent high inflation. Any further increase in the SOFR will increase the Company's debt service obligations, which could have a negative impact on the Company's cash flow, financial position or operating results, including cash available for servicing the Company's indebtedness, or result in increased borrowing costs in the future.

Our We have significant debt following the NIA acquisition is significant and other obligations, which could adversely affect our business financial health and our ability to meet obtain financing in the future, and to react to changes in our obligations. business.

We have \$612.5 million \$675.0 million of principal amount of indebtedness outstanding as of December 31, 2023 December 31, 2024. In addition, we have 175,000 shares of Series A Preferred Stock outstanding.

This significant amount of debt, preferred stock and other cash needs could have important consequences to us, including:

- requiring a substantial portion of our cash flow from operations to make payments on this debt, thereby limiting the cash we have available to fund future growth opportunities, such as capital expenditures and acquisitions;
- restrictive covenants in our debt arrangements and the arrangements governing our Series A Preferred Stock, which could limit our operations and borrowing;

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- increasing our vulnerability to general adverse economic and industry conditions and limiting our flexibility in planning for, or reacting to, changes in our business and industry, due to the need to use our cash to service our outstanding debt and Series A Preferred Stock;
- placing us at a competitive disadvantage relative to our competitors that are not as highly leveraged and that may therefore be more able to invest in their business or use their available cash to pursue other opportunities, including acquisitions; and
- limiting our ability to borrow additional funds as needed or take advantage of business opportunities as they arise.

In addition, our actual cash requirements in the future may be greater than expected. Our cash flow from operations may not be sufficient to repay all of our outstanding debt as it becomes due and satisfy obligations with respect to our Series A Preferred Stock, and we may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to refinance our debt or Series A Preferred Stock.

Servicing our debt and paying dividends on our Series A Preferred Stock requires a significant amount of cash, and we may not have sufficient cash flow from our business to service our debt and make necessary capital expenditures.

Our ability to make scheduled payments of the principal of, to pay interest or dividends on or to refinance our indebtedness or our Series A Preferred Stock depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate cash flow from operations in the future sufficient to service our debt and our Series A Preferred Stock and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive to our stockholders. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our obligations and have a material adverse effect on our results of operations and financial condition.

Restrictive covenants in our Credit Agreement and in the Investors Rights Agreement we entered into in connection with the closing of the NIA acquisition, on January 20, 2023, with the Purchasers named in Schedule I thereto (the "Investors Rights Agreement") may interfere with our ability to access the revolving credit facility under the Credit Agreement, or to obtain new financing or to engage in other business activities.

Our Credit Agreement and the Investors Rights Agreement impose significant operating and financial restrictions on us. These restrictions limit our ability and/or the ability of certain of our subsidiaries to, among other things:

- incur or guarantee additional debt;
- incur certain liens;

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- merge or consolidate;
- transfer or sell assets;
- make certain investments;
- pay dividends and make other distributions on, or redeem or repurchase, capital stock; and
- enter into transactions with affiliates.

In addition, pursuant to our Credit Agreement and Investors Rights Agreement, we are required to comply with certain financial covenants consisting of a minimum liquidity test, and a total secured leverage test. As a result of these restrictions, we will be limited as to how we conduct our business, and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. The terms of any future indebtedness we may incur could include more restrictive covenants. We cannot assure you that the Company will be able to maintain compliance with these covenants in the future and, if it fails to do so, that it will be able to obtain waivers from the lenders and/or amend the covenants. The Company's failure to comply with the restrictive covenants described above as well as the terms of any future indebtedness could result in an event of default, which, if not cured or waived, could result in it being required to repay these borrowings before their due date and the lenders would be entitled to foreclose on collateral. If the Company is forced to refinance these borrowings on less favorable terms or cannot refinance these borrowings, our results of operations and financial condition could be adversely affected. In addition, we may be unable to access future borrowings under our revolving facility if we are unable to satisfy the applicable conditions precedent.

Risks Relating to Ownership of Our Class A Common Stock

We expect that our stock price will be volatile and may fluctuate or decline significantly.

The trading price of our Class A common stock has been and may continue to be volatile and subject to wide price fluctuations in response to various factors, including:

- actual or anticipated fluctuations in our quarterly financial reports and results of operations, including as a result of our failure to meet our financial outlook or analyst consensus, which was the case for our third quarter results in 2024;
- economic and political conditions or events;
- market conditions in the broader stock market in general, or in our industry in particular, including as a result of public health emergencies, inflationary pressures, and an uncertain macroeconomic environment due in part to the conflict between Russia and Ukraine and the war between Israel and Hamas;
- actual or anticipated fluctuations in our quarterly financial reports and results of operations;
- our ability to satisfy our ongoing capital needs and unanticipated cash requirements;
- indebtedness incurred in the future;
- introduction of new products and services by us or our competitors;
- business developments of our partners;
- issuance of new or changed securities analysts' reports or recommendations;
- sales of large blocks of our stock;
- additions or departures of key personnel;
- regulatory developments; and
- litigation and governmental investigations.

These and other factors have and may cause the market price and demand for our Class A common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of Class A common stock, including any shares of Class A common stock they receive upon conversion of our convertible notes, and may otherwise negatively affect the liquidity of our Class A common stock. High volatility levels in the market price of our stock can lead to short seller attacks, particularly if retail investors or others holding "long" positions in our Class A common stock seek to counter short selling activity by purchasing additional shares, thus making it more difficult and more expensive for short sellers to profit. No assurances can be made that declines in the market price of our common stock will not occur in the future in connection with such activity. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have instituted securities class action litigation against the company that issued the stock. We are, have been, and from time to time may become, subject to such litigation, and we could incur substantial costs defending a lawsuit. Such a lawsuit could also divert the time and attention of our management from our business.

The trading market for our Class A common stock will also be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of the analysts who cover us downgrades our stock, or if our results of operations do not meet their expectations, our stock price could decline.

Our Series A Preferred Stock has rights, preferences and privileges that are not held by, and are preferential to, the rights of holders of our Class A common stock, which could adversely affect our liquidity and financial condition, and could in the future substantially dilute the ownership interest of holders of our Class A common stock.

In connection with the consummation of the NIA acquisition, we issued 175,000 shares of Series A Preferred Stock to Ares (through one or more of its funds and managed accounts).

The Series A Preferred Stock ranks senior to the Company's Class A common stock and all future series of the Company's preferred stock with respect to dividends and distributions on liquidation. Regular dividends on the Series A Preferred Stock will be paid quarterly in cash in arrears at a rate per annum equal to Adjusted Term SOFR (as defined in the Certificate of Designation of the Series A Preferred Stock filed by the Company with the Delaware Secretary of State on January 19, 2023 (the "Certificate of Designation")) plus 6.00%. The liquidation preference of the Series A Preferred Stock will increase on the last day of each calendar quarter by the amount of any accrued and unpaid regular dividends that have not been paid in cash on the relevant dividend payment date. The regular dividend rate will also increase by 2.00% per annum upon the occurrence and during

the continuance of certain triggering events, including a breach of the protective covenants contained in the Investors Rights Agreement or the Company's failure to pay any regular dividends in cash. Holders of Series A Preferred Stock are also entitled to participate in and receive any dividends declared or paid on the Class A Common Stock common stock on an as-converted basis.

Under various circumstances defined in the Certificate of Designation, (a) holders of shares of the Series A Preferred Stock may be entitled to convert such shares into shares of our Class A common stock, or (b) we may require all holders of such shares to convert such shares to shares of our Class A common stock. In addition, upon the occurrence of a refinancing or replacement of the entirety of the indebtedness under the Credit Agreement prior to its maturity that is provided solely by lenders who are not affiliates or approved funds of Ares Capital Management LLC, we will be required to redeem all shares of Series A Preferred Stock then outstanding for cash at a redemption price per share equal to 165.00% of the then-current liquidation preference of the Series A Preferred Stock, plus

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all accrued and unpaid dividends on the Series A Preferred Stock being redeemed, plus, solely in the event such refinancing or replacement is consummated prior to January 20, 2025, the aggregate amount of regular dividends per share which would have otherwise been payable on the Series A Preferred Stock from the date of redemption until January 20, 2025. If the Company undergoes a Change of Control (as defined in the Credit Agreement), the Company will be required to redeem all shares of Series A Preferred Stock then outstanding for cash at a price per share equal to the greater of (x) 150.00% of the then-current liquidation preference per share of the Series A Preferred Stock, if such redemption occurs prior to January 20, 2025, and 135.00% of the then-current liquidation preference per share of the Series A Preferred Stock, if such redemption occurs on or after January 20, 2025, and (y) the value of the Class A Common Stock common stock issuable upon conversion of a share of Series A Preferred Stock, which value shall be determined based on the value attributed to the Class A Common Stock common stock in connection with such Change of Control.

The share repurchase obligations could adversely affect our liquidity and reduce the amount of cash available for working capital, capital expenditures, growth opportunities, acquisitions, and other general corporate purposes. Our obligations to the holders of Series A Preferred Stock could also limit our ability to obtain additional financing and increase our borrowing costs, which could have an adverse effect on our financial condition. The preferential rights could also result in divergent interests between the holders of Series A Preferred Stock and holders of shares of our Class A common stock. Any conversion of Series A Preferred Stock into Class A common stock would dilute the ownership interest of existing holders of our Class A common stock, and any sales in the public market of the Class A common stock issuable upon such conversion could adversely affect prevailing market prices of our Class A common stock.

The market price of our Class A common stock could decline due to the large number of shares of Class A common stock issuable upon conversion of our convertible notes or the Series A Preferred Stock, or by sales or issuances of substantial amounts of our Class A common stock.

The market price of our Class A common stock could decline as a result of sales of a large number of the shares of our Class A common stock issuable upon the conversion of our convertible notes or the Series A Preferred Stock, or the perception that such conversions and sales could occur. These sales, or the possibility that these sales may occur, may also make it more difficult for us to raise additional capital by selling equity or equity-linked securities in the future, at a time and price that we deem appropriate. As of February 15, 2024 February 14, 2025, 115.4 million 116,591,148 shares of our Class A common stock were outstanding. Up to a maximum of 6.8 million 15.8 million shares of our Class A common stock is reserved for issuance upon the conversion of our convertible notes and 4.4 million shares are reserved for issuance upon the conversion of our Series A Preferred Stock. Similarly, sales or issuances of substantial amounts of our Class A common stock in the public market by us or by our stockholders into the public market could cause the market price of our Class A common stock to decrease significantly. We issued 8.5 million shares of our Class A common stock to Centene in connection with the closing of the NIA acquisition, which were subsequently sold to affiliates of FMR LLC. Such shares are subject to lock-up obligations, subject to certain exceptions, for a fifteen-month period following the closing; provided, that Magellan Health, Inc. will be permitted to sell one-third of such shares following the nine-month anniversary of the closing of the NIA acquisition and an additional one-third of such shares following the twelve-month anniversary of the closing of the NIA acquisition. In addition, we agreed to provide Magellan Health, Inc. with registration rights. See the risk factor captioned "We have made and entered, and may in the future make and enter into acquisitions, investments, alliances and joint ventures, which may be difficult to integrate, divert management resources, result in unanticipated costs or dilute our stockholders."

Some provisions of Delaware law, our second amended and restated certificate of incorporation, as amended and our third amended and restated by-laws and certain of our contracts may deter third parties from acquiring us.

Among other things, our second amended and restated certificate of incorporation, as amended, and our third amended and restated by-laws:

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- prohibit stockholder action by written consent;
- authorize the issuance of "blank check" preferred stock that could be issued by our board of directors to increase the number of outstanding shares of capital stock, making a takeover more difficult and expensive;
- prohibit cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates;
- provide that special meetings of the stockholders may be called only by or at the direction of the board of directors, the chairman of our board or the chief executive officer; and
- require advance notice to be given by stockholders for any stockholder proposals or director nominees.

In addition, Section 203 of the DGCL may affect the ability of an "interested stockholder" to engage in certain business combinations, for a period of three years following the time that the stockholder becomes an "interested stockholder." We have elected in our second

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amended and restated certificate of incorporation, as amended, not to be subject to Section 203 of the DGCL. Nevertheless, our second amended and restated certificate of incorporation, as amended, contains provisions that have the same effect as Section 203 of the DGCL, except that they provide that each of TPG, UPMC and The Advisory Board and their transferees will not be deemed to be "interested stockholders," and accordingly are not subject to such restrictions.

These and other provisions could have the effect of discouraging, delaying or preventing a transaction involving a change in control of our company or could make it more difficult for stockholders to elect directors of their choosing or to cause us to take other corporate actions that they desire. Provisions in certain of our contracts may also deter third parties from acquiring us. In addition, certain partners would have the right to terminate if we are acquired by certain competitors.

Our second amended and restated certificate of incorporation, as amended, designates courts in the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our second amended and restated certificate of incorporation, as amended, provides that, subject to limited exceptions, the Court of Chancery of the State of Delaware is the sole and exclusive forum for (a) any derivative action or proceeding brought on our behalf, (b) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (c) any action asserting a claim against us arising pursuant to any provision of the DGCL, our second amended and restated certificate of incorporation, as amended, or our third amended and restated by-laws, (d) any action to interpret, apply, enforce or determine the validity of our second amended and restated certificate of incorporation, as amended, or third amended and restated by-laws or (e) any other action asserting a claim against us that is governed by the internal affairs doctrine. We refer to each of these proceedings as a covered proceeding. In addition, our second amended and restated certificate of incorporation, as amended, provides that if any action the subject matter of which is a covered proceeding is filed in a court other than the specified Delaware courts without the approval of our board of directors, which we refer to as a foreign action, the claiming party will be deemed to have consented to (1) the personal jurisdiction of the specified Delaware courts in connection with any action brought in any such courts to enforce the exclusive forum provision described above and (2) having service of process made upon such claiming party in any such enforcement action by service upon such claiming party's counsel in the foreign action as agent for such claiming party. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of and to have consented to these provisions. These provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find these provisions of our second amended and restated certificate of incorporation, as amended, inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition.

We do not anticipate paying any cash dividends on our Class A common stock in the foreseeable future.

We currently intend to retain our future earnings, if any, for the foreseeable future to fund the development and growth of our business. We do not intend to pay any dividends to holders of our Class A common stock. As a result, capital appreciation in the price of our Class A common stock, if any, will be your only source of gain on an investment in our Class A common stock. See "Part II - Item II-Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities - Dividends" for a discussion of our dividend policy.

General Risk Factors

We are and may become subject to litigation, proceedings, government inquiries, reviews, audits or investigations which could have a material adverse effect on our business, financial condition and results of operations.

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We are and may become subject to litigation, proceedings, government inquiries, reviews, audits or investigations in the future, including potential claims against us by our partners, with or without merit. Some of these matters and claims may result in significant defense costs and potentially significant judgments against us, some of which we are not, or cannot be, insured against. We generally intend to defend ourselves vigorously; however, we cannot be certain of the ultimate outcomes of any claims or other matters that may arise in the future. Resolution of these types of matters against us may result in us having to pay significant fines, judgments or settlements, which, if uninsured, or if the fines, judgments and settlements exceed insured levels, could adversely impact our earnings and cash flows, thereby having a material adverse effect on our business, financial condition, results of operations, cash flow and per share trading price of our Class A common stock. Certain litigation, proceedings, government inquiries, reviews, audits or investigations or the resolution of such matters may affect the availability or cost of some of our insurance coverage, which could adversely impact our results of operations and cash flows, expose us to increased risks that would be uninsured and adversely impact our ability to attract directors and officers.

The failure of any bank in which we deposit our funds could reduce the amount of cash we have available to pay distributions and make additional investments.

The Federal Deposit Insurance Corporation ("FDIC") only insures amounts up to \$250,000 per depositor. It is likely that we will have cash and cash equivalents and restricted cash deposited in certain financial institutions in excess of federally insured levels. Recently, we have seen the abrupt failure of more than one regional bank. Although we did not

experience any loss related to these failures, if any of the banking institutions in which we deposit funds ultimately fails, we may lose any amounts of our deposits over federally insured levels. The loss of our deposits could reduce the amount of cash we have available to distribute or invest and could result in a decline in our value.

Public health emergencies or outbreaks of epidemics, pandemics, or contagious diseases have adversely affected, and could in the future, adversely affect our business and the business of our partners.

An epidemic, pandemic or similar serious public health issue, and the measures undertaken by governmental authorities to address it, could significantly disrupt or prevent us from operating our business in the ordinary course for an extended period, and thereby, and/or along with any associated economic and/or social instability or distress, adversely affect our business and the business of our partners. The extent to which an epidemic, pandemic or similar serious public health issue could impact our business, results of operations, financial condition and liquidity or the business of our partners will depend on numerous evolving factors, known and unknown, that we cannot predict, including the duration and scope of the epidemic, pandemic or similar public health issue; government, business and individual actions that taken in response; the impact of the public health issue on national and global economic activity; disruption of the financial and labor markets, including the possibility of a national or global economic recession or depression; limitations on operations requiring employees to perform their duties in-person; and disruptions in the healthcare markets, including state Medicaid agencies. Additionally, the increased number of employees who work remotely during a public health emergency or outbreak could introduce additional operational risk, such as an increased vulnerability to cyber-attacks, and harm productivity and collaboration. In addition, the risks and uncertainties described elsewhere in this "Risk Factors" section may be exacerbated by an epidemic, pandemic or similar serious public health issue.

The costs of compliance with sustainability or other environmental, social responsibility or governance laws, regulations, or policies, including investor and client-driven policies and standards, could adversely affect our business.

As a non-manufacturing service business, we have to date been less impacted from laws and regulations related to sustainability concerns or other environmental, social responsibility or governance ("ESG") laws, regulations, or policies. However, we may need to incur ESG related costs indirectly in response to our customers or shareholders. Increasingly our customers and shareholders expect that we meet environmental, social responsibility, sustainability or other business policies or standards, which may be more restrictive than current laws and regulations, before they commence, or continue, doing business with us or investing in our common stock. Our compliance with these policies and related requirements could be costly, and our failure to comply could adversely affect our business relationships or reputation.

Inflationary pressures, rising consumer costs and the current economic environment may have a negative effect on our margins, profitability and results of operations.

The broader U.S. economy experienced higher than expected inflationary pressures throughout 2022 related to continued supply chain disruptions, labor shortages and geopolitical instability. Inflation levels remained at elevated level through 2024. Increasing inflationary pressures may have a negative effect on our profit margins and earnings due to associated costs increases, including as a result of their impact on our customers' and other third parties' ability to pay. Additionally, we face an increasingly competitive labor market due to sustained labor shortages in part from the COVID-19 pandemic and are subject to inflationary pressures on employee wages and salaries which may increase labor costs. Failure to retain highly skilled employees due to wage inflation could have a material adverse impact on our business, results of operations or financial condition. See the risk factor captioned "Risk Factors—

Risks Relating to Our Business and Strategy—If we lose key members of our management team or employees or are unable to attract and retain the employees we need, our compensation costs will increase and our business and operating results will be adversely affected." While we are unable to predict the direction of the economy or if inflation will increase or revert to normal levels, if inflation levels remain elevated for a sustained period of time, our margins, profitability and results of operations could be adversely affected. In addition, the U.S. government has recently imposed, or is currently considering imposing, tariffs on certain trade partners. Tariffs, economic sanctions and other changes in U.S. trade policy have in the past and could in the future trigger retaliatory actions by affected countries, and certain foreign governments have instituted or are considering imposing retaliatory measures on certain U.S. goods. The cost of care could increase as a result of tariffs, sanctions or other changes in U.S. policy that negatively impact the import of certain medical devices, which could negatively impact our results of operations.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 1C. Cybersecurity

Risk Management and strategy

We have developed processes for assessing, identifying and managing material risks from cybersecurity threats. We maintain an enterprise risk management program, which includes management of material risks from cybersecurity threats alongside other Company risks as part of our overall risk assessment process. Our cybersecurity strategy includes defense in depth and zero trust based controls intended to protect our information technology systems. We maintain an enterprise information and cybersecurity program. As part of this program, we employ a range of tools and services to inform our assessment, identification and management of material risks from cybersecurity threats, which include, from time to time, monitoring emerging data protection laws and implementing responsive changes to our processes; undertaking periodic reviews of our partner facing policies and statements related to cybersecurity; conducting cybersecurity management and incident training for employees involved in our systems and processes that

handle sensitive data; conducting phishing email simulations for employees and contractors with access to corporate email systems; requiring employees, as well as third-parties who provide services on our behalf, to treat information and data with care; and employing a cyber risk management and quantification system customized to our environment.

We maintain an incident response plan that includes processes to triage, assess severity for, escalate, contain, investigate and remediate material cybersecurity incidents, as well as to comply with potentially applicable legal obligations. As part of the above processes, we periodically engage with assessors, consultants, auditors, and other third-parties, including by periodically annually having a third-party/an independent Qualified Security Assessor review our cybersecurity program to help identify areas for improvement and/or compliance. Our risk management processes also address cybersecurity threat risks associated with our use of **third party third-party** service providers.

For a discussion of whether and how any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect the Company, including our business strategy and results of operations, see "Risk Factors – **Risks Risks** Related to Data Protection Privacy, Cybersecurity, Intellectual Property and Technology" which is incorporated by reference into this Item 1C.

In the three most recently completed fiscal years, we have not experienced any material cybersecurity incidents and the expenses we have incurred from cybersecurity incidents were immaterial. This includes penalties and settlements, of which there were none.

Governance

The Compliance and Regulatory Affairs Committee of the Board (the "Compliance and Regulatory Affairs Committee") provides oversight of risks from cybersecurity threats. The Compliance and Regulatory Affairs Committee receives updates from our Chief Information Security Officer ("CISO") and other members of management to, among other items, review material cybersecurity incidents, review key metrics on our cybersecurity program and related risk management programs, and discuss our cybersecurity programs and goals. The Compliance and Regulatory Affairs Committee updates the full Board on matters relating to cybersecurity. The Audit Committee of the Board provides an additional layer of cybersecurity oversight on specific financial matters.

Our management disclosure and compliance committees, which include representatives from our legal, financial and accounting and information technology ("IT") teams, meet at least quarterly to monitor potential risks and review procedures and controls relating to cybersecurity. Management periodically assesses such risks and assists in the implementation of policies and procedures related to cybersecurity risk oversight in conjunction with the Compliance and Regulatory Affairs Committee.

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Our CISO is responsible for assessing and managing the Company's material risks from cybersecurity threats. Our CISO has served in this role for the past **four five** years, **and** has more than 25 years of experience in the aggregate in various roles involving managing information security, technology infrastructure, IT operations and developing cybersecurity strategy, and is a Certified Information Systems Security Professional (**CISSP**) ("**CISSP**").

Our CISO is informed about and monitors the prevention, detection, mitigation and remediation of cybersecurity incidents through the management of and participation in the cybersecurity risk management and strategy process described above, including the operation of our incident response plan. As discussed above, our CISO reports to the Compliance and Regulatory Affairs Committee, about the risks from cybersecurity threats among other cybersecurity related matters and meets regularly with our Chief Technology Officer.

Item 2. Properties

Our corporate headquarters and executive offices are located in Arlington, Virginia, where we occupy approximately 8,500 square feet of office space effective January 1, 2024 with a **new 7-year seven-year** lease. We also lease offices throughout the United States, **and** in Pune, India and Manila, Philippines. We lease all of our facilities and we do not own any real property. As provided in "Part II – Item 8. Financial Statements and Supplementary Data - Note **12 - Leases," 11**" the total rental expense on operating leases, net of sublease income, was **\$14.0 million \$8.3 million** for the year ended **December 31, 2023 December 31, 2024**.

Item 3. Legal Proceedings

The discussion of legal proceedings included within "Part II – Item 8. Financial Statements - Note **11 - Commitments and Contingencies - Litigation Matters**" is incorporated by reference into this Item **1. 10.**

Item 4. Mine Safety Disclosures

Not applicable.

PART Credit Agreement Amendment

On December 6, 2024 (the "Amendment No. 3 Effective Date"), the Company entered into Amendment No. 3 ("Amendment No. 3") to the Credit Agreement that provides new secured debt financing in the form of (i) additional commitments under the Company's existing asset-based revolving credit facility in an aggregate principal amount equal to \$50.0 million (the "2024 Revolver Increase", and together with the Initial Revolving Facility and the 2023 Revolver Increase, the "Revolving Facility", (ii) a new delayed draw term loan facility in an aggregate principal amount equal to \$125.0 million (the "2024-A Delayed Draw Term Loan Facility"), and (iii) a new delayed draw term loan facility in an aggregate principal amount equal to \$75.0 million (the "2024-B Delayed Draw Term Loan Facility" and effected certain amendments to the Existing Credit Agreement. Refer to "Part II - Item 8. Financial Statements and Supplementary Data - Note 9" for a discussion of Amendment No. 3."

During the year ended December 31, 2024, the Company borrowed \$62.5 million under the Revolving Facility. As of December 31, 2024, there was \$100.0 million outstanding under the Company's Revolving Facility. On January 29, 2025, the Company borrowed \$125.0 million under its 2024-A Delayed Draw Term Loan and \$75.0 million under its 2024-B Delayed Draw Term Loan.

Competitive Strengths

We believe we are well-positioned to benefit from the transformations occurring in health care payment and delivery described above. We believe this environment that rewards the better use of information to drive patient outcomes aligns with our business model, recent investments and other competitive strengths.

Early Innovator

We believe we are an innovator in the delivery of comprehensive value-based care solutions. We were founded in 2011, ahead of the implementation of the ACA and before the rapid expansion of programs, such as Medicare ACOs or Medicare bundled payment initiatives. Since our inception, we have invested a significant amount in expanding our offerings.

In connection with the Machinify acquisition, the Company has sought to further enhance and accelerate its uses of AI through its AI-enabled tools, such as Auth Intelligence. The Auth Intelligence tool incorporates AI to aid nurses and physicians in completing clinical review of prior authorization requests. Specifically, the tool identifies relevant information within the medical record, extracts key information, and highlights relevant parts of the record for reviewers. Auth Intelligence is intended to help reviewers quickly locate important information that is relevant to assist in the review. However, the human reviewer is always responsible for completing relevant documentation including the clinical rationale and for finalizing the clinical decision. In addition, we use an AI application to automate authorization approvals only, which is accomplished by detecting strong patterns from millions of historical observations and dozens of features. Each application is calibrated individually to our partners to reflect local policy, utilization, and geographical variances.

It is against our Company policy to use AI to deny care and all such decisions must be made by clinical professionals. When the application cannot render an approval decision, the request is sent for manual clinical review.

Differentiated Offering by Performing More Services Utilizing An Integrated Strategy

Building off of our strength in oncology and cardiology, we believe the acquisition of NIA will accelerate our market leadership to serve the needs of large scale, national payer organizations to manage the cost and quality of care across large and complex medical specialties. Based on feedback from our clients, we believe the market for value-based specialty care is large, fragmented and lacking a market leader to provide clinically sophisticated, technology-enabled solutions across the highest cost, highly prevalent and most complex medical specialties. The acquisitions of NIA and IPG by Evolent are part of our competitive response to this apparent unmet need. We believe our payer clients will benefit from a platform offering a broader set of specialty services in order to avoid the inefficiencies of vendor fragmentation, and we believe they prefer fewer vendors that may provide more consistent services to their membership over time.

Comprehensive End-to-End Solutions

We provide end-to-end, built-for-purpose, technology-enabled solutions for our partners to succeed in value-based payment models. We believe that offering comprehensive and integrated solutions which bring together clinical and administrative management allows payers and providers to accelerate their path to adoption of value-based care.

Depth of Market Experience

With experience across Medicare, Medicaid and commercial markets, our depth and variety of expertise allows us to serve a variety of customer types in the broad health care marketplace including health systems, providers, physicians, health plans, ACOs, delegated arrangements and other payers.

Proprietary Technology

Our integrated proprietary technology, Identifi®, allows us to deliver a connected delivery ecosystem, implement replicable clinical processes, scale our value-based services and capitalize on multiple types of value-based payment relationships.

We leverage a custom workflow platform, CarePro™, as part of our Specialty Technology and Services Suite, to provide clinical decision support and manage providers to high-quality care, while aiming to achieve significant cost savings. Our technology consists of a clinical decision support portal that provides oversight of individual treatment plans for pathway adherence. Our platform integrates clinical analytics and protocols, pharmacy management, physician engagement, network management and claims payment to drive improved outcomes for partners.

We believe we are creating scaled benefits for our partners in areas such as data analytics, administrative services and care management. We expect Identifi® and CarePro™ to enable us to deliver increasing levels of efficiency to our partners.

Provider-Heritage Brand Identity

We believe our provider-heritage brand identity and origins differentiate us from our competitors in the value-based care services area. We believe our solutions resonate with potential partners seeking proven solutions that work with providers in a manner that attempts to minimize friction and foster a care team approach. Our analytical and clinical solutions are rooted in our experience in growing a provider-led, integrated delivery network over the 15-years prior to the founding of Evolent Health, Inc., and growing to become one of the largest provider-owned health plans in the country. Our unique position allows for the sharing of data across multiple payers and care delivery integration regardless of payer, which we believe is not possible with traditional, payer-siloed solutions.

Partnership-Driven Business Model

Our business model is predicated on strategic partnerships with leading providers and payers that are attempting to evolve two of their most critical business functions: how they deliver care and how they are compensated for it. The partnership model enables cultural alignment, integration into the provider care delivery and payment work-flow, contractual relationships and a cycle of clinical and cost improvement with shared financial benefit. In certain cases, we also agree to participate alongside our partners in risk-sharing or other support arrangements to increase our alignment of interests via performance-based relationships.

Proven Leadership Team

We have made a significant investment in building an industry-leading management team. Our senior leadership team has extensive experience in the health care industry and a track record of delivering measurable clinical, financial and operational improvement for health care providers and payers. Our Chief Executive Officer, Seth Blackley, had served as our President from August 2011 until his promotion. Prior to co-founding the Company, Mr. Blackley was the Executive Director of Corporate Development and Strategic Planning at The Advisory Board from June 2007 to August 2011. Our President, Dan McCarthy, served as the New Century Health's Chief Executive Officer since 2019 and held multiple leadership roles within Evolent since joining the Company in 2014. Prior to joining the Company, Mr. McCarthy was a leader at McKinsey & Company's healthcare practice. Our Chief Financial Officer, John Johnson, served as the acting Chief Financial Officer for New Century Health along with various roles within the Company since 2016.

Growth Opportunities

Multiple Avenues for Growth with Our Existing, Embedded Partner Base

We have established a partnership model with multiple drivers of embedded growth through the following avenues:

- growth in lives in existing covered populations;
- partners expanding into new lines of value-based care to capture growth in new profit pools;
- cross-selling additional solutions to existing partners; and
- capturing value created through a variety of value-based arrangements by participating alongside our partners in upside risk sharing arrangements.

Ability to Capture Additional Value through Delivering Clinical Results

We are capturing only a portion of the addressable clinical and administrative dollars in the market through our current solutions. We believe there is a significant opportunity to capture an increasing portion of the medical dollar over time, namely the remainder of the premium dollar which goes to medical expenses, and we have begun to do so in certain performance-based relationships. We believe business models that allow us to participate in the medical savings through a variety of risk-sharing arrangements that align incentives to reduce costs and improve quality outcomes will enable us to grow and differentiate ourselves from other vendors. We anticipate the manner with which we partner and share in risk with health care providers will likely continue to evolve over time given the still nascent and fragmented nature of value-based care.

Expand Offerings to Meet Evolving Market Needs

There are multiple business offerings that our partners may require to operate in a value-based care environment that we do not currently provide, including but not limited to:

- physician employment;
- PBM expansion to include additional specialty pharmacy management capabilities;
- additional Specialty Technology and Services Suite lines of business beyond oncology, cardiology and musculoskeletal, including kidney and fetal-maternal medicine care;
- on-site or specialty clinic services; and
- consumer engagement and digital outreach.

Selectively Pursue Strategic Acquisitions, Investments and Divestitures

We believe that the nature of our competitive landscape provides meaningful acquisition and investment opportunities. Our industry is in the early stages of its life cycle and there are multiple firms attempting to capitalize on the transformation of the care delivery model and the various forms of new profit pools. We believe that our partners will require an end-to-end solution and we believe we are well positioned to meet this demand by expanding the breadth of our offerings through not only organic growth, but also the acquisition of niche vendors and non-core portions of larger enterprises. From time to time, we may also pursue acquisition and investment opportunities of businesses related to services we currently provide or that are complementary to our technical capabilities. For example, we completed recent acquisitions described in Part I - Item 1. Business - Significant Activities which are expected to deepen capabilities of both Evolent and the acquired organizations, allowing cross-sell, an enhanced value proposition to partners and an opportunity to increase the margin profile of the combined organization.

As we grow, from time to time, we pursue and consummate opportunities to dispose of non-core businesses and assets.

Sales and Marketing

We market and sell our services to payers and providers throughout the United States. Our sales team works closely with our leadership team and subject matter experts to foster long-term relationships with our partners' leadership and board of directors given the nature of our partnerships. Our dedicated business development team works closely with our partners to identify additional service opportunities on a continuous basis.

Partner Relationships

We have sought to partner with leading payers and providers in sizable markets, which we believe creates a growth cycle that benefits from the secular transition to value-based care. From time to time, we restructure or renegotiate our contracts with partners to adapt to changing market conditions and dynamics.

Our contracts governing the relationships with our partners include key terms which may include the period of performance, revenue rates, advanced billing terms, service level agreements, termination clauses, and exclusivity clauses. Typically, these contracts provide for a monthly payment calculated based on a specified rate multiplied by the number of members that our partners are managing. The specified rate varies depending on which market-facing solutions the partner has adopted and the number of our solutions they are utilizing. In some cases, we are responsible for paying for all, or substantially all, of the cost of care for a defined scope of health care services out of the revenue we receive. Many of these arrangements include contractual provisions designed to limit our financial exposure, such as risk corridors, stop loss limits, and/or change event rate protections (for example, to account for changes in disease prevalence) in the case of events beyond our control. Some of our contracts allow for advance billing of our partners. In some of our contracts, a defined portion of the revenue is at risk and can be refunded to the partner if certain service levels are not attained. Although we monitor our compliance with the service levels to determine whether a refund will be provided and record an estimate of these refunds, we cannot assure you that our estimates will be accurate. In addition, certain of our contracts provide that if we fail to meet specified implementation targets, the contracts will terminate and/or we will be subject to financial penalties. These provisions could impact our cash flows and profitability.

The initial terms of our specialty contracts are typically multi-year. While they regularly contain year-to-year renewal provisions, we cannot assure you any or all of these contracts will be renewed in any particular year as these contracts may be immediately terminated with cause and many of our specialty contracts, following an initial term, are terminable without cause by the customer or Evolent either upon the giving of requisite notice and the passage of a specified period of time (typically between 30 and 180 days) or upon the occurrence of other specified events.

The revenue from our contracts is not guaranteed. Although we have long-term contracts with many partners, these contracts may be terminated before their terms expire for various reasons, such as changes in the regulatory landscape and poor performance by us, subject to certain conditions, amongst others. For example, after a specified period, certain of our contracts are terminable for convenience by our partners after a notice period has passed and, in certain cases, partners would be required to pay us a termination fee. Termination fees and the related notice period in certain of our contracts are determined based on the scope of the market-facing solutions that our partner has adopted and the duration of the contract. Most of our contracts include cure periods for certain breaches, during which time we may attempt to resolve any issues that would trigger a partner's ability to terminate the contract. Certain contracts are terminable immediately upon the occurrence of certain events. For example, some contracts may be terminated by the partner if we fail to achieve target performance metrics over a specified period. Certain contracts may be terminated by the partner immediately following repeated failures by us to provide specified levels of service over periods ranging from six months to more than a year. Certain contracts may be terminated immediately by the partner if we lose applicable licenses, go bankrupt, lose our liability insurance or receive an exclusion, suspension or debarment from state or federal government authorities. Additionally, if a partner were to lose applicable licenses, go bankrupt, lose liability insurance, become insolvent, file for bankruptcy or receive an exclusion, suspension or debarment from state or federal government authorities, the contract with such partner could in effect be terminated. In addition, as our partners' businesses respond to market dynamics and financial pressures, and as our partners make strategic business decisions in respect of the lines of business they pursue and programs in which they participate, we expect that certain of our partners will, from time to time, seek to restructure their agreements with us. The loss, termination or renegotiation of any contract could negatively impact our results.

The contracts may contain exclusivity or other restrictive provisions which are negotiated on an individual basis and vary depending on many factors, including the term and scope of the contract. The term of these exclusivity and other restrictive provisions typically corresponds to the term of the contract. These exclusivity or other restrictive provisions may apply to specific competitors of our partners or specific geographic areas, subject to certain exceptions. Accordingly, these exclusivity clauses may prevent us from entering into relationships with certain potential partners.

The contracts with our partners impose other obligations on us. For example, we typically agree that all services provided under the partner contract and all employees providing such services will comply with our partner's policies and procedures. In addition, in most instances, we have agreed to indemnify our partners against certain third-party claims, which may include claims that our services infringe the intellectual property rights of such third parties.

Competition

The market for our solutions is fragmented, competitive and characterized by rapidly evolving technology standards, customer needs and the frequent introduction of new products and services. Our competitors range from smaller niche companies to large, well-financed and technologically-sophisticated entities. Our services solutions compete based on several factors, including breadth, depth and quality of product and service offerings, ability to deliver clinical, financial and operational performance improvement using products and services, quality and reliability of services, ease of use and convenience, brand recognition and the ability to integrate services with existing technology. Some of our competitors are more established, benefit from greater brand recognition, have larger client bases and have substantially greater financial, technical and marketing resources. The entrance or expansion of these larger companies in the managed healthcare industry (including our customers who have in-sourced or who may choose to in-source healthcare services) could increase the competitive pressures we face and could limit our ability to maintain or increase our rates. If this happens, our profitability could be adversely affected. In addition, if we do not adequately respond to these competitive pressures, it could cause us to be unable to maintain our current contracts or obtain new contracts. Other competitors have proprietary technology that differentiates their product and service offerings from ours. Our competitors are constantly developing products and services that may become more efficient or appealing to our existing partners and potential partners. Additionally, some health care information technology providers have begun to incorporate enhanced analytical tools and functionality into their core product and service offerings used by health care providers, including with the use of AI or machine learning. As a result of these competitive advantages, our competitors and potential competitors may be able to respond more quickly to market forces, take advantage of acquisitions and other opportunities more readily, undertake more extensive marketing campaigns for their brands, products and services, more successfully utilize developing technology, including data analytics, AI and machine learning, and make more attractive offers to our existing partners and potential partners. We also compete on the basis of price. We are subject to pricing pressures as a result of, among other things, competition within the industry, consolidation of health care industry participants, practices of managed care organizations, government action and financial stress experienced by our partners. If our pricing experiences significant downward pressure, our business will be less profitable and our results of operations will be adversely affected.

We cannot be certain that we will be able to retain our current partners or expand our partner base in this competitive environment. If we do not retain current partners or expand our partner base, or if we have to renegotiate existing contracts, our business, financial condition and results of operations will be harmed. Moreover, we expect that competition will continue to increase as a result of consolidation in both the health care information technology and health care industries. If one or more of our competitors or potential

competitors were to merge or partner with another of our competitors, the change in the competitive landscape could also adversely affect our ability to compete effectively and could harm our business, financial condition and results of operations.

Government Regulation

Our business is subject to extensive, complex and rapidly evolving federal and state laws and regulations. Various federal and state agencies have discretion to issue regulations and interpret and enforce health care laws. While we believe we comply in all material respects with applicable health care and insurance laws and regulations, these regulations can vary significantly from jurisdiction to jurisdiction, and interpretation and enforcement of existing laws and regulations may change periodically. Federal and state legislatures also may enact various legislative proposals that could materially impact certain aspects of our business. The following are summaries of key federal and state laws and regulations that impact our operations:

Governmental Health Care Programs and Health Care Reform

We are subject to regulation by both CMS and state agencies with respect to certain services we provide relating to Medicaid, Medicare, and ACA programs and payers. Medicare is a federal program that provides hospital and medical insurance benefits to persons aged 65 and over, as well as certain other individuals. More than half of Medicare beneficiaries are enrolled in private Medicare Advantage ("MA") plans that offer an alternative to traditional Medicare and are regulated by CMS and financed through Medicare and beneficiary premiums and cost-sharing. Medicaid programs are jointly funded by federal and state governments and are administered by states under an approved plan that provides hospital and other health care benefits to qualifying individuals. Roughly three quarters of Medicaid beneficiaries are served by private Medicare Managed Care Organizations ("MCOs"). As we increase our exposure to Medicare and Medicaid businesses through new and existing partners, we increase our exposure to changes in government policy with respect to and regulation of the Medicaid and Medicare programs in which we and our partners participate.

Because some of our partners are participants in governmental programs, our services have in the past and may again in the future be subject to periodic surveys and audits by governmental entities or contractors for compliance with Medicare and other standards and requirements. As a result of surveys or audits, we may incur fines and penalties and could be excluded from participating in one or more programs or institute other sanctions against us if we fail to comply with CMS regulations or Medicare and Medicaid contractual requirements.

The regulations and requirements applicable to us and other participants in Medicaid and Medicare programs are complex and subject to change. In particular, prior authorization standards and requirements, including Medicaid and Medicare programs, have come under increased scrutiny at the state and federal level. Many states have proposed, and some have passed, bills which prescribe how providers and services which meet certain approval rates become exempt from prior authorization for a period of time, widely known as "gold carding." Most recently, the state of Illinois passed a law requiring guidance on gold carding to be adopted; the new law would exempt qualifying providers from prior authorization on all services subject to review for the year in which they qualify. Medicare Advantage Organization ("MAOs") utilization management practices have been the focus of a 2022 report by the Department of Health and Human Services Office of Inspector General as well as new final rules by (CMS-4201-F and CMS-0057-F). CMS-4201-F, effective calendar year 2024, imposes several requirements on MAOs with respect to their use of prior authorization. CMS-0057-F further imposes stricter medical necessity decision timeframes on federal managed care programs, effective CY 2026, as well as complex technical interface requirements, effective CY 2027, for Medicare, Medicaid, the Children's Health Insurance Program ("CHIP"), and Qualified Health Plans ("QHPs") offered on the ACA Federally Facilitated Exchange. These are intended to facilitate increased data sharing between managed care plans, enrollees and providers and streamline the prior authorization process.

The United States Congress ("Congress") and state and local legislatures and regulators may propose and adopt legislation or policy changes or implementations effecting additional fundamental changes with respect to Medicare, Medicaid, and exchange programs. Such changes in the law, or new interpretations of existing laws, may have a

significant impact on our methods and costs of doing business. Additionally, expansion of enforcement activity could adversely affect our business and financial condition. Going forward, we expect CMS, Congress, and state agencies to continue to closely scrutinize each component of the Medicare, Medicaid, and exchange programs, as well as modify the terms and requirements of the programs. Further since taking office in January 2025, the Trump administration has taken dramatic steps to freeze some federal funding and reduce the size of the federal workforce. It is not possible to predict the outcome of this congressional, executive, or regulatory activity, either of which could adversely affect us. Similarly, we cannot predict whether pending or future federal or state legislation or court proceedings will change various aspects of these programs, nor can we predict the impact those changes will have on our business operations or financial results, but the effects could be materially adverse.

In addition, CMS Congress, state legislatures and third-party payers may continue to review and assess alternative health care delivery and payment systems and may in the future propose and adopt legislation or policy changes or implementations effecting additional fundamental changes in the health care delivery system, including with respect to Medicare, and Medicaid, and exchange programs. We cannot assure you as to the ultimate content, timing, or effect of any changes, nor is it possible at this time to estimate the impact

of any such potential legislation or changes. Health care reform has resulted in profound changes to the individual health insurance market and our business, and we expect these changes to continue.

Medicaid and exchange enrollment is impacted, and may fluctuate, based on a variety of factors. These include continuous enrollment requirements instituted during the COVID-19 public health emergency (the "PHE") in 2021 under which Medicaid enrollment grew, and the resumption of Medicaid eligibility redeterminations, or "unwinding," that began in 2023 at the PHE's conclusion which reduced enrolled lives for some Medicaid MCOS. State may also take varying approaches to streamlining or discouraging enrollment, and income levels for eligibility may vary (particularly in non-expansion vs. expansion states). The 119th Congress and Trump administration have been exploring potential changes to Medicaid which could include cuts to federal matching payments, work requirements, or other eligibility and enrollment changes, as well as potential changes to ACA enrollment. Enrollment decreases for our partners may decrease the number of lives on our platform and impact the revenues derived from such partners.

Additional legislative and regulatory developments which may impact our business directly or indirectly through our partners include:

- Health IT interoperability efforts beginning with the Health Information Technology for Economic and Clinical Health (HITECH) Act in 2009 and 21st Century Cures Act in 2016, from which we have seen an array of regulations on topics including electronic data exchange and the move to HL7 FHIR application programming interface methods; prohibitions on electronic health records vendor and provider information blocking; the move to electronic or digital all-payer quality measurement; and the move to electronic prior authorization methods.
- Health care price transparency efforts including No Surprises Act provisions enacted as part of the Consolidated Appropriations Act in 2020, effective as of 2022.
- Efforts to reduce prescription drug costs including the Inflation Reduction Act of 2022 which created a negotiation program for Medicare Part D and Part B drugs; redesigned the Medicare Part D drug benefit to lower patient cost sharing; and instituted other changes designed to improve patient access. While these policies may or may not have a direct impact on our business, they can change market dynamics such as Medicare Advantage growth vs. standalone Part D plans, national health expenditures and trend factors that play into benchmarks for MA and Medicare ACOs, and drug formulary and rebate negotiations.

An emerging trend is intensified scrutiny by state and federal authorities with respect to the use of AI, particularly any AI systems used in utilization management. At least 40 states introduced or enacted AI legislation in 2024, more than half of which touching upon health care, and we see this trend continuing in 2025. For example, California Governor Newsom signed Senate Bill 1120 into law, which aims to safeguard patients and maintain oversight when payers use AI. A new Colorado law and guidance from the New Jersey Attorney General seek to ensure AI does not introduce discrimination or algorithmic bias. The use of AI has also been the focus of congressional inquiries and federal guidance documents. The Trump administration has rescinded the Biden administration's Executive Order ("EO") on AI and replaced it with a new EO that directs Administration leaders to solicit stakeholder input and produce a new AI Action Plan in 2025 designed to promote AI innovation primarily. It may also begin to introduce some regulatory frameworks and guardrails.

Fraud, Waste and Abuse Laws

Investigating and prosecuting healthcare fraud, waste and abuse continues to be a top priority for state and federal law enforcement entities. The focus of these efforts has been directed at Medicare, Medicaid, the ACA's Health Insurance Marketplace ("Health Insurance Marketplace") and commercial products. Compliance with these laws may require substantial resources. We are constantly looking for ways to improve our fraud, waste and abuse detection methods. The fraud, waste and abuse laws include federal and state anti-kickback laws that generally prohibit the payment or receipt of kickbacks, bribes or other remuneration in exchange for the referral of patients or other health-related business. The United States federal health care programs' Anti-Kickback Statute makes it unlawful for individuals or entities knowingly and willfully to solicit, offer, receive or pay any kickback, bribe or other remuneration, directly or indirectly, in exchange for or to induce the referral of an individual to a person for the furnishing or arranging for the furnishing of any item or service for which payment may be made in whole or in part under a federal health care program or the purchase, lease or order, or arranging for or recommending purchasing, leasing or ordering, any good, facility, service, or item for which payment may be made in whole or in part under a federal health care program. Penalties for violations include criminal penalties and civil sanctions such as fines, imprisonment and possible exclusion from federal health care programs. If an arrangement falls outside the safe harbors, it must be evaluated on its specific facts to assess whether regulatory authorities might take the position that one purpose of the arrangement is to induce referrals of federal health care program business. Our business arrangements may implicate the Anti-Kickback Statute, and we evaluate whether investment and compensation arrangements being developed by us on behalf of clients and providers fall within one of the safe harbors or Medicare Shared Savings Program waiver. If not, we consider the factors that regulatory authorities are likely to consider in attempting to identify the intent behind such arrangements. We also design business models that reduce the risk that any such arrangements might be viewed as abusive and trigger Anti-Kickback Statute claims.

In addition to these health care laws and regulations, we are subject to various other laws and regulations, including, among others, other aspects of state insurance laws, the Stark Law relating to self-referrals, the whistleblower provisions of the False Claims Act, anti-kickback laws, antitrust laws and the privacy and data protection laws. The federal civil False Claims Act imposes liability on any person or entity who, among other things, knowingly presents, or causes to be presented, a false or fraudulent claim for payment by a federal health care program. The "qui tam" or "whistleblower" provisions of the False Claims Act allow a private individual to bring actions on behalf of the federal government alleging that the defendant has submitted a false claim to the federal government, and to share in any monetary recovery. Our activities relating to the way we sell and market our services, including our risk adjustment solution, may be subject to scrutiny under these laws.

The HIPAA health care fraud statute created a class of federal crimes, including health care fraud and false statements relating to health care matters, known as the "federal health care offenses." The HIPAA health care fraud statute prohibits, among other things, executing a scheme to defraud any health care benefit program, while the HIPAA false statements statute prohibits, among other things, concealing a material fact or making a materially false statement in connection with the payment for health care benefits, items or services. Entities that are found to have aided or abetted in a violation of the HIPAA federal health care offenses are deemed by statute to have committed the offense and are punishable as a principal.

In addition, we may be subject to federal and state "self-referral" laws, which generally prohibit physicians from referring patients for items covered by Medicare or Medicaid to entities with which the physician has a financial relationship, unless that relationship falls within a specified exception. The Stark Law is a strict liability statute and is violated even if the parties did not have an improper intent to induce physician referrals. The Stark Law is relevant to our business because we frequently organize arrangements of various kinds under which (a) physicians and hospitals jointly invest in and own ACOs, clinically integrated networks and other entities that engage in value-based contracting with third-party payers or (b) physicians are paid by hospitals or hospital affiliates for care management, medical or other services related to value-based contracts. We evaluate when these investment and compensation arrangements create financial relationships under the Stark Law and design structures that are intended to satisfy exceptions under the Stark Law or Medicare Shared Savings Program waiver.

Antitrust Laws

The antitrust laws are designed to prevent competitors from jointly fixing prices. However, competitors often work collaboratively to reduce the cost of health care and improve quality. To balance these competing goals, antitrust enforcement agencies have established a regulatory framework under which claims of per se price fixing can be avoided if a network of competitors (such as an ACO or clinically integrated network) is financially or clinically integrated. In this context, we evaluate the tests for financial and clinical integration that would be applied to the provider networks that we are helping to create and support, including the nature and extent of any financial risk that must be assumed to be deemed financially integrated and the types of programs that must be implemented to achieve clinical integration. However, even if a network is integrated, it is still subject to a "rule of reason" test to determine whether its activities are, on balance, pro-competitive. The key factors in the rule of reason analysis are market share and exclusivity. We focus on network size, composition and contracting policies to strengthen our partners' position that their networks meet the rule of reason test.

Privacy and Data Security

We are subject to various federal, state and local laws and rules regarding the use, security and disclosure of protected health information, personal information, and other categories of confidential or legally protected data that we handle. Such laws and rules include, without limitation, HIPAA, the Federal Trade Commission Act, the Gramm-Leach-Bliley Financial Modernization Act of 1999 (Gramm-Leach-Bliley Act), and state privacy and security laws such as the California Privacy Rights Act. Privacy and security laws and regulations often change due to new or amended legislation, regulations or administrative interpretation. A variety of state and federal regulators enforce these laws, including but not limited to the U.S. Department of Health and Human Services, the Federal Trade Commission, state attorneys general and other state regulators.

By processing data on behalf of our partners, we are subject to specific compliance obligations under privacy and data security-related laws, including HIPAA, the HITECH Act and related state laws. We are also subject to federal and state security breach notification laws, as well as state laws regulating the processing of protected personal information, including laws governing the collection, use and disclosure of social security numbers and related identifiers. The regulations that implement HIPAA and the HITECH Act establish uniform standards governing the conduct of certain electronic health care transactions and protecting the security and privacy of individually identifiable health information maintained or transmitted by health care providers, health plans and health care clearinghouses, all of which are referred to as "covered entities," and their "business associates" (which includes anyone who performs a service on behalf of a covered entity involving the use or disclosure of protected health information and is not a member of the covered entity's workforce). Our partners' health plans generally will be covered entities, and, as their business associate, they require us to contractually comply with certain aspects of these standards by entering into requisite business associate agreements. HHS has recently proposed updating the HIPAA Security Rule in an effort to strengthen the cybersecurity requirements that protect electronic

Protected Health Information. Comments to the Proposed Rule are due March 7, 2025. If passed, the new Security Rule would require us to enhance our information security infrastructure, update certain business associate agreements, and may subject us to additional penalties in the event of a violation.

In addition to federal regulations issued under HIPAA, several states have enacted privacy and security statutes or regulations, which we refer to as state privacy laws, that govern the use and disclosure of a person's medical information or records and, in some cases, are more stringent than those issued under HIPAA. These state privacy laws include regulation of employers; regulation of organizations that perform certain administrative functions, such as UR, or TPA; issuance of notices of privacy practices; and reporting and providing access to law enforcement authorities. In those cases, it may be necessary to modify our operations and procedures to comply with these more stringent state privacy laws. If we fail to comply with applicable state privacy laws, we could be subject to additional sanctions.

Federal and state consumer protection laws are being applied increasingly by the FTC, Federal Communications Commission and states' attorneys general to regulate the collection, use, storage and disclosure of personal or patient information, through websites or otherwise, and to regulate the presentation of website content and to regulate direct marketing, including telemarketing and telephonic communication. Courts may also adopt the standards for fair information practices promulgated by the FTC, which concern consumer notice, choice, security and access.

Other State Laws

State insurance laws require licenses for certain health plan administrative activities, including TPA licenses for the processing, handling and adjudication of health insurance claims and UR agent licenses for providing medical management services. Given the nature and scope of services that we provide to certain partners, we are required to maintain TPA and UR agent licenses and ensure that such licenses are in good standing on an annual basis. In addition, laws in many states govern prompt payment obligations for health care services. These laws generally define claims payment processes and set specific time frames for submission, payment, and appeal steps. Failure to meet these requirements and time frames may result in rejection, delay of claims and possible interest and regulatory penalties.

Intellectual Property

Our continued growth and success depend, in part, on our ability to protect our intellectual property and proprietary technology, including our Identifi® software and CarePro™ platform. We primarily protect our intellectual property through a combination of copyrights, trademarks and trade secrets, intellectual property licenses and other contractual rights (including confidentiality, non-disclosure and assignment-of-invention agreements with our employees, independent contractors, consultants and companies with which we conduct business).

However, these intellectual property rights and procedures may not prevent others from creating a competitive online presence or otherwise competing with us. We may be unable to obtain, maintain and enforce the intellectual property rights on which our business depends, and assertions by third parties that we violate their intellectual property rights could have a material adverse effect on our business, financial condition and results of operations. For additional information related to our intellectual property position see "Part I - Item 1A. Risk Factors - Risks relating to Data Protection, Privacy, Cybersecurity, Intellectual Property and Technology."

Research and Development

Our research and development expenditures primarily consist of our strategic investment in enhancing the functionality and usability of our software, Identifi® and developing programs and processes to maximize care delivery efficiency and effectiveness. We also capitalize software development costs related to Identifi® and CarePro™.

Human Capital Management

We believe our people differentiate our business and power our mission. As of December 31, 2024, we had approximately 4,500 global employees. None of our employees are represented by a labor union, and we are not a party to any collective bargaining agreements. Our primary human capital objective is to attract, retain and develop great talent that is committed to our mission and business objectives. We focus on the following areas:

- Talent Attraction, Selection, and Hiring
- Employee Compensation and Incentives
- Employee Training and Career Development
- Employee Well Being
- Culture of Inclusion

Talent Attraction, Selection, and Hiring

We seek to source the right talent by looking at both internal and external talent pools.

We make key investments in tools and resources to help engage and attract talent through modern, and data-driven recruitment practices. This includes in-bound (job postings/referrals) and outbound (outreach to passive talent) strategies aimed at casting a wide net to engage the best talent available to us. We are rigorous in our selection process to facilitate alignment with our company values and core needs of teams. And finally, we conduct background checks and have a comprehensive onboarding program.

Employee Compensation and Incentives

Our Total Rewards philosophy is dedicated to attracting, growing, and retaining top talent to drive company success and nurture our culture. We offer comprehensive benefits and competitive pay, including leading medical, dental, prescription, and 401(k) plans, along with market-competitive salaries for strong performance. Our incentive programs are designed to achieve short- and long-term goals, foster accountability, and attract skilled staff by aligning interests of leadership and stockholders. Additionally, we provide benefits beyond salary, such as time off, leave programs, family support, life and disability insurance, and remote-work options, all meeting or exceeding market standards. By sharing success, we recognize that our talented team sets us apart in the marketplace and helps us fulfill our mission.

Employee Growth and Development

We believe the continued growth and development of our talent is critical to maintaining our success and growth as a company. We have established a global talent management approach to invest in our employees' ongoing learning and to identify and develop talent that accelerates our business. We support a culture of growth and development through engaging and relevant resources including Evolent-exclusive live learnings and curated, on-demand content through LinkedIn Learning. These resources are available to all employees through our online learning center. We rely on shared values and a leadership framework to create an environment with clear expectations and where everyone has the opportunity to learn, develop and grow.

Employee Well-Being

Our approach to employee well-being reflects the spirit of our mission to change the health of the nation. We believe that we have a responsibility to support our people's health and well-being. We provide our employees with benefits including medical insurance, dental, vision, paid time off, and 401(k) plan with company match for eligible employees. In addition, we offer fertility support, bariatric surgery, diabetes, and hypertension program offerings, as well as 100% paid pregnancy leave and parental leave. Employees and their families can access mental health resources as part of their benefits, covering a spectrum of mental wellness needs. In addition, we have an active employee listening strategy, including employee surveys, personal impact days to promote social improvement engagement, an employee relief fund, holistic wellness initiatives during the year that include yoga, cooking sessions, meditation, and wellness challenges.

Culture of Inclusion

Evolent supports inclusion efforts and is committed to non-discrimination practices. Evolent is an equal opportunity employer and aims to create an environment where diverse perspectives can be included, developed, and advanced. The table below presents self-identification and self-disclosed employee demographic data:

	December 31, 2024
Gender (global representation)	
Women	68.0%
Men	32.0%
Racial and ethnic minorities (U.S. representation) ⁽¹⁾	
Racial and ethnic minorities	50.4%
Non-racial and ethnic minorities	49.6%
Leadership Representation (U.S. representation, Managing Director level or above)	
Women	57.1%
Men	42.9%
Racial and ethnic minorities	23.4%
Non-racial and ethnic minorities	76.6%
Employee self-identification (U.S. representation)	
LGBTQ+	12.1%
Veteran	2.3%
Individual with disability	2.0%

⁽¹⁾ Metrics around the minority representation include Black or African American, Asian, Hispanic or Latino, American Indian, Alaska Native, Native Hawaiian, Other Pacific Islander, Two or More Races, and decline to state.

Information about our Executive Officers

Our executive officers as of February 20, 2025, were as follows:

Name	Age	Position
Seth Blackley	46	Chief Executive Officer
Dan McCarthy	40	President
John Johnson	41	Chief Financial Officer
Emily Rafferty	42	Chief Operating Officer
Jonathan Weinberg	57	General Counsel
Aammaad Shams	41	Chief Accounting Officer

Seth Blackley is our co-founder and has served as our Chief Executive Officer since October 2020 and served as our President from August 2011 until his promotion. Prior to co-founding the Company, Mr. Blackley was the Executive Director of Corporate Development and Strategic Planning at The Advisory Board from June 2007 to August 2011. Mr. Blackley began his career as an analyst in the Washington, D.C. office of McKinsey & Company. Mr. Blackley holds a Bachelor of Arts degree in business from The University of North Carolina at Chapel Hill, and a Master of Business Administration from Harvard Business School.

Dan McCarthy has served as our President since September 2022. Prior to his role as President, Mr. McCarthy was the New Century Health Chief Executive Officer since 2019, and prior to that held multiple leadership roles within Evolent since joining the Company in 2014. Mr. McCarthy came to Evolent from McKinsey & Company, where he was a leader in the firm's health care practice. Mr. McCarthy holds an M.B.A. from Harvard Business School, where he was a Goldsmith Fellow, and received a B.A. from Georgetown University.

John Johnson has served as our Chief Financial Officer since July 2019. Prior to his role as Chief Financial Officer, Mr. Johnson was acting Chief Financial Officer for New Century Health from March 2019 to June 2019. Prior to his New Century Health role, Mr.

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Johnson was Senior Vice President, Corporate Performance at Evolent Health from January 2018 to March 2019 and Vice President, Corporate Performance at Evolent Health from April 2016 to December 2017. Prior to joining the Company, Mr. Johnson was the Managing Partner at Riverbend Analytics, LLC from December 2015 until April 2016 and the Vice President of Strategy at PSA Healthcare from February 2013 until November 2015. Mr. Johnson holds a Bachelor of Arts degree in Physics from Cornell University.

Emily Rafferty has served as our Chief Operating Officer since July 2023. Prior to her role as Chief Operating Officer, Ms. Rafferty held multiple leadership roles within the Company, including President and Chief Operating Officer of Evolent Health Services, a former reporting segment of the Company, from September 2020 to June 2023, President, Market Operations and Pharmacy Services, from February 2018 to July 2019, and Senior Vice President, Advisory Services, from October 2016 to January 2018. Prior to joining the Company, Ms. Rafferty was Vice President of Provider Consulting at Optum, working closely with health systems in revenue-cycle strategy and process design, inclusive of clinical documentation improvement. Ms. Rafferty holds a B.B.A. in economics and management from University of Iowa and completed the Executive Development Program at the Wharton School of the University of Pennsylvania.

Jonathan Weinberg has served as our General Counsel since January 2014. Prior to joining Evolent, Mr. Weinberg was a Senior Vice President and Deputy General Counsel for Coventry Health Care, Inc. (Aetna Inc.) from 1999 to 2013, and oversaw the day-to-day management of the legal department as well as the company's risk management department. Prior to joining Coventry, Mr. Weinberg was an associate and then partner at Epstein Becker and Green, P.C. in the firm's health care practice, specializing in managed care issues from 1992 to 2002. Mr. Weinberg received his Bachelor of Arts in history and political science from the University of Wisconsin-Madison and his juris doctorate from the Catholic University of America.

Aammaad Shams has served as our Chief Accounting Officer since August 2022. Prior to his current role, Mr. Shams was the Company's Controller from June 2020 to August 2022 and Assistant Corporate Controller from January 2020 to June 2020. Mr. Shams also served as Senior Director of Technical Accounting from April 2018 to June 2019 and Senior Director of Accounting from July 2019 until December 2019. Prior to joining the Company, Mr. Shams was a Director in KPMG, LLP's Accounting Advisory Services practice from June 2015 until March 2018. Mr. Shams is a Certified Public Accountant in the Commonwealth of Virginia.

Our executive officers are elected annually by our Board of Directors. All executive officers serve until their successors are duly chosen or elected and qualified, except in the case of earlier death, resignation or removal.

Corporate Information

Evolent began business operations in August 2011. Evolent Health, Inc., the registrant, was incorporated in the State of Delaware in December 2014. We completed our IPO in June 2015 and our Class A common stock is listed on the NYSE under the symbol "EVH". Evolent Health, Inc. is a holding company whose principal asset is all of the Class A common units it holds in Evolent Health LLC, and its only business is to act as sole managing member of Evolent Health LLC. Substantially all of our operations are conducted through Evolent Health LLC and its consolidated subsidiaries and the financial results of Evolent Health LLC are consolidated in the financial statements of Evolent Health, Inc.

Website to Access Our Reports

Our internet website address is www.evolent.com. In addition to the information about us and our subsidiaries contained in this Annual Report on Form 10-K, information about us can be found on our website including information on our corporate governance principles and practices. Our Investor Relations website at ir.evolent.com contains a significant amount of information about us, including financial and other information for investors. We use the investor relations page of our website for purposes of compliance with Regulation FD and as a routine channel for distribution of important information, including news releases, investor presentations, financial information and corporate governance practices. We encourage investors to visit our website, as we frequently update and post new information about our company on our website and it is possible that this information could be deemed to be material information. Our website and information included in or linked to our website are not part of this Annual Report on Form 10-K.

We make available, free of charge, on or through our website our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

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Item 1A. Risk Factors

The following summary highlights some of the principal risks that could adversely affect our business, financial condition or results of operations. This summary is not complete and the risks summarized below are not the only risks we face. These risks are discussed more fully further below. These risks include, but are not limited to, the following:

- the significant portion of revenue we derive from our largest partners, and the potential loss, termination or renegotiation of our relationship or contract with any significant partner, or multiple partners in the aggregate;
- the increasing number of risk-sharing arrangements we enter into with our partners;
- the growth and success of our partners and certain revenues from our engagements, which are difficult to predict and are subject to factors outside of our control, including governmental funding reductions and other policy changes;
- our ability to accurately predict our exposure under performance-based contracts;
- failure by our customers to provide us with accurate and timely information;
- our ability to recover the upfront costs in our partner relationships and develop our partner relationships over time;
- our ability to attract new partners and successfully capture new opportunities;
- our ability to offer new and innovative products and services and our ability to keep pace with industry standards, technology and our partners' needs;
- our ability to maintain and enhance our reputation and brand recognition;
- our dependency on our key personnel, and our ability to attract, hire, integrate and retain key personnel;
- risks related to completed and future acquisitions, investments, alliances and joint ventures, which could divert management resources, result in unanticipated costs or dilute our stockholders;
- our ability to effectively manage our growth and maintain an efficient cost structure;
- our ability to partner with providers due to exclusivity provisions in our and some of our partner and founder contracts;
- risks related to managing our offshore operations and cost reduction goals;
- our ability to estimate the size of our target markets for our services;
- consolidation in the health care industry;
- competition which could limit our ability to maintain or expand market share within our industry;
- risks related to audits by CMS and other governmental payers and actions, including whistleblower claims under the False Claims Act;
- evolution of the health care regulatory and political framework;
- restrictions on the manner in which we access personal data and penalties as a result of privacy and data protection laws;
- data loss or corruption due to failures or errors in our systems and service disruptions at our data centers;
- liabilities and reputational risks related to our ability to safeguard the security and privacy of confidential data;
- our ability to obtain, maintain and enforce intellectual property rights and protect our trademarks and trade names, including from third parties alleging that we are infringing or violating their intellectual property rights;
- our ability to protect the confidentiality of our trade secrets;
- risks associated with our use of AI and machine learning models;
- our use of "open-source" software;
- our reliance on third parties and licensed technologies;
- restrictions on our ability to use, disclose, de-identify or license data and to integrate third-party technologies;
- our reliance on Internet infrastructure, bandwidth providers, data center providers, other third parties and our own systems for providing services to our partners and operating our business;
- material weaknesses in the future may impact our ability to conclude that our internal control over financial reporting is not effective and we may be unable to produce timely and accurate financial statements;
- our ability to achieve profitability in the future;
- the impact of additional goodwill and intangible asset impairments on our results of operations;
- our obligations to make material payments to certain of our pre-IPO investors for certain tax benefits we may claim in the future;
- our obligations to make payments under the tax receivables agreement that may be accelerated or may exceed the tax benefits we realize;
- our ability to utilize benefits under the tax receivables agreement described herein;
- the terms of agreements between us and certain of our pre-IPO investors may contain different terms than comparable agreement we may enter into with unaffiliated third parties;
- Our inability to obtain financing may result in a reduction in the ownership of our stockholders;
- the conditional conversion features, and changes in accounting treatment, of the 2025 Notes and the 2029 Notes (as defined below), which, if triggered, may adversely affect our financial condition and operating results;

- our ability to raise funds necessary to settle conversions of our notes in cash, to repurchase our notes for cash upon a fundamental change or to pay the redemption price for any notes we redeem;
- interest rate risk and other restrictive covenants under the Credit Agreement (as defined below) and the terms of our Series A Preferred Stock;
- our indebtedness, our ability to service our indebtedness, and our ability to obtain additional financing on favorable terms or at all;
- our ability to service our debt and pay dividends on our Series A Preferred Stock;
- interference with our ability to access the revolving credit facility under our Credit Agreement;
- the potential volatility of our Class A common stock price;
- our Series A Preferred Stock has rights, preferences and privileges that are not held by and are preferential to the rights of holders of our Class A common stock, and could in the future substantially dilute the ownership interest of holders of our Class A common stock;
- the potential decline of our Class A common stock price if a substantial number of shares are sold or become available for sale, including those issuable upon conversion of our Series A Preferred Stock;
- provisions in our certificate of incorporation and by-laws and provisions of Delaware law that discourage or prevent strategic transactions, including a takeover of us;
- provisions in our certificate of incorporation which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees;
- our intention not to pay cash dividends on our Class A common stock;
- the impact of litigation proceedings, government inquiries, reviews, audits or investigations;
- risks related to the failure of any bank in which we deposit our funds, which could reduce the amount of cash we have available to meet our cash commitments and make additional investments;
- public health emergencies, epidemics, pandemics or contagious diseases;
- the cost of compliance with sustainability or other ESG (as defined below) law and regulations; and
- the impact of increasing inflationary pressures and rising consumer costs on our business.

Our business, operations and financial position are subject to various risks. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including the audited annual consolidated financial statements and notes thereto included elsewhere in this Form 10-K, when evaluating your investment in our securities. The risks and uncertainties described below are those that we currently believe may materially affect the Company. Additional risks and uncertainties of which we are unaware or that we currently deem immaterial also may become important factors that affect the Company. If any of the following risks are realized, our business, financial condition, operating results and prospects could be materially and adversely affected. In that event, the price of our securities could decline, and you could lose part or all of your investment. Some statements in this Form 10-K, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section entitled "Forward-Looking Statements - Cautionary Language."

Risks Relating to Our Business and Strategy

We derive a significant portion of our revenues from our largest partners. The loss, termination or renegotiation of our relationship or contract with a significant partner, or multiple partners in the aggregate, could negatively impact our results.

Historically, we have relied on a limited number of partners for a substantial portion of our total revenue. Our four largest partners in terms of revenue, Humana Insurance Company, Molina Healthcare, Inc. ("Molina"), Florida Blue and Cook County Health and Hospitals System comprised 19.3%, 13.7%, 12.9% and 11.5%, respectively, of our revenue for the year ended December 31, 2024. In addition, our partnership with Centene has grown, both as a result of the NIA acquisition and from other partnership opportunities. The loss of any of these partners, or any other significant partner, pursuant to a procurement process or otherwise, or the non-renewal or renegotiation of any of our significant partner contracts, could adversely affect our results.

In the ordinary course of business, we engage in active discussions and renegotiations, and at times we are required to participate in procurement or other request for proposal ("RFP") exercises with our partners in respect of the services we provide and the terms of our partner agreements, including our fees. Certain of our partners are subject to Medicaid health plans with state contracts that come up for renewal from time to time and can be subject to an RFP process. If a partner loses its contract or an RFP process it would cause the Company to lose that portion of the customer's business. In addition, we may not successfully win new contracts or renewals of existing contracts through competitive market standard procurement or RFP processes. As partners' businesses respond to market dynamics and financial pressures, and as partners make strategic business decisions in respect of the lines of business they pursue and programs in which they participate, certain of our partners have renegotiated or terminated, or not renewed, and we expect that in the future additional partners will, from time to time, seek to renegotiate or terminate or not renew their agreements with us. The impact of these actions have included, and in the future could include making organizational changes across our business as well as other profitability initiatives that may result in reductions in force, re-aligning of resources as well as other potential operational efficiency and cost-reduction initiatives and could result in reductions to the fees and changes to the scope of services contemplated by our

original partner contracts and consequently have and could negatively impact our revenues, financial results (including potential impairments), business and prospects.

Because we rely on a limited number of partners for a significant portion of our revenues, we depend on the creditworthiness of these partners. Our partners are subject to a number of risks including reductions in payment rates from governmental payers, higher than expected health care costs and lack of predictability of financial results when entering new lines of business, particularly with high-risk populations, such as plans established under the ACA and Aged, Blind and Disabled Medicaid. If the financial condition of our partners declines, our credit risk could increase. Should one or more of our significant partners declare bankruptcy, be declared insolvent or otherwise be restricted by state or federal laws or regulation from continuing in some or all of their operations, this could adversely affect our ongoing revenues, financial results (including potential impairments), the collectability of our accounts receivable and our bad debt reserves and net income (loss).

The revenue from our contracts is not guaranteed. Although we have long-term contracts with many partners, these contracts may be terminated before their terms expire for various reasons, such as changes in the regulatory landscape and poor performance by us, subject to certain conditions, amongst others. For example, after a specified period, certain of our contracts are terminable for convenience by our partners after a notice period has passed and, in certain cases, partners would be required to pay us a termination fee. Termination fees and the related notice period in certain of our contracts are determined based on the scope of the market-facing solutions that our partner has adopted and the duration of the contract. Most of our contracts include cure periods for certain breaches, during which time we may attempt to resolve any issues that would trigger a partner's ability to terminate the contract. Certain contracts are terminable immediately upon the occurrence of certain events. For example, some contracts may be terminated by the partner if we fail to achieve target performance metrics over a specified period. Certain contracts may be terminated by the partner immediately following repeated failures by us to provide specified levels of service over periods ranging from six months to more than a year. Certain contracts may be terminated immediately by the partner if we lose applicable licenses, go bankrupt, lose our liability insurance or receive an exclusion, suspension or debarment from state or federal government authorities. Additionally, if a partner were to lose applicable licenses, go bankrupt, lose liability insurance, become insolvent, file for bankruptcy or receive an exclusion, suspension or debarment from state or federal government authorities, the contract with such partner could in effect be terminated. In addition, as our partners' businesses respond to market dynamics and financial pressures, and as our partners make strategic business decisions in respect of the lines of business they pursue and programs in which they participate, we expect that certain of our partners will, from time to time, seek to restructure their agreements with us. The loss, termination or renegotiation of any contract could negatively impact our results.

Our Performance Suite contracts involve risk sharing arrangements with partners, pursuant to which our revenues and profitability could be limited and negatively impacted.

Through our Performance Suite, we take on members from payers through performance-based arrangements where we assume risks related to pricing of contracts. We have incurred (including in the second half of 2024), and in the future may incur losses under these arrangements if we are unable to adjust our rates if faced with increased costs, including related to patient care or pharmaceutical products. We have recently migrated key Performance Suite customers to an adjusted Performance Suite contractual model, which includes a narrowed risk corridor. While the narrowed risk corridor is intended to limit our downside risk, it also limits our potential for upside on profitability. In some of our contracts, a defined portion of the revenue is at risk and can be refunded to the partner if certain service levels are not attained. Although we monitor our compliance with the service levels to determine whether a refund will be provided and record an estimate of these refunds, we cannot assure you that our estimates will be accurate. In addition, certain of our contracts provide that if we fail to meet specified implementation targets, the contracts will terminate and/or we will be subject to financial penalties. These provisions could impact our cash flows and profitability.

As of December 31, 2024, the Company had approximately \$16.6 million of restricted cash and restricted investments related to risk-sharing arrangements. These arrangements have included and may include provision of letters of credit, loans, reinsurance arrangements, equity investments and other extensions of capital, where we are and may be at risk of not recovering all or a portion of any such loan or other extension of capital.

As the market evolves, we expect to engage in similar and new risk sharing strategies with our partners. Any risk sharing arrangements could limit and negatively impact our revenue, results of operations, financial condition, business and prospects. In addition, our failure to agree on satisfactory risk sharing solutions with partners could negatively impact our ability to retain and attract partners.

Our revenues and the growth of our business rely, in part, on the growth and success of our partners and certain revenues from our engagements, which are difficult to predict and are subject to factors outside of our control, including governmental funding reductions and other policy changes.

We enter into agreements with our partners under which a significant portion of our fees are variable, including fees which are dependent upon the number of members that are covered by partners' health care plans each month, expansion of partners and the services that we provide, as well as performance-based metrics. The number of members covered by a partner's health care plan is often impacted by factors outside of our control, such as the actions of our partner or third parties. In addition, ongoing payment of fees by our partners could be negatively impacted by the general financial condition of partners. Accordingly, revenue under these agreements is unpredictable. If the number of members covered by one or more of our partners' plans were to be reduced by a material amount, or if member enrollment numbers in new plans are lower than expected, such decrease would lead to a decrease in our expected revenue, which could harm our business, financial condition and results of operations. In addition, growth forecasts of our partners are subject to significant uncertainty and are based on assumptions and estimates that may prove to be inaccurate. Even if the markets in which partners compete meet the size estimates and growth forecasted, their health plan membership could fail to grow at similar rates, if at all. In addition, a portion of the revenue under certain of our service contracts is tied to the partners' continued participation in specified payer programs over which we have no control. If a partner ceases to participate or is disqualified from participation in any such program, this would lead to a decrease in our expected revenue under the relevant contract. For example, as Medicare Advantage plans make changes to manage their profitability, it is possible that significant membership declines in Medicare Advantage plans will follow. A significant number of Medicare Advantage prescription drug plan geographies or local markets across the country were terminated for 2025, including many local markets that were our customers in 2024, which could have an adverse impact on our financial results and profitability in 2025 and beyond.

In addition, broader policy shifts as a result of the new administration could impact our partners' businesses. For example, Medicaid policy may shift to block grants or other structures that may result in lower overall Medicaid membership. It is also possible that state or federal regulations may eliminate utilization management, which would negatively impact our revenue and increase our medical costs.

In addition, the transition to value-based care may be challenging for our partners. For example, fully-capitated or other provider risk arrangements have had a history of financial challenges for providers. Our partners may also have difficulty in value-based care if premium pricing is under pressure or if they incur selection bias in the health plans under which they assume risk and in so doing the premium, capitation amount or other risk-sharing arrangement they undertake may not adequately reflect the health status of the membership. Our partners may choose not to continue to capitalize affiliated health plans or subsidize losses to their reimbursement rates. Furthermore, revenue under our partner contracts may differ from our projections because of the termination of the contract for cause or at specified life cycle events, or because of fee reductions that are occasionally agreed to after the contract is initially signed.

Our partners derive a substantial portion of their revenue from third-party private and federal and state governmental payers, including Medicaid programs. Revenue under certain of our agreements could be negatively impacted as a result of governmental funding reductions impacting government-sponsored programs, changes in reimbursement rates, and premium pricing reductions, as well as the inability of partners to control and, if necessary, reduce health care costs, all of which are out of our control. We are unable to predict the impact on the Company's operations of future regulations or legislation affecting Medicaid programs, or the healthcare industry in general. For example, our partners generally received less Medicaid-based revenue following the Biden administration's termination of the COVID-19 PHE and the subsequent state Medicaid redeterminations. Because certain partners' revenues are highly reliant on third-party payer reimbursement funding rates and mechanisms, overall reductions of rates from such payers could adversely impact the liquidity of our partners, resulting in their inability to make payments to us on agreed payment terms. See "Risk Factors—Risks Relating to Our Industry and Market—The health care regulatory and political framework is uncertain and evolving" for additional information.

Failure to accurately predict our exposure under performance-based contracts could result in a reduction in profitability for our Performance Suite.

We deploy our specialty care management services solution in capitation arrangements, which we call the Performance Suite, where we are paid a fixed fee per member per month and assume responsibility for the cost of medical claims under our scope. If and when the Company is unable to accurately predict our exposure under the health care cost risk and control associated costs, for example due to changes in the delivery system; changes in utilization patterns, including post-pandemic as we may experience increased utilization due to higher demand for elective procedures that were not performed during the pandemic; changes in covered populations and the number of members seeking treatment; changes in acuity; unforeseen fluctuations in claims backlogs; unforeseen increases in the costs of the services; unforeseen increases in the rate at which customers overturn our denials of service; the occurrence of catastrophes; fraud, waste and abuse in our non-delegated claims; a lack of integrity in the claims we receive from certain customers; regulatory changes; and changes in benefit plan design, the Company's profitability, margins and prospects have and could decline. For example, beginning in the second half of 2024, increasing oncology costs outpaced historical averages, resulting in an adverse impact on our financial results and profitability in 2024, which could continue in the future. In addition, when we enter new or less mature specialty markets, and as our products evolve, it may be difficult for us to predict our exposure under performance-based contracts and our contracts may be less profitable than we expect. Moreover, costs of providing oncology, cardiology, radiology (including advanced imaging), musculoskeletal, physical medicine, genetics and other specialties are and have been very hard to predict, in part as a result

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of rapidly changing utilization of new and existing drugs and changing diagnostic and therapeutic protocols. When generic drugs are not available or there are shortages, this has increased and in the future may increase our costs, and has impacted and in the future may impact our profitability. Further, the competitive environment for our performance-based products, and customer demands or expectations as to margin levels could result in pricing pressures which could cause us to reduce our rates. A reduction in performance-based contract rates which are not accompanied by a reduction in covered services or expected underlying care trends could result in a decrease of our profitability and operating margins.

While certain of our contracts include provisions providing for automatic rate increases, some of our contracts require partner consent to implement rate increases. When we are unable to reach agreement on revised rates when appropriate, or when our rate increases do not adequately capture increased costs (particularly in oncology and cardiovascular), our profitability, margins and prospects have been and will be negatively impacted.

Failure by our customers to provide us with accurate and timely information could impact our profitability.

We are dependent on our customers to provide us with accurate and timely information, which we cannot control, including to develop our financial outlook. For example, in the second half of 2024, we experienced a significant increase in submission of claims paid by customers in prior periods than files that had been previously submitted, which negatively impacted our financial results and profitability. Additionally, our procedures, which include the use of third-party service providers, may not be effective in detecting fraudulent or other out-of-scope claims. When we do not receive accurate and or timely information from our customers, our results of operations and ability to develop our financial outlook has been and in the future be negatively impacted.

We typically incur significant upfront costs in our partner relationships, and if we are unable to develop or grow these partner relationships over time, we are unlikely to recover these costs, and our operating results may suffer.

We devote significant resources to establish relationships with our partners. Some of our partners undertake a significant and prolonged evaluation process, often to determine whether our solutions meet their unique needs, which has in the past resulted in extended periods of time to establish a partner relationship. Our efforts involve educating our partners about the use, technical capabilities and benefits of our solutions. Accordingly, our operating results will depend in substantial part on our ability to deliver a successful partner experience and persuade our partners to grow their relationship with us over time. If we are unable to sell additional solutions to existing partners, enter into and maintain favorable relationships with new partners or sufficiently grow our partners' lives on platform, it could have a material adverse effect on our business, financial condition and results of operations. As we grow, our customer acquisition costs could outpace our build-up of recurring revenue, and we may be unable to reduce our total operating costs through economies of scale such that we are unable to achieve profitability. For example, some of our partnerships require significant upfront investment including, in the case of new markets, investments in infrastructure to meet readiness and operating requirements which have outpaced our revenue growth. Under the Accounting Standards Codification ("ASC") Topic 606 revenue standard, certain set up costs we incur during the implementation phase may be deferred into the ongoing phase, potentially along with associated revenues. If the economics of a partnership change such that we are unlikely to fully recover those costs, we may be required to write off a portion or all of those deferred costs and revenues and our operating results may suffer. In addition, we estimate the costs and timing for completing the transformation phase of relevant partner relationships. These estimates reflect our best judgment. Any increased or unexpected costs or unanticipated delays, including delays caused by factors outside our control, could cause our operating results to suffer.

If we do not continue to attract new partners and successfully capture new opportunities with new or existing partners, we may not achieve our financial projections, and our results of operations would be harmed.

In order to grow our business, we must continually attract new partners and successfully capture new opportunities, including by further penetrating our existing partner base. Our ability to do so depends on our ability to perform well under existing contracts and maintain our reputation, as well as the success of our sales and marketing efforts. Potential

partners may seek out other options. Therefore, we must demonstrate that our products and services provide a viable solution for potential partners. If we fail to provide high-quality solutions and convince individual partners of our value proposition, we may not be able to retain existing partners, further penetrate existing partners, or attract new partners. In addition, there may be a limited-time opportunity to achieve and maintain a significant share of the market for our products and services due in part to the rapidly evolving nature of the health care and technology industries and the substantial resources available to our existing and potential competitors. If the market for our products and services declines or grows more slowly than we expect, if we fail to successfully convert new growth opportunities or if the number of individual partners that use our solutions declines or fails to increase as we expect, our revenue, results of operations, financial condition, business and prospects could be harmed.

If we are unable to offer new and innovative products and services or our products and services fail to keep pace with advances in industry standards, technology and our partners' needs, our partners may terminate or fail to renew their relationships with us and our revenue and results of operations may suffer.

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Our success depends on providing high-quality products and services that health care providers use to improve clinical, financial and operational performance. If we cannot adapt to rapidly evolving industry standards, technology, including AI, and increasingly sophisticated and varied partner needs, our existing technology could become undesirable or obsolete, which could harm our reputation. We must continue to invest significant resources in our personnel and technology, including AI, in a timely and cost-effective manner in order to enhance our existing products and services and introduce new high-quality products and services that existing partners and potential new partners will want. Our operating results would also suffer if our innovations are not responsive to the needs of our existing partners or potential new partners, are not appropriately timed with market opportunity, are not effectively brought to market or significantly increase our operating costs. If our new or modified product and service innovations are not responsive to partner preferences, emerging industry standards or regulatory changes, are not appropriately timed with market opportunity or are not effectively brought to market, we may lose existing partners or be unable to obtain new partners and our results of operations may suffer. In addition, should any of our partners terminate their relationship with us after implementation has begun, we would not only lose our time, effort and resources invested in that implementation, but we would also have lost the opportunity to leverage those resources to build a relationship with other partners over that same period of time. In some cases, we price our services based on expectations of long-term relationships with our partners. When a partner terminates the relationship earlier than we had expected, we lose the resources invested in that relationship as well as the upside benefits we had anticipated.

We also engage third-party vendors to develop, maintain and enhance the technology we use in our solutions, and our ability to develop and implement new technologies is therefore dependent on our ability to engage suitable vendors. We may also need to license software or technology from third parties in order to maintain, expand or modify our technology-enabled services platform. However, there is no guarantee we will be able to enter into such agreements on acceptable terms or at all. The functionality of our services platforms depends, in part, on our ability to integrate with third-party applications and data management systems that our partners use and from which they obtain data. These third parties may terminate their relationships with us, change the features of their applications and platforms, restrict our access to their applications and platforms or alter the terms governing use of their applications, data management systems and application programming interfaces and access to those applications and platforms in an adverse manner.

If we are not able to maintain and enhance our reputation and brand recognition, our business and results of operations will be harmed.

We believe that maintaining and enhancing our reputation and brand recognition is critical to our relationships with existing partners and to our ability to attract new partners. The promotion of our brands may require us to make substantial investments and we anticipate that, as our market becomes increasingly competitive, these marketing initiatives may become increasingly difficult and expensive. Our marketing activities may not be successful or yield increased revenue, and to the extent that these activities yield increased revenue, the increased revenue may not offset the expenses we incur and our results of operations could be harmed. In addition, any factor that diminishes our reputation or that of our management, including failing to meet the expectations of our partners, or any adverse publicity or litigation involving or surrounding the Company or one of our joint venture partners, investors or strategic alliance partners could make it substantially more difficult for us to attract new partners. Similarly, because our existing partners often act as references for us with prospective new partners, any existing partner that questions the quality of our work or that of our employees could impair our ability to secure additional new partners. Therefore, financial adversity of our partners' affiliated health plans may adversely affect our reputation. In addition, negative publicity resulting from any adverse government payer audit could injure our reputation. More broadly, we and our partners may also suffer negative reputational impact as a result of our involvement in utilization management, adverse determinations, prior authorizations, clinical decision support and similar matters. If we do not successfully maintain and enhance our reputation and brand recognition, our business may not grow and we could lose our relationships with partners, which would harm our business, results of operations and financial condition.

If we lose key members of our management team or employees or are unable to attract and retain the employees we need, our compensation costs will increase and our business and operating results will be adversely affected.

Our success depends largely upon the continued services of our key executive officers and recruitment of additional highly-skilled employees. From time to time, there may be changes in our senior management team resulting from the hiring or departure of executives, which could disrupt our business. Hiring executives with needed skills or the replacement of one or more of our executive officers or other key employees would likely involve significant time and costs and may significantly delay or prevent the achievement of our business objectives. In addition, competition for qualified talent in our industry is intense, particularly in the last several years. The market to build, retain and replace talent has become even more highly competitive, and many of the companies with which we compete for personnel have greater financial and other resources than we do. Recent and increasing threats to the safety of corporate officers, particularly in the healthcare industry, may put additional pressure on our ability to recruit and retain top talent, as well as the costs related thereto.

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We have faced and may continue to face difficulties attracting, hiring and retaining highly-skilled personnel with appropriate qualifications and may not be able to fill positions. To attract top talent, we have had to offer, and believe we will need to continue to offer, competitive compensation and benefits packages before we can validate the productivity of those employees. We have increased, and expect to continue to increase, our employee compensation levels in response to our competition, as necessary. In addition, the pressures of inflation have increased our costs of labor and may continue to do so.

In addition, we believe our corporate culture has been a key contributor to our success to date. With many of our employees working remotely, we may find it difficult to maintain important aspects of our culture, which could negatively affect our ability to retain and recruit personnel who are essential to our future success and could ultimately have a negative impact on our business and our ability to execute on our strategy. In order to successfully expand our business, we must effectively recruit, integrate and motivate new and retain existing employees, while maintaining the beneficial aspects of our corporate culture. All of our employees are "at-will" employees, and their employment can be terminated by us or them at any time, for any reason and without notice. We may not be able to hire new employees quickly enough to meet our needs. If we fail to effectively manage our hiring needs and successfully integrate new employees, our efficiency and ability to meet our forecasts and our employee morale, productivity and retention could suffer, and our business and results of operations could be harmed. In addition, volatility or lack of performance in our stock price may affect our ability to attract replacements should key personnel depart.

We have made and entered into, and may in the future make and enter into, acquisitions, investments, alliances and joint ventures, which may be difficult to integrate, divert management resources, result in unanticipated costs or dilute our stockholders.

As our business continues to grow, we may continue to acquire or invest in companies, businesses, products or technologies that complement our current products and services, enhance our market coverage or technical capabilities or offer growth opportunities. This may include acquiring or investing in companies, businesses, products or technologies that are tangential to our current business and in which we have limited or no prior operating experience. That, and other acquisitions, investments, alliances or joint ventures, have resulted and could result in new, material risks to our results of operations, financial condition, business and prospects. These new risks could include increased variability in revenues and prospects associated with various risk sharing arrangements. In addition, the market price for our Class A common stock could also be affected, following the consummation of any other transaction, by factors that have not historically affected the market price for our Class A common stock.

We continuously evaluate potential acquisition targets and investments as well as opportunities to divest of non-core assets. However, there can be no assurance that any of these potential acquisitions, investments or divestitures will be consummated. Acquisitions, investments and alliances, including our acquisitions of Machinify, NIA, Vital Decisions, and IPG, could result in numerous risks to our business which could negatively impact our financial condition and results of operations, including:

- difficulty converting platforms or integrating the purchased operations, products or technologies;
- substantial unanticipated integration costs, delays and challenges that may arise in integration;
- the loss of key customers who are in turn subject to risks and financial dislocation in their businesses;
- the loss of key employees, particularly those of the acquired operations;
- difficulty retaining or developing the acquired business' customers;
- adverse effects on our existing business relationships with customers, suppliers, other partners, standing with regulators;
- challenges related to the integration and operation of businesses that operate in new geographic areas and new markets or lines of business;
- unanticipated financial losses in the acquired business, including the risk of higher-than-expected health care costs;
- failure to realize the potential cost savings or other financial benefits or the strategic benefits of the acquisitions, including failure to consummate any proposed or contemplated transaction; and
- liabilities, including acquired litigation, and expenses from the acquired businesses for contractual disputes with customers and other third parties, infringement of intellectual property rights, data privacy violations or other claims and failure to obtain indemnification for such liabilities or claims, and distraction of our personnel in connection with any related proceedings.

We may be unable to integrate the operations, products, technologies or personnel gained through acquisitions or investments or integrate or complete any other such transaction without a material adverse effect on our business, financial condition and results of operations. Transaction agreements may impose limitations on our ability, or the ability of the business to be acquired, to conduct business. Events outside our control, including operating changes or regulatory changes, could also adversely affect our ability to realize anticipated revenues, synergies, benefits and cost savings. In addition, revenues of acquired businesses or companies, prior to and after consummation of a transaction, may be less than expected. Counterparties in transactions may have contracts with customers and other business partners which may require consents from these parties in connection with a transaction. If these consents cannot be obtained, the Company may suffer a loss of potential future revenue and may lose rights that are material to its business and the business of any combined company. Any such disruptions could limit our ability to achieve the anticipated benefits of the transaction.

Any integration may be unpredictable, or subject to delays or changed circumstances, and we and any targets may not perform in accordance with our expectations.

We have also entered into a number of joint ventures, some of which include put or call features under which we could be forced to extend purchase or buy interest from our joint venture partner. For example, one of our investments includes a put option that may be exercised by our joint venture partner in the first half of 2025 which, if exercised, would require us to acquire the interests in the joint venture that we do not own for a price of approximately \$52 million. Conflicts or disagreements between us and any joint venture partner may negatively impact the benefits expected to be achieved by the joint venture or may ultimately threaten the ability of such joint venture to continue. We are also subject to additional costs, risks and uncertainties because we may be dependent upon and subject to the liability, losses or reputational damage relating to joint venture partners that are not entirely under our control. We may be required to, or may determine to, make capital contributions or incur expenses related to our joint venture investments that we do not anticipate or that may not deliver the level of returns that we expect, in lieu of a put requirement or otherwise.

In connection with these acquisitions, investments, alliances or joint ventures, we could incur significant costs, debt, amortization expenses related to intangible assets or large and immediate write-offs or other impairments or charges, assume liabilities or issue stock (as we have done in prior transactions, including the acquisition of NIA) that would dilute our

current stockholders' ownership.

If we fail to effectively manage our growth and cost structure, our business and results of operations could be harmed.

We have expanded our operations and the number of lives on our platform has grown significantly since our inception, organically as well as through acquisitions. If we do not effectively manage our growth and maintain an efficient cost structure as we continue to expand, the quality of our solutions could suffer. Our growth to date, including as a result of our acquisition of NIA, has increased the significant demands on our management, our operational and financial systems and infrastructure and other resources. We must also continue to improve our existing systems for operational and financial management, including our reporting systems, procedures and controls. These improvements require significant capital expenditures and place increasing demands on our management. We may not be successful in managing or expanding our operations or in maintaining adequate financial and operating systems and controls. For example, as we expand into and across jurisdictions, if we do not comply with local clinical licensure laws in the provision of our services, our results of operations and reputation could be harmed. If we do not successfully manage these processes, including the timely management of providers and processing of claims on behalf of our partners, care could be delayed, we could suffer reputational harm and our business and results of operations could be harmed including as a result of potential penalties under partner contracts.

Exclusivity and right of first refusal clauses in some of our partner and founder contracts may prohibit us from partnering with certain other providers in the future, and as a result may limit our growth.

Some of our partner and founder contracts include exclusivity clauses. Any founder contracts with exclusivity, right of first refusal or other restrictive provisions may limit our ability to conduct business with certain potential partners, including competitors of our founders. For example, in connection with its formation, Evolent Health LLC entered into an IP Agreement with UPMC (the "UPMC IP Agreement"), pursuant to which if we were to conduct business with certain precluded providers, it would result in the loss of the license thereunder. Partner contracts with exclusivity or other restrictive provisions may limit our ability to partner with or provide services to other providers or purchase services from other vendors within certain time periods. These exclusivity or other restrictive provisions often apply to specific competitors of our partners or specific geographic areas within a particular state or an entire state. Accordingly, these exclusivity clauses may prevent us from entering into relationships with potential partners and could cause our business, financial condition and results of operations to be harmed.

We have also entered into a reseller, services and non-competition agreement with an affiliate of UPMC, pursuant to which we are prohibited from providing products or services to certain third parties and in certain territories. These restrictions could cause our business, financial condition and results of operations to be harmed if we found it advantageous to provide products or services to such third parties or in such territories during the restricted period.

Our offshore support and professional services may prove difficult to manage or may not allow us to realize our cost reduction goals.

We use certain offshore resources to provide certain support and professional services, which requires technical and logistical coordination. If we are unable to maintain acceptable standards of quality in support and professional services, our attempts to reduce costs and drive growth through margin improvements in technical support and professional services may be negatively impacted, which would adversely affect our results of operations. Our offshore resources, and their ability to provide support and professional services to our domestic operations, are subject to domestic regulation at the federal, state and local levels. In certain cases, those regulations restrict or prohibit us from using our offshore resources. In addition, our ability to use offshore resources is limited by or subject to approval pursuant to certain partner contracts. As a result, we may not be able to reduce costs for our domestic operations or fully realize our margin improvement goals, which could adversely affect our results of operations.

Risks Relating to Our Industry and Market

The market for value-based health care in the United States is rapidly evolving. Our future financial performance will depend in part on growth in this market and on our ability to adapt to emerging demands of this market. It is difficult to predict with any precision the future growth rate and size of our target markets.

The rapidly evolving nature of the markets in which we operate, as well as other factors that are beyond our control, reduce our ability to accurately evaluate our long-term outlook and forecast annual performance. Widespread acceptance of the value-based care model is critical to our future growth and success. A reduction in demand for our solutions caused by lack of acceptance, technological challenges, competing offerings or other factors would result in a lower revenue growth rate or decreased revenue, either of which could negatively impact our business and results of operations. For example, a significant portion of our revenue is derived from partners in the managed care industry, including risk bearing providers and national and regional managed care payers. Changes in this industry's business practices could negatively impact our financial results. For example, if our managed care partners seek to provide services directly to their subscribers instead of contracting with us for such services, we could be adversely affected.

If the estimates and assumptions we use to determine the size of the target markets for our services are inaccurate, our future growth rate may be impacted and our business would be harmed.

Market opportunity estimates and growth forecasts are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. Our estimates and forecasts relating to the size and expected growth of the markets for our services may prove to be inaccurate. Even if the markets in which we compete meet our size estimates and forecasted growth, our business could fail to grow at similar rates, if at all.

Our estimates of the market opportunities for our solutions are based on the assumption that the strategic approaches we offer will be attractive to potential partners. Potential partners may pursue different strategic options, or none at all. In addition, our assumptions could be impacted by changes to health care laws and regulations as a result of the new administration or otherwise. If our assumptions prove inaccurate, our business, financial condition and results of operations could be adversely affected.

Consolidation in the health care industry could have a material adverse effect on our business, financial condition and results of operations.

Many health care industry participants and payers are consolidating to create larger and more integrated health care delivery systems with greater market power. We expect regulatory and economic conditions to result in additional consolidation in the health care industry in the future. As consolidation accelerates, the economies of scale of our partners' organizations may grow. If a partner experiences sizable growth following consolidation, it may determine that it no longer needs to rely on us and may reduce its demand for our products and services. In addition, as health care providers consolidate to create larger and more integrated health care delivery systems with greater market power, these providers may try to use their market power to negotiate fee reductions for our solutions. Consolidation may also result in the acquisition or future development by our partners of products and services that compete with our solutions. Finally, if any of our partners were to be acquired or otherwise change ownership, we cannot assure you that the new owner would not seek to renegotiate or terminate their agreements with us. Any of these potential results of consolidation could have a material adverse effect on our business, financial condition and results of operations.

We face intense competition, which could limit our ability to maintain or expand market share within our industry, and if we do not maintain or expand our market share our business and operating results will be harmed.

The market for our solutions is fragmented, competitive and characterized by rapidly evolving technology standards, customer needs and the frequent introduction of new products and services. Our competitors range from smaller niche companies to large, well-financed and technologically-sophisticated entities.

Our services solutions compete based on several factors, including breadth, depth and quality of product and service offerings, ability to deliver clinical, financial and operational performance improvement using products and services, quality and reliability of services, ease of use and convenience, brand recognition and the ability to integrate services with existing technology. Some of our competitors are more established, benefit from greater brand recognition, have larger client bases and have substantially greater financial, technical and marketing resources. The entrance or expansion of these larger companies in the managed healthcare industry (including our customers who have in-sourced or who may choose to in-source healthcare services) could increase the competitive pressures we face and could limit our ability to maintain or increase our rates. If this happens, our profitability could be adversely affected. In addition, if we do not adequately respond to these competitive pressures, it could cause us to be unable to maintain our current contracts or obtain

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new contracts. Other competitors have proprietary technology that differentiates their product and service offerings from ours. Our competitors are constantly developing products and services that may become more efficient or appealing to our existing partners and potential partners. Additionally, some health care information technology providers have begun to incorporate enhanced analytical tools and functionality into their core product and service offerings used by health care providers, including with the use of AI or machine learning. As a result of these competitive advantages, our competitors and potential competitors may be able to respond more quickly to market forces, take advantage of acquisitions and other opportunities more readily, undertake more extensive marketing campaigns for their brands, products and services, more successfully utilize developing technology, including data analytics, AI and machine learning, and make more attractive offers to our existing partners and potential partners.

We also compete on the basis of price. We are subject to pricing pressures as a result of, among other things, competition within the industry, consolidation of health care industry participants, practices of managed care organizations, government action and financial stress experienced by our partners. If our pricing experiences significant downward pressure, our business will be less profitable and our results of operations will be adversely affected.

We cannot be certain that we will be able to retain our current partners or expand our partner base in this competitive environment. If we do not retain current partners or expand our partner base, or if we have to renegotiate existing contracts, our business, financial condition and results of operations will be harmed. Moreover, we expect that competition will continue to increase as a result of consolidation in both the health care information technology and health care industries. If one or more of our competitors or potential competitors were to merge or partner with another of our competitors, the change in the competitive landscape could also adversely affect our ability to compete effectively and could harm our business, financial condition and results of operations.

Our offerings could be subject to audits by CMS and other governmental payers and whistleblower claims under the False Claims Act.

We support health plans with Medicare Advantage, Medicaid and exchange products, as well as health systems and provider groups participating in payer-delegated risk arrangements or in various programs sponsored by CMS, including the Medicare Shared Savings Program. We anticipate that CMS and other governmental payers will continue to review and audit the results of our services including risk adjustment offerings, with a focus on identifying possible false claims.

In addition, aspects of our review process and coding procedures could be subject to claims under the False Claims Act or Anti-Kickback Statute. Negative results of any such audit or claim could have a material adverse effect on our business, financial condition, results of operations or prospects and could damage our reputation.

The health care regulatory and political framework is uncertain and evolving.

Health care laws and regulations are rapidly evolving and may change significantly in the future, including as a result of the Trump administration, which could adversely affect our financial condition and results of operations. We are subject to regulation by both CMS and state agencies with respect to certain services we provide relating to Medicaid, Medicare, and ACA programs and to our payers. Medicare is a federal program that provides hospital and medical insurance benefits to persons aged 65 and over, as well as certain other individuals. More than half of Medicare beneficiaries are enrolled in private MA plans that offer an alternative to traditional Medicare and are regulated by CMS and financed through Medicare and beneficiary premiums and cost-sharing Medicaid programs are jointly funded by federal and state governments and are administered by states under an approved plan that provides hospital and other health care benefits to qualifying individuals. Roughly three quarters of Medicaid beneficiaries are served by private Medicare MCOs. As we increase our exposure to Medicare and Medicaid businesses through new and existing partners, we increase our exposure to changes in government policy with respect to and regulation of the Medicaid and Medicare programs in which we and our partners participate.

Because some of our partners are participants in governmental programs, our services have in the past and may again in the future be subject to periodic surveys and audits by governmental entities or contractors for compliance with Medicare and other standards and requirements. As a result of surveys or audits, we may incur fines and penalties and could be excluded from participating in one or more programs or institute other sanctions against us if we fail to comply with CMS regulations or Medicare and Medicaid contractual requirements.

The regulations and requirements applicable to us and other participants in Medicaid and Medicare programs are complex and subject to change. In particular, prior authorization standards and requirements, including Medicaid and Medicare programs, have come under increased scrutiny at the state and federal level. Many states have proposed, and some have passed, bills which prescribe how providers and services which meet certain approval rates become exempt from prior authorization for a period of time, widely known as "gold carding". Most recently, the state of Illinois passed a law requiring guidance on gold carding to be adopted; the new law would exempt qualifying providers from prior authorization on all services subject to review for the year in which they qualify. MAOs utilization management practices have been the focus of a 2022 report by the Department of Health and Human Services Office of Inspector General as well as new final rules by (CMS-4201-F and CMS-0057-F). CMS-4201-F, effective calendar year 2024, imposes

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several requirements on MAOs with respect to their use of prior authorization. CMS-0057-F further imposes stricter medical necessity decision timeframes on federal managed care programs, effective CY 2026, as well as complex technical interface requirements, effective CY 2027, for Medicare, Medicaid, CHIP and QHPs offered on the ACA Federally Facilitated Exchange. These are intended to facilitate increased data sharing between managed care plans, enrollees and providers and streamline the prior authorization process.

Congress and state and local legislatures and regulators may propose and adopt legislation or policy changes or implementations effecting additional fundamental changes with respect to Medicare, Medicaid, and exchange programs. Such changes in the law, or new interpretations of existing laws, may have a significant impact on our methods and costs of doing business. Additionally, expansion of enforcement activity could adversely affect our business and financial condition. Going forward, we expect CMS, Congress, and state agencies to continue to closely scrutinize each component of the Medicare, Medicaid, and exchange programs, as well as modify the terms and requirements of the programs. Further, since taking office in January 2025, the Trump administration has taken dramatic steps to freeze some federal funding and reduce the size of the federal workforce. It is not possible to predict the outcome of this congressional, executive regulatory activity, either of which could adversely affect us. Similarly, we cannot predict whether pending or future federal or state legislation or court proceedings will change various aspects of these programs, nor can we predict the impact those changes will have on our business operations or financial results, but the effects could be materially adverse.

In addition, CMS, Congress, state legislatures and third-party payers may continue to review and assess alternative health care delivery and payment systems and may in the future propose and adopt legislation or policy changes or implementations effecting additional fundamental changes in the health care delivery system, including with respect to Medicare, Medicaid, and exchange programs.

Additionally, expansion of enforcement activity could adversely affect our business and financial condition. Going forward, we expect CMS and Congress to continue to closely scrutinize each component of the Medicare program as well as modify the terms and requirements of the program. It is not possible to predict the outcome of this congressional or regulatory activity, either of which could adversely affect us. Similarly, we cannot predict whether pending or future federal or state legislation or court proceedings will change various aspects of the health care delivery system, including Medicaid and Medicare programs, nor can we predict the impact those changes will have on our business operations or financial results, but the effects could be materially adverse.

Medicaid and exchange enrollment is impacted, and may fluctuate, based on a variety of factors. These include continuous enrollment requirements instituted during the COVID-19 PHE in 2021 under which Medicaid enrollment grew, and the resumption of Medicaid eligibility redeterminations, or "unwinding," that began in 2023 at the PHE's conclusion which reduced enrolled lives for some Medicaid MCOs. State may also take varying approaches to streamlining or discouraging enrollment, and income levels for eligibility may vary (particularly in non-expansion vs. expansion states). The 119th Congress and Trump Administration have been exploring potential changes to Medicaid which could include cuts to federal matching payments, work requirements, or other eligibility and enrollment changes, as well as potential changes to ACA enrollment. Enrollment decreases for our partners may decrease the number of lives on our platform and impact the revenues derived from such partners.

Additional legislative and regulatory developments which may impact our business directly or indirectly through our partners include:

- Health IT interoperability efforts beginning with the Health Information Technology for Economic and Clinical Health (HITECH) Act in 2009 and 21st Century Cures Act in 2016, from which we have seen an array of regulations on topics including electronic data exchange and the move to HL7 FHIR application programming interface (API) methods; prohibitions on electronic health records vendor and provider information blocking; the move to electronic or digital all-payer quality measurement; and the move to electronic prior authorization methods.
- Health care price transparency efforts including No Surprises Act provisions enacted as part of the Consolidated Appropriations Act in 2020, effective as of 2022.
- Efforts to reduce prescription drug costs including the Inflation Reduction Act of 2022 which created a negotiation program for Medicare Part D and Part B drugs; redesigned the Medicare Part D drug benefit to lower patient cost sharing; and instituted other changes designed to improve patient access. While these policies may or may not have a direct impact on our business, they can change market dynamics such as Medicare Advantage growth vs. standalone Part D plans, national health expenditures and trend factors that play into benchmarks for MA and Medicare accountable care organizations (ACOs), and drug formulary and rebate negotiations.

An emerging trend is intensified scrutiny by state and federal authorities with respect to the use of AI, particularly any AI systems used in utilization management. At least 40 states introduced or enacted AI legislation in 2024, more than half of which touching upon health care, and we see this trend continuing in 2025. For example, California Governor Newsom signed Senate Bill 1120 into law, which aims to safeguard patients and maintain oversight when payers use AI. A new Colorado law and guidance from the New Jersey Attorney General seek to ensure AI does not introduce discrimination or algorithmic bias. The use of AI has also been the focus of congressional inquiries and federal guidance documents. The Trump administration has rescinded the Biden administration's EO on

AI and replaced it with a new EO that directs Administration leaders to solicit stakeholder input and produce a new AI Action Plan in 2025 designed to promote AI innovation primarily. It may also begin to introduce some regulatory frameworks and guardrails.

We are unable to predict how these changes and other health care reform initiatives from new legislation, regulation, judicial action and/or executive action, including those described above, will ultimately impact the health care industry and what the potential impact may be on our business, financial condition, operating results and prospects.

In addition to these health care laws and regulations, we are subject to various other laws and regulations, including, among others, other aspects of state insurance laws, the Stark Law relating to self-referrals, the whistleblower provisions of the False Claims Act, anti-kickback laws, antitrust laws and the privacy and data protection laws.

Investigating and prosecuting healthcare fraud, waste and abuse continues to be a top priority for state and federal law enforcement entities. The focus of these efforts has been directed at Medicare, Medicaid, Health Insurance Marketplace and commercial products. Compliance with these laws may require substantial resources. We are constantly looking for ways to improve our fraud, waste and abuse detection methods. The fraud, waste and abuse laws include In the United States, there are federal and state anti-kickback laws that generally prohibit the payment or receipt of kickbacks, bribes or other remuneration in exchange for the referral of patients or other health-related business. The federal civil False Claims Act imposes liability on any person or entity who, among other things, knowingly presents, or causes to be presented, a false or fraudulent claim for payment by a federal health care program. The "qui tam" or "whistleblower" provisions of the False Claims Act allow a private individual to bring actions on behalf of the federal government alleging that the defendant has submitted a false claim to the federal government, and to share in any monetary recovery. Our activities relating to the way we sell and market our services, including our risk adjustment solution, may be subject to scrutiny under these laws. The Stark Law is relevant to our business because we frequently organize arrangements of various kinds under which (a) providers and hospitals jointly invest in and own ACOs, clinically integrated networks and other entities that engage in value-based contracting with third-party payers or (b) providers are paid by hospitals or hospital affiliates for care management, medical or other services related to value-based contracts. We evaluate when these investment and compensation arrangements create financial relationships under the Stark Law and design structures that are intended to satisfy exceptions under the Stark Law or Medicare Shared Savings Program waiver. We have identified instances of noncompliance in the past and cannot guarantee that we will not identify other instances in the future, or the outcome of any regulatory investigation into any non-compliance. If we were to become subject to litigation, liabilities or penalties under these or other laws or as part of a governmental review or audit, our business could be adversely affected.

Risks Related to Data Protection Privacy, Cybersecurity, Intellectual Property and Technology

We are subject to data privacy and protection laws governing the collection, use, disclosure and security of health information, which may impose restrictions on the manner in which we access personal data and subject us to penalties if we are unable to fully comply with such laws.

As described below, we are required to comply with numerous federal and state laws and regulations that regulate health information that we may obtain, process or access in connection with the provision of our services. These laws and regulations, including their interpretation by governmental agencies, are subject to frequent change and could have a negative impact on our business.

- HIPAA protects the privacy and security of protected health information and requires covered organizations adopt standards for the exchange of electronic protected health information. Further, the privacy regulations under HIPAA also provide patients with rights related to understanding and controlling how their protected health information is used and disclosed. As a provider of services to entities subject to HIPAA, we are directly subject to certain provisions of the regulations as a "Business Associate." If we are unable to satisfy privacy and security obligations under HIPAA regulations, we could be found to have breached our contracts with our customers. Moreover, we may be subject to investigation by the U.S. Department of Health and Human Services Office for Civil Rights ("OCR") or other regulators or government bodies for potential HIPAA noncompliance. Penalties for HIPAA noncompliance include civil and criminal penalties that could have a material adverse effect on us. In addition, OCR performs compliance audits of Business Associates in order to proactively enforce the HIPAA privacy and security standards. OCR has become an increasingly active regulator and has signaled its intention to continue this trend. OCR has the discretion to impose penalties without being required to attempt to resolve violations through informal means; further, OCR may require companies to enter into resolution agreements and corrective action plans which impose ongoing compliance requirements. OCR enforcement activity can result in financial liability and reputational harm, and responses to such enforcement activity can consume significant internal resources.
- The HITECH Act, enacted as part of the American Recovery and Reinvestment Act of 2009, also known as the "Stimulus Bill," effective February 22, 2010, set forth health information security breach notification requirements and increased penalties for violation of HIPAA. The HITECH Act requires individual notification for all breaches, media notification of breaches for over 500 individuals and at least annual reporting of all breaches to the

Department of Health and Human Services. Failure to comply with the HITECH Act could result in fines and penalties that could have a material adverse effect on us.

- Numerous other federal and state laws that may apply to us restrict the use of and protect the privacy and security of personal information, as well as employee personal information. These include state medical privacy laws, state social security number protection laws and federal and state consumer protection laws. These various laws in many cases are not preempted by HIPAA and may be subject to varying interpretations by the courts and government agencies, creating complex

compliance issues for us and our partners and potentially exposing us to additional expense, adverse publicity and liability, any of which could adversely affect our business.

- Federal and state consumer protection laws are increasingly being applied by the FTC and states' attorneys general to regulate the collection, use, storage and disclosure of personal information, through websites or otherwise, and to regulate the presentation of website content. The FTC in particular is increasingly scrutinizing the collection, use, and disclosure of health information and any corresponding marketing and advertising efforts, as well as any other uses that attempt to monetize health information.

There is ongoing concern from privacy advocates, regulators and others regarding data protection and privacy issues, and the number of jurisdictions with data protection and privacy laws has been increasing. Also, there are ongoing public policy discussions regarding whether the standards for de-identified, anonymous or pseudonymized health information are sufficient to adequately protect patient privacy. These discussions may lead to further restrictions on the use or disclosure of such information. There can be no assurance that these initiatives or future initiatives will not adversely affect our ability to access and use data or to develop or market current or future services.

The security measures that we and our third-party vendors and subcontractors have in place to address privacy and data protection laws may not protect our facilities and systems from security breaches, acts of vandalism or theft, computer viruses, misplaced or lost data, programming and human errors or other similar events. As the cyber threat landscape continues to evolve, third-party threat actors have become increasingly sophisticated and adept at evading cybersecurity protections, and the frequency and scope of security incidents has increased. Under the HITECH Act, as a business associate, we may also be liable for privacy and security breaches and failures of our subcontractors. Even though we provide for protections through our agreements with our subcontractors, we still have limited control over their actions and practices. A breach of privacy or security of protected health information by a subcontractor may result in an enforcement action, including criminal and civil liability, against us, and/or may qualify as a breach of our client contracts. Enforcement actions against us could be costly and could interrupt regular operations, which may adversely affect our business.

Data loss or corruption due to failures or errors in our systems or service disruptions at our data centers may adversely affect our reputation and relationships with existing partners, which could have a negative impact on our business, financial condition and results of operations.

Because of the large amount of data that we collect and manage, it is possible that hardware failures or errors in our systems could result in data loss or corruption or cause the information that we collect to be incomplete or contain inaccuracies that our partners regard as significant. Complex software such as ours may contain errors or failures that are not detected until after the software is introduced or updates and new versions are released. We continually introduce new software and updates and enhancements to our existing software. Despite testing by us, we may discover defects or errors in our software. In addition, we may encounter defects or errors in connection with the integration of software and technology we acquire. Any defects or errors could expose us to risk of liability to partners and the government and could cause delays in the introduction of new products and services, result in increased costs and diversion of development resources, require design modifications, decrease market acceptance or partner satisfaction with our products and services or cause harm to our reputation.

Furthermore, our partners might use our software together with products from other companies. As a result, when problems occur, it might be difficult to identify the source of the problem. Even when our software does not cause these problems, the existence of these errors might cause us to incur significant costs, divert the attention of our technical personnel from our product development efforts, impact our reputation and lead to significant partner relations problems.

Our business is subject to online security risks, and if we are unable to safeguard the security and privacy of confidential data, we may face significant liabilities and our reputation and business will be harmed.

Our services involve the collection, storage and analysis of confidential information, including intellectual property and personal information of employees, health providers and others, as well as protected health information of our partners' patients. Because of the extreme sensitivity of this information, the security and privacy features of our computer, network, and communications systems infrastructure are very important. In certain cases, we provide such information to third parties, for example, to the service providers who provide hosting services for our technology platform, and we may be unable to control the use of such information or the security and privacy protections employed by such third parties. We may be required to expend significant capital and other resources to

protect against security breaches and/or privacy incidents or to alleviate problems caused by security breaches and/or privacy incidents. Despite our implementation of security and privacy measures designed to help ensure data security and compliance with applicable laws and rules, our facilities and systems, and those of our third-party vendors, are vulnerable to threats. Furthermore, our increased use of mobile and cloud technologies, including as a result of the shift to work-from-home arrangements as a result of the COVID-19 pandemic, and the conflict between Russia and Ukraine, have heightened these cybersecurity and privacy risks, including risks from cyber-attacks such as phishing, spam emails, hacking, social engineering, and malicious software including harmful malware and ransomware. Threat actors regularly attempt to gain access to our information and infrastructure through various techniques. These threats include cyber-attacks, the use of harmful malware or ransomware, security breaches, acts of vandalism or theft (including by employees), computer viruses, misplaced or lost data, programming and/or human errors, power outages, protected health information leakage from implementing third-party technology to process and share data, hardware failures or other similar events. To date we have not experienced a cybersecurity incident that has resulted in any material impact on our business strategy, results of operations, financial condition or on our ability to service our partners or run our business. However, past and future incidents, including if we are unable to effectively resolve breaches in a timely manner, could result in damage to the market perception of the effectiveness of our security and privacy measures and we could lose sales and partners, which could have a material adverse effect on our business, operations, and financial results. A cyber-attack that bypasses our, or our third-party vendors', security systems successfully could require us to expend significant resources to remediate any damage, and prevent future occurrences, interrupt our operations, damage our reputation and our relationship with our partners, expose us or other third parties to a risk of loss or misuse of confidential information, reduce demand for our products and services or subject us to significant liability through litigation as well as regulatory action.

Cyber-attacks continue to evolve in sophistication and volume and may remain undetected for an extended period. In addition, techniques used to obtain unauthorized access to information or to sabotage information technology systems change frequently, including as a result of emerging technologies, such as AI and machine learning. Cybersecurity threat

actors are increasingly targeting employees, contractors, service providers and third parties through various techniques that involve social engineering and/or misrepresentation. We have also seen, and will continue to see, industry-wide vulnerabilities, such as the Log4j vulnerability reported in December 2021, which have and could in the future affect our or other parties' systems. We expect to continue to experience such vulnerabilities in the future.

The costs of attempting to protect against cybersecurity risks and the costs of responding to cyber-attacks are significant. This could require us to expend significant resources to continue to modify or enhance our protective measures and to remediate any damage. While we maintain insurance covering certain security and privacy damages and claim expenses, we may not carry insurance or maintain coverage sufficient to compensate for all liability and such insurance may not be available for renewal on acceptable terms or at all, and in any event, insurance coverage would not address the reputational damage that could result from a security incident.

New data security and privacy laws and regulations are being enacted rapidly. The scope and applicability of these laws are inconsistent, uncertain, and subject to evolving court and regulatory interpretation. As such, we may not be able to timely comply with such requirements, and such requirements may not be compatible with our current processes. For example, the FTC began enforcing the Health Breach Notification Rule in 2023, resulting in multi-year consent orders that imposed strict reporting and compliance obligations in addition to fines. Additionally, many states (including California, Utah, Colorado, Virginia, Connecticut, Washington, and several others) have passed laws that regulate how covered businesses collect, use, and disclose personal information. These laws impose data minimization and retention requirements and grant consumers broad rights with respect to their personal information, including opt out and deletion rights. Evaluating and updating our processes in light of these laws could be time consuming and expensive, and the failure to timely implement required changes could subject us to liability for noncompliance, including potential liability in the form of consumer class action lawsuits in certain states.

If we are unable to obtain, maintain and enforce intellectual property protection for our technology and products or if the scope of our intellectual property protection is not sufficiently broad, others may be able to develop and commercialize technology and products substantially similar to ours, and our ability to successfully commercialize our technology and products may be adversely affected.

Our business depends on proprietary technology and content, including software, databases, confidential information and know-how, the protection of which is crucial to the success of our business. We rely on a combination of trademark, trade-secret and copyright laws and confidentiality procedures and contractual provisions to protect our intellectual property rights in our proprietary technology and content. We may, over time, increase our investment in protecting our intellectual property through additional trademark, patent and other intellectual property filings that could be expensive and time-consuming. Effective trademark, trade-secret and copyright protection is expensive to develop and maintain, both in terms of initial and ongoing registration requirements and the costs of defending our rights. These measures, however, may not be sufficient to offer us meaningful protection. If we are unable to protect our intellectual property and other proprietary rights, our competitive position and our business could be harmed, as third parties may be able to commercialize and use technologies and software products that are substantially the same as ours without incurring the development and licensing costs that we have incurred. Any of our owned or licensed intellectual property rights could be challenged, invalidated, circumvented, infringed or misappropriated, our trade secrets and other confidential information could be disclosed in an

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unauthorized manner to third parties, or our intellectual property rights may not be sufficient to permit us to take advantage of current market trends or otherwise to provide us with competitive advantages, which could result in costly redesign efforts, discontinuance of certain offerings or other competitive harm.

Monitoring unauthorized use of our intellectual property is difficult and costly. From time to time, we seek to analyze our competitors' products and services and may in the future seek to enforce our rights against potential infringement. However, the steps we have taken to protect our proprietary rights may not be adequate to prevent infringement or misappropriation of our intellectual property. We may not be able to detect unauthorized use of, or take appropriate steps to enforce, our intellectual property rights. Any inability to meaningfully protect our intellectual property rights could result in harm to our ability to compete and reduce demand for our technology and products. Moreover, our failure to develop and properly manage new intellectual property could adversely affect our market positions and business opportunities. Also, some of our products and services rely on technologies and software developed by or licensed from third parties, and we may not be able to maintain our relationships with such third parties or enter into similar relationships in the future on reasonable terms or at all.

We may also be required to protect our proprietary technology and content in an increasing number of jurisdictions, a process that is expensive and may not be successful, or which we may not pursue in every location. In addition, effective intellectual property protection may not be available to us in every country, and the laws of some foreign countries may not be as protective of intellectual property rights as those in the United States. Additional uncertainty may result from changes to intellectual property legislation enacted in the United States and elsewhere, and from interpretations of intellectual property laws by applicable courts and agencies. Accordingly, despite our efforts, we may be unable to obtain and maintain the intellectual property rights necessary to provide us with a competitive advantage. Our failure to obtain, maintain and enforce our intellectual property rights could therefore have a material adverse effect on our business, financial condition and results of operations.

If our trademarks and trade names are not adequately protected, we may not be able to build name recognition in our markets of interest and our business may be adversely affected.

The registered or unregistered trademarks or trade names that we own or license may be challenged, infringed, circumvented, declared generic, lapsed or determined to be infringing on or dilutive of other marks. We may not be able to protect our rights in these trademarks and trade names, which we need in order to build name recognition with potential partners. In addition, third parties may in the future file for registration of trademarks similar or identical to our trademarks. If they succeed in registering or developing common law rights in such trademarks, and if we are not successful in challenging such third-party rights, we may not be able to use these trademarks to commercialize our technologies or products in certain relevant countries. If we are unable to establish name recognition based on our trademarks and trade names, we may not be able to compete effectively, and our business may be adversely affected.

Third parties may initiate legal proceedings alleging that we are infringing or otherwise violating their intellectual property rights, the outcome of which would be uncertain and could have a material adverse effect on our business, financial condition and results of operations.

Our commercial success depends on our ability to develop and commercialize our services and use our proprietary technology without infringing the intellectual property or proprietary rights of third parties. Intellectual property disputes can be costly to defend and may cause our business, operating results and financial condition to suffer. As the market for health care in the United States expands and more patents are issued, the risk increases that there may be patents issued to third parties that relate to our solutions of which we are not aware or that we must challenge to continue our operations as currently contemplated. Whether merited or not, we may face allegations that we, our partners, our licensees or parties indemnified by us have infringed or otherwise violated the patents, trademarks, copyrights or other intellectual property rights of third parties. Such claims may be made by competitors seeking to obtain a competitive advantage or by other parties. Additionally, in recent years, individuals and groups have begun purchasing intellectual property assets for the purpose of making claims of infringement and attempting to extract settlements from companies like ours. We may also face allegations that our employees have misappropriated the intellectual property or proprietary rights of their former employers or other third parties. It may be necessary for us to initiate litigation to defend ourselves in order to determine the scope, enforceability and validity of third-party intellectual property or proprietary rights, or to establish our respective rights. Regardless of whether claims that we are infringing patents or other intellectual property rights have merit, such claims can be time-consuming, divert management's attention and financial resources and can be costly to evaluate and defend. Results of any such litigation are difficult to predict and may require us to stop commercializing or using our products or technology, obtain licenses, modify our services and technology while we develop non-infringing substitutes or incur substantial damages, settlement costs or face a temporary or permanent injunction prohibiting us from marketing or providing the affected products and services. If we require a third-party license, it may not be available on reasonable terms or at all, and we may have to pay substantial royalties, upfront fees or grant cross-licenses to intellectual property rights for our products and services. We may also have to redesign our products or services so they do not infringe third-party intellectual property rights, which may not be possible or may require substantial monetary expenditures and time, during which our solutions may not be available for commercialization or use. Even if we have an agreement to indemnify us

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against such costs, the indemnifying party may be unable to uphold its contractual obligations. If we cannot or do not obtain a third-party license to the infringed technology on reasonable terms or at all, or obtain similar technology from another source, our revenue and earnings could be adversely impacted.

From time to time, we have been and may be subject to legal proceedings and claims in the ordinary course of business with respect to intellectual property. We are not currently subject to any claims from third parties asserting infringement of their intellectual property rights. Some third parties may be able to sustain the costs of complex litigation more effectively than we can because they have substantially greater resources. Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses and could distract our technical and management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of our Class A common stock. Moreover, any uncertainties resulting from the initiation and continuation of any legal proceedings could have a material adverse effect on our ability to raise the funds necessary to continue our operations. Assertions by third parties that we violate their intellectual property rights could therefore have a material adverse effect on our business, financial condition and results of operations.

If we are unable to protect the confidentiality of our trade secrets, know-how and other proprietary information, the value of our technology and products could be adversely affected.

We may not be able to protect our trade secrets, know-how and other proprietary information adequately. Our employees, consultants and other parties may unintentionally or willfully disclose our information or technology to competitors. Enforcing a claim that a third party illegally obtained and is using any of our proprietary information or technology is expensive and time-consuming, and the outcome is unpredictable. In addition, courts outside the United States are sometimes less willing to protect trade secrets, know-how and other proprietary information. We rely, in part, on non-disclosure, confidentiality and invention assignment agreements with our employees, consultants and other parties to protect our trade secrets, know-how and other intellectual property and proprietary information. These agreements may not be self-executing, or they may be breached, and we may not have adequate remedies for such breach. Moreover, third parties may independently develop similar or equivalent proprietary information or otherwise gain access to our trade secrets, know-how and other proprietary information.

We depend on certain technologies that are licensed to us. We do not control the intellectual property rights covering these technologies and any loss of our rights to these technologies or the rights licensed to us could prevent us from developing and/or commercializing our products.

We are a party to a number of license agreements under which we are granted rights to intellectual property that is important to our business, and we expect that we may need to enter into additional license agreements in the future. We are party to an intellectual property and development services license agreement between Evolent and UPMC, or the UPMC IP Agreement, and a technology license agreement with UPMC (the "UPMC Technology Agreement"). Under the UPMC IP Agreement, certain of UPMC's proprietary analytics models and know-how are licensed to Evolent on a nonexclusive basis from UPMC; pursuant to the UPMC Technology Agreement, UPMC's proprietary technology platform, associated know-how and the Identifi® trademark are licensed to Evolent on an irrevocable, non-exclusive basis from UPMC; in each case, subject to certain ongoing territorial, time and use restrictions. Evolent's rights to use these technologies and know-how and employ the software claimed in the licensed technologies are subject to the continuation of and our compliance with the terms of those licenses. Our existing license agreements impose, and we expect that future license agreements will impose on us, various exclusivity obligations. If we fail to comply with our obligations under these agreements, the applicable licensor may have the right to terminate our license, in which case we may not be able to develop or commercialize the products or technologies covered by the license.

Disputes may arise between us and our licensors regarding intellectual property rights subject to a license agreement, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- whether and the extent to which our technology and processes infringe on intellectual property of the licensor that is not subject to the license agreement;
- our obligations with respect to the use of the licensed technology in relation to our services and technologies, and which activities satisfy those obligations;
- whether our activities are in compliance with the restrictions placed upon our rights to use the licensed technology by our licensors; and
- the ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our partners.

If disputes over intellectual property rights that we have licensed prevent or impair our ability to maintain our current licensing arrangements on acceptable terms, we may be unable to obtain equivalent replacement licensing arrangements or to successfully develop and commercialize the affected products and technologies.

The risks described elsewhere pertaining to our intellectual property rights also apply to the intellectual property rights that we license, and any failure by us or our licensors to obtain, maintain and enforce these rights could have a material adverse effect on our business. In some cases, we do not have control over the prosecution, maintenance or enforcement of the intellectual property rights that we license, and may not have sufficient ability to consult and input into the prosecution and maintenance process with respect to such intellectual property, and our licensors may fail to take the steps we feel are necessary or desirable in order to obtain, maintain and enforce the licensed intellectual property rights and, as a result, our ability to retain our competitive advantage with respect to our products and technologies may be materially affected.

We face risks associated with our use of artificial intelligence and machine learning models.

Our business utilizes AI and machine learning technologies to add AI-based applications to our offerings and to drive efficiencies in our business, and our capabilities have been enhanced by our acquisition of Machinify. In addition, some of our third-party vendors utilize AI and machine learning technologies in providing services to us. As with many technological innovations, AI presents risks and challenges that could affect its adoption, and therefore our business. Our offerings utilize, and we plan to further examine, develop and introduce, machine learning algorithms, predictive analytics, and other AI technologies to offer new applications, upgrade our solutions and enhance our capabilities, among other things, to automate approvals, identify trends, anomalies and correlations, and initiate business processes. If these AI or machine learning models are incorrectly designed, the performance of our products, services, and business, as well as our reputation, could suffer or we could incur liability through the violation of laws or contracts to which we are a party. In addition, some of our customers may not consent to our desired uses of AI or machine learning, which would undermine the investments we have made in this area and potentially have an adverse impact on our effectiveness.

Additionally, we may make future investments in adopting AI and machine learning technologies across our business, including introducing generative AI capabilities within our Performance Suite. AI and machine learning technologies are complex and rapidly evolving, and we face significant competition from other companies in our industry as well as an evolving regulatory landscape. Our efforts in developing AI and machine learning technology may not succeed and our competitors may be able to deploy the technology faster. We may further be exposed to competitive risks related to the adoption and application of new technologies by established market participants or new entrants, and others. The speed of technological development may prove disruptive to some of our markets if we are unable to maintain the pace of innovation.

In addition, market acceptance of AI and machine learning technologies is uncertain. These efforts, including the introduction of new products or changes to existing products, may result in new or enhanced governmental or regulatory scrutiny, litigation, ethical concerns, or other complications that could adversely affect our business, reputation, or financial results. Changes to existing regulations, their interpretation or implementation or new regulations could impede our use of AI and machine learning technology and also may increase our estimated costs in this area. In addition, market acceptance of AI and machine learning technologies is uncertain, and we may be unsuccessful in our product development efforts. Any of these factors could adversely affect our business, financial condition, and results of operations. To compete effectively we must also be responsive to technological change, potential regulatory developments, and public scrutiny.

Our use of "open-source" software could adversely affect our ability to offer our services and subject us to possible litigation.

We use open-source software in connection with our solutions. Companies that incorporate open-source software into their products have, from time to time, faced claims challenging the use of open-source software and/or compliance with open-source license terms. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open-source software or claiming noncompliance with open-source licensing terms. Some open-source software licenses require users who distribute software containing open-source software to publicly disclose all or part of the source code to such software and/or make available any derivative works of the open-source code, which could include valuable proprietary code of the user, on unfavorable terms or at no cost. While we monitor the use of open-source software and try to ensure that none is used in a manner that would require us to disclose our proprietary source code or that would otherwise breach the terms of an open-source agreement, such use could inadvertently occur, in part because open-source license terms are often ambiguous. Any requirement to disclose our proprietary source code or pay damages for breach of contract could have a material adverse effect on our business, financial condition and results of operations and could help our competitors develop products and services that are similar to or better than ours.

Additionally, some open-source software may include generative AI software or other software that incorporates or relies on generative AI. The use of such software may expose us to risks as the intellectual property ownership and license rights, including copyright, of generative AI software and tools has not been fully interpreted by U.S. courts or been fully addressed by federal, state or international regulations. There is a risk that open-source software licenses, including those that incorporate or rely on generative AI,

could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide or distribute our products or services.

We rely on third-party vendors to host and maintain our technology platform.

We rely on third-party vendors to host and maintain our technology platforms, including Identifi® and CarePro™. Our ability to offer our services and operate our business is therefore dependent on maintaining our relationships with third-party vendors and entering into new relationships to meet the changing needs of our business. Any deterioration in our relationships with such vendors or our failure to enter into agreements with vendors in the future could harm our business, results of operations and financial condition. Despite precautions taken at our vendors' facilities, the occurrence of a natural disaster, a decision to close the facilities without adequate notice or other unanticipated problems, including relating to the public health emergencies, could result in lengthy interruptions in our service. These service interruption events could cause our platform to be unavailable to our partners and impair our ability to deliver services and to manage our relationships with new and existing partners, which in turn could materially affect our results of operations.

If our vendors are unable or unwilling to provide the services necessary to support our business, or if our agreements with such vendors are terminated, our operations could be significantly disrupted. Certain vendor agreements may be unilaterally terminated by the licensor for convenience, and if such agreements are terminated, we may not be able to enter into similar relationships in the future on reasonable terms or at all. We may also incur substantial costs, delays and disruptions to our business in transitioning such services to ourselves or other third-party vendors. In addition, third-party vendors may not be able to provide the services required in order to meet the changing needs of our business.

Any restrictions on our use of, or ability to license, data, or our failure to license data and integrate third-party technologies, could have a material adverse effect on our business, financial condition and results of operations.

We depend upon licenses from third parties for some of the technology and data used in our applications, and for some of the technology platforms upon which these applications are built and operate, including under the UPMC IP Agreement and the UPMC Technology Agreement. We expect that we may need to obtain additional licenses from third parties in the future in connection with the development of our products and services. In addition, we obtain a portion of the data that we use from government entities, public records and from our partners for specific partner engagements. We believe that we have all rights necessary to use the data that is incorporated into our products and services. However, we cannot assure you that our licenses for information will allow us to use that information for all potential or contemplated applications and products. In addition, certain of our services depend on maintaining our data and analytics platform, which is populated with data disclosed to us by our partners with their consent. If these partners revoke their consent for us to maintain, use, de-identify and share this data, consistent with applicable law, our data assets could be degraded.

In the future, data providers could withdraw their data from us or restrict our usage for any reason, including if there is a competitive reason to do so, if legislation is passed restricting the use of the data or if judicial interpretations are issued restricting use of the data that we currently use in our products and services. In addition, data providers could fail to adhere to our quality control standards in the future, causing us to incur additional expense to appropriately utilize the data. If a substantial number of data providers were to withdraw or restrict their data, or if they fail to adhere to our quality control standards, and if we are unable to identify and contract with suitable alternative data suppliers and integrate these data sources into our service offerings, our ability to provide products and services to our partners would be materially adversely impacted, which could have a material adverse effect on our business, financial condition and results of operations.

We also integrate into our proprietary applications and use third-party software to maintain and enhance, among other things, content generation and delivery, and to support our technology infrastructure. Some of this software is proprietary and some is open-source software. These technologies may not be available to us in the future on commercially reasonable terms or at all and could be difficult to replace once integrated into our own proprietary applications. Most of these licenses can be renewed only by mutual consent and may be terminated if we breach the terms of the license and fail to cure the breach within a specified period of time. Our inability to obtain, maintain or comply with any of these licenses could delay development until equivalent technology can be identified, licensed and integrated, which would harm our business, financial condition and results of operations.

Most of our third-party licenses are non-exclusive and our competitors may obtain the right to use any of the technology covered by these licenses to compete directly with us. Our use of third-party technologies exposes us to increased risks, including, but not limited to, risks associated with the integration of new technology into our solutions, the diversion of our resources from development of our own proprietary technology and our inability to generate revenue from licensed technology sufficient to offset associated acquisition and maintenance costs. In addition, if our data suppliers choose to discontinue support of the licensed technology in the future, we might not be able to modify or adapt our own solutions.

We rely on Internet infrastructure, bandwidth providers, data center providers, other third parties and our own systems for providing services to our partners and operating our business, and any failure or interruption in the services provided by these third parties or our own systems could expose us to litigation, negatively impact our relationships with partners, and adversely affect our brand and our business.

Our ability to deliver our solutions, particularly our cloud-based solutions, is dependent on the development and maintenance of the infrastructure of the Internet and other telecommunications services by third parties. This includes maintenance of a reliable network connection with the necessary speed, data capacity and security for providing reliable Internet access and services and reliable telephone and facsimile services. As a result, our information systems require an ongoing commitment of significant resources to maintain and enhance existing systems and develop new systems in order to keep pace with continuing changes in information technology, cybersecurity risks and threats, evolving industry and regulatory standards and changing preferences of our partners.

Our services are designed to operate without interruption in accordance with our service level commitments. However, we have experienced limited interruptions in these systems in the past, including server failures that temporarily slow down the performance of our services, and we may experience more significant interruptions in the future. We rely on internal systems as well as third parties, including bandwidth and telecommunications equipment providers, to provide our services and operate our business. We do not maintain redundant systems or facilities for some of these services. Interruptions in these systems, whether due to system failures, computer viruses, physical or electronic break-ins or other catastrophic events, could affect the security or availability of our services and prevent or inhibit the ability of our partners to access our services. These systems may be at greater risk of interruption as a result of increased use of mobile and cloud technologies, including as a result of the shift to work from home arrangements as a result of the COVID-19 pandemic.

In the event of a catastrophic event with respect to one or more of these systems or facilities, we may experience an extended period of system unavailability, which could result in substantial costs to remedy those problems or negatively impact our relationship with our partners, our business, results of operations and financial condition. To operate without interruption, both we and our service providers must guard against:

- damage from fire, power loss and other natural disasters;

- telecommunications failures;
- software and hardware errors, failures and crashes;
- security breaches, computer viruses and similar disruptive problems; and
- other potential interruptions.

Any disruption in the network access, telecommunications or co-location services provided by third-party vendors or any failure of or by third-party vendors' systems or our own systems to handle current or higher volume of use could significantly harm our business. Similarly, disruptions of service to other third parties or to our customers can negatively impact our ability to serve our clients and run our business. For example, in February 2024, Change Healthcare, a subsidiary of UnitedHealth Group and the largest clearinghouse for medical claims in the U.S., was the subject of a cyberattack that required it to take offline its computer systems that handled electronic payments and insurance claims. As a result of the outage, we had reduced visibility into setting our claims reserve for the year ended December 31, 2024. Similar events could occur in the future, and the impact to our business could be material.

We exercise limited control over third parties, which increases our vulnerability to problems with services they provide. Any errors, failures, interruptions or delays experienced in connection with these third-party technologies and information services or our own systems could negatively impact our relationships with partners and adversely affect our business and could expose us to third-party liabilities. Although we maintain insurance for our business, the coverage under our policies may not be adequate to compensate us for all losses that may occur. In addition, we cannot provide assurance that we will continue to be able to obtain adequate insurance coverage at an acceptable cost.

The reliability and performance of our Internet connection may be harmed by increased usage or by denial-of-service attacks. The Internet has experienced a variety of outages and other delays as a result of damages to portions of its infrastructure, and it could face outages and delays in the future. These outages and delays could reduce the level of Internet usage as well as the availability of the Internet to us for delivery of our Internet-based services.

Risks Relating to Internal Control Over Financial Reporting and Other Financial Matters

If we identify material weaknesses in the future, we and our auditor may conclude that our internal control over financial reporting is not effective and we may be unable to produce timely and accurate financial statements, any of which could adversely impact our investors' confidence and our stock price.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting includes policies and procedures that provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that a reasonable possibility exists that a material misstatement of our annual or interim financial statements would not be prevented or detected on a timely basis.

Our efforts to design and implement an effective control environment may not be sufficient to identify or prevent future material weaknesses or significant deficiencies from occurring. Any newly identified material weakness could result in a misstatement of our financial statements or disclosures that would result in a material misstatement of our annual or interim consolidated financial statements that would not be prevented or detected. A control system, no matter how well designed and operated, can provide only reasonable assurance that the control system's objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and all instances of fraud will be detected. In addition, if we identify future material weaknesses in our internal controls over financial reporting or if we are unable to comply with the demands that are placed upon us as a public company, including the requirements of Section 404 of the Sarbanes-Oxley Act, in a timely manner, we may be unable to accurately report our financial results, or report them within the timeframes required by the SEC. We also could become subject to investigations by the NYSE, the SEC or other regulatory authorities.

In addition, our continuing growth and expansion in dispersed markets, such as our acquisitions of IPG during the third quarter of 2022, NIA in the first quarter of 2023, Machinify in the third quarter of 2024 and other businesses we may acquire in the future, may place significant additional pressure on our system of internal control over financial reporting and require us to update our internal control over financial reporting to integrate such acquisitions.

We have experienced net losses in the past and we may not achieve profitability in the future.

We have incurred significant net losses in the past and our operating expenses may increase in the future as we continue to invest to grow our business and build relationships with partners, develop our platforms and develop new solutions. These efforts may prove to be more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently to offset these higher expenses. In addition, as we continue to increase our partner base, we could incur increased losses due to mis-forecasted underwriting in performance-based contracts or because significant costs associated with entering into partner agreements are generally incurred upfront, while revenue under certain of our partner agreements is recognized each period in the month in which the services are delivered. As a result, we may need to raise additional capital through equity and debt financings in order to fund our operations. We may also fail to improve the gross margins of our business as anticipated. If we are unable to effectively manage these risks and difficulties as we encounter them, our business, financial condition and results of operations may suffer.

We have recorded a significant amount of goodwill, and we may never realize the full value of our intangible assets, causing us to record impairments that may negatively affect our results of operations.

The Company has one reporting unit. Our total assets include substantial goodwill and intangible assets. As of December 31, 2024, we had \$1.1 billion and \$0.7 billion recorded as goodwill and intangible assets on our balance sheet, respectively. Goodwill is not amortized, but is reviewed at least annually for indications of impairment, with consideration given to financial performance and other relevant factors.

While our annual goodwill impairment test is conducted annually on October 31, we have processes in place to monitor for interim triggering events. Under GAAP, we review our goodwill for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Intangible assets with finite lives are assessed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that may be considered a change in circumstances indicating that the carrying value of our goodwill may not be recoverable include macroeconomic conditions, industry and market considerations, our overall financial performance including an analysis of our current and projected cash flows, revenue and earnings, a sustained decrease in our share price and other relevant entity-specific events including changes in strategy, partners or litigation. A significant change to the estimates and assumptions we use as part of the discounted cash flow analyses and market multiple analyses we use to estimate reporting unit fair values could cause the estimated fair value of our reporting unit and intangible assets to decline and increase the risk of an impairment charge to earnings. A detailed discussion of our impairment testing is included in "Part II—Item 8. Financial Statements and Supplementary Data—Note 8."

The Company proceeded to perform a quantitative goodwill impairment test as of October 31, 2024. The concluded fair value under the income approach exceeded carrying value of consolidated total assets by approximately \$336.0 million, or 13.6% , as of October

31, 2024. As fair value was greater than carrying value under the income approach, goodwill was not impaired as of October 31, 2024. As of December 31, 2024, Evolent assessed whether there were events or changes in circumstances that would more likely than not reduce the fair value of its goodwill below its carrying amount and require an additional impairment test. The Company determined there had been no such indicators. Therefore, it was unnecessary to perform an additional goodwill impairment assessment as of December 31, 2024. Though we determined that fair value was greater than carrying value and goodwill was not impaired as of December 31, 2024, if our Class A common stock price continues to decline or if other indications of impairment exist, we may be required to further assess on an interim basis whether our goodwill is impaired which may result in additional impairments in the future as a due to market conditions or other factors related to our performance, including changes in our forecasted results, investment strategy, interest rates or assumptions used as part of the goodwill impairment analysis. Any further impairment charges that we may record in the future could be material to our results of operations.

Risks Relating to Our Former Up-C Structure

We are required to pay certain of our pre-IPO investors for certain tax benefits we may claim in the future, and these amounts are expected to be material.

Under an exchange agreement we entered into at the time of our IPO, in connection with our implementation of an "Up-C" structure (which was collapsed on December 26, 2019), we granted TPG, The Advisory Board and Ptolemy Capital (together, the "Investor Stockholders") an exchange right that allowed for receipt of newly-issued shares of the Company's Class A common stock in exchange (a "Class B Exchange") for an equal number of shares of the Company's Class B common stock (which were subsequently canceled) and an equal number of Evolent Health LLC's Class B common units. Class B common units received by the Company from relevant Investor Stockholders were simultaneously exchanged for an equivalent number of Class A common units of Evolent Health LLC, and Evolent Health LLC cancelled the Class B common units it received in the Class B Exchanges, resulting in an increase in the Company's economic interest in Evolent Health LLC.

As of December 31, 2019, all of the Class B common units held by the Investor Stockholders and certain other stockholders had been exchanged (together with an equal number of shares) for our Class A common stock. These exchanges resulted in increases in the tax basis of our share of the assets of Evolent Health LLC that otherwise would not have been available to the Company. In addition, we expect that certain net operating losses ("NOLs") will be available to us as a result of the transactions as described in "Part II—Item 8. Financial Statements and Supplementary Data—Note 15." These increases in tax basis and NOLs may reduce the amount of tax that we may otherwise be required to pay in the future, although the Internal Revenue Service ("IRS") may challenge all or a part of the tax basis increases and NOLs, and a court could sustain such a challenge.

We have entered into the TRA, related to the tax basis step-up of the assets of Evolent Health LLC and certain NOLs of the former members of Evolent Health LLC, with the Investor Stockholders and certain of our other investors (the "TRA Holders"). Pursuant to the TRA, we will pay the TRA Holders 85% of the amount of the cash savings, if any, in U.S. federal, state and local and non-U.S. income tax that we realize as a result of increases in tax basis resulting from exchanges of Class B common units for shares of our Class A common stock (calculated assuming that any post-IPO transfer of Class B common units (other than the exchanges) had not occurred) as well as certain other benefits attributable to payments under the TRA itself.

The TRA also requires us to pay 85% of the amount of the cash savings, if any, in U.S. federal, state and local and non-U.S. income tax that we realize as a result of the utilization of the NOLs of Evolent Health Holdings and an affiliate of TPG attributable to periods prior to our IPO and the deduction of any imputed interest attributable to our payment obligations under the TRA.

The payments that we make under the TRA could be substantial. As of December 31, 2024, we recorded a TRA liability of \$108.1 million including \$17.6 million of potential future payments under the TRA related to the future utilization of the pre-IPO NOLs described above and \$90.5 million of potential future payments related to the tax basis step-up of the assets of Evolent Health LLC in connection with the exchanges that occurred with our completed secondary offerings and private sales. The actual amount we will be required to pay under the TRA may be materially greater than these amounts, as potential future payments will vary as a consequence of our tax position, the relevant tax basis analysis, our ability to generate sufficient future taxable income in order to be able to benefit from the aforementioned tax attributes, the character and timing of our taxable income and the income tax rates applicable at the time we realize cash savings attributable to our recognition and utilization of the aforementioned tax attributes. Payments under the TRA are not conditioned on our existing investors' continued ownership of any of our equity.

We will not be reimbursed for any payments made under the TRA in the event that any tax benefits are disallowed.

If the IRS successfully challenges the tax basis increases resulting from the Class B Exchanges or the existence or amount of the pre-IPO NOLs at any point in the future after payments are made under the TRA, we will not be reimbursed for any payments we had made under the TRA (although future payments under the TRA, if any, would be netted against any unreimbursed payments to reflect

the result of any such successful challenge by the IRS). As a result, in certain circumstances, we could be required to make payments under the TRA in excess of our cash tax savings.

We may not be able to realize all or a portion of the tax benefits that resulted from the exchanges of Class B common units for our Class A common stock or from the utilization of NOLs previously held by Evolent Health Holdings and an affiliate of TPG and from payments made under the TRA.

Our ability to realize the tax benefits that we expect to be available as a result of the increases in tax basis created by the Class B Exchanges and by the payments made pursuant to the TRA, and our ability to utilize the pre-IPO NOLs of Evolent Health Holdings and an affiliate of TPG and the interest deductions imputed under the TRA all depend on a number of assumptions, including that we earn sufficient taxable income each year during the period over which such deductions are available and that there are no adverse changes in applicable law or regulations. If our actual taxable income is insufficient or there are adverse changes in applicable law or regulations, we may be unable to realize all or a portion of these expected benefits and our cash flows and stockholders' equity could be negatively affected. Please refer to the discussion in "Part II—Item 8. Financial Statements and Supplementary Data—Note 15" for additional information.

In certain cases, payments by us under the TRA may be accelerated or significantly exceed the tax benefits we realize in respect of the tax attributes subject to the TRA.

The TRA provides that upon certain changes of control, or if, at any time, we elect an early termination of the TRA or are in material breach of our obligations under the TRA, we would be required to make an immediate payment equal to the present value of the anticipated future tax benefits to certain current or former shareholders. Such payment would be based on certain valuation assumptions and deemed events set forth in the TRA, including the assumption that we have sufficient taxable income to fully utilize such tax benefits. The benefits would be payable even though, in certain circumstances, no tax basis step-up deductions and no NOLs are actually used at the time of the accelerated payment under the TRA. Accordingly, payments under the TRA may be made years in advance of the actual realization, if any, of the anticipated future tax benefits and may be significantly greater than the benefits we realize in respect of the tax attributes subject to the TRA. In these situations, our obligations under the TRA could have a substantial negative impact on our liquidity. We may not be able to finance our obligations under the TRA and any indebtedness we incur may limit our subsidiaries' ability to make distributions to us to pay these obligations. In addition, our obligations under the TRA could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control that could be in the best interests of holders of our Class A common stock.

The agreements between us and certain of our pre-IPO investors were made in the context of an affiliated relationship and may contain different terms than comparable agreements with unaffiliated third parties.

The contractual agreements that we have with certain of our pre-IPO investors were negotiated in the context of an affiliated relationship in which representatives of such pre-IPO investors and their affiliates comprised a significant portion of our board of directors. As a result, the financial provisions, and the other terms of these agreements, such as covenants, contractual obligations on our part and on the part of such pre-IPO investors and termination and default provisions, may be less favorable to us than terms that we might have obtained in negotiations with unaffiliated third parties in similar circumstances, which could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to Indebtedness and our Series A Preferred Stock

We may need to obtain additional financing which may not be available or, if it is available, may result in a reduction in the ownership of our stockholders.

We may need to raise additional funds in order to:

- finance unanticipated working capital requirements;
- develop or enhance our technological infrastructure and our existing solutions;
- fund strategic relationships, including joint ventures and co-investments, including the exercise by our joint venture partners of any put features;
- fund additional implementation engagements;
- acquire complementary businesses, technologies, products or services; or
- refinance and/or payoff existing debt.

Additional financing may not be available on terms favorable to us, or at all. If adequate funds are unavailable or are unavailable on acceptable terms, our ability to fund our expansion strategy, take advantage of unanticipated opportunities, develop or enhance technology or services or otherwise respond to competitive pressures could be significantly limited. If we raise additional funds by

issuing equity or convertible debt securities, the ownership of our then-existing stockholders may be reduced, and holders of these securities may have rights, preferences or privileges senior to those of our then-existing stockholders. In addition, any indebtedness we incur and restrictive covenants contained in the agreements related thereto could:

- make it difficult for us to satisfy our obligations, including interest payments on any debt obligations;
- limit our ability to obtain additional financing to operate our business;
- require us to dedicate a substantial portion of our cash flow to payments on our debt, reducing our ability to use our cash flow to fund capital expenditures and working capital and other general operational requirements;
- limit our flexibility to plan for and react to changes in our business and the health care industry;
- place us at a competitive disadvantage relative to our competitors;
- limit our ability to pursue acquisitions; and
- increase our vulnerability to general adverse economic and industry conditions, including changes in interest rates or a downturn in our business or the economy.

The occurrence of any one of these events could cause a significant decrease in our liquidity and impair our ability to pay amounts due on any indebtedness and could have a material adverse effect on our business, financial condition and results of operations.

The conditional conversion feature of the 2025 Notes and 2029 Notes, if triggered, may adversely affect our financial condition and operating results.

In October 2018, the Company issued \$172.5 million aggregate principal amount of its 1.50% Convertible Senior Notes due 2025 (the "2025 Notes"), and in December 2023, the Company issued \$402.5 million aggregate principal amount of its 3.50% Convertible Senior Notes due 2029 (the "2029 Notes"). In the event the conditional conversion feature of the 2025 Notes or 2029 Notes is triggered, holders of such notes will be entitled to convert such notes during specified periods at their option. If one or more holders elect to convert their notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our Class A common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the 2025 Notes or 2029 Notes, as applicable, as a current rather than long-term liability, which would result in a material reduction of our net working capital.

We may not have the ability to raise the funds necessary to settle conversions of our notes in cash, to repurchase our notes for cash upon a fundamental change or to pay the redemption price for any notes we redeem, and our future debt may contain limitations on our ability to pay cash upon conversion or repurchase of the notes.

Holders of our notes have the right to require us to repurchase all or a portion of their notes upon the occurrence of a fundamental change (as defined in the indentures governing the notes) at a fundamental change repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest, if any. In addition, upon conversion of the notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our Class A common stock (other than paying cash in lieu of delivering any fractional shares), we would be required to settle a portion or all of our conversion obligation through the payment of cash. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of notes surrendered therefore or notes that are being redeemed or converted.

In addition, our ability to repurchase the notes or to pay cash upon redemptions or conversions of the notes may be limited by law, by regulatory authority, or by other agreements governing our future indebtedness. Our failure to repurchase notes at a time when the repurchase is required by the applicable indenture or to pay any cash payable on future conversions of the notes as required by the applicable indenture would constitute a default under the applicable indenture. A default under either of the indentures or the occurrence of a fundamental change itself could also lead to a default under agreements governing our existing and future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the notes or make cash payments upon conversions thereof.

Changes in the accounting treatment for convertible debt securities that may be settled in cash, such as the 2025 Notes and the 2029 Notes, could have a material effect on our reported financial results.

In August 2020, the Financial Accounting Standards Board published an Accounting Standards Update ("ASU 2020-06"), which amends the accounting standards for convertible debt instruments that may be settled entirely or partially in cash upon conversion. ASU 2020-06 eliminates requirements to separately account for liability and equity components of such convertible debt instruments and eliminates the ability to use the treasury stock method for calculating diluted earnings per share for convertible instruments whose principal amount may be settled using shares. Instead, ASU 2020-06 requires (i) the entire amount of the security to be presented as a liability on the balance sheet and (ii) application of the "if-converted" method for calculating diluted earnings per share. Under the "if-

converted" method, diluted earnings per share will generally be calculated assuming that the 2025 Notes and the 2029 Notes were converted solely into shares of Class A common stock at the beginning of the reporting period, unless the result would be anti-dilutive, which could adversely affect our diluted earnings per share. However, if the principal amount of the convertible debt security being converted is required to be paid in cash and only the excess is permitted to be settled in shares, the if-converted method will produce a similar result as the "treasury stock" method prior to the adoption of ASU 2020-06 for such convertible debt security. Because we will be permitted to settle conversions of the notes in cash, shares of common stock, or a combination thereof, the "if-converted" method for calculating diluted earnings per share is expected to be required with respect to the 2025 Notes and 2029 Notes. Further amendments to these accounting standards may require us to reflect the notes in a manner that adversely affects our reported diluted earnings per share.

We are exposed to interest rate risk under the Credit Agreement and the terms of our Series A Preferred Stock, which could cause the Company's debt service obligations to increase significantly.

We are exposed to market risk from changes in interest rates. Interest under all Credit Facilities under our Credit Agreement (including the Credit Facilities) and under the terms of our Series A Preferred Stock is based on the Secured Overnight Funding Rate ("SOFR"), a floating rate, subject to a minimum rate. The Federal Reserve has raised, and may in the future further raise, interest rates to combat the effects of recent high inflation. Any further increase in the SOFR will increase the Company's debt service obligations, which could have a negative impact on the Company's cash flow, financial position or operating results, including cash available for servicing the Company's indebtedness, or result in increased borrowing costs in the future.

We have significant debt and other obligations, which could adversely affect our financial health and our ability to obtain financing in the future, and to react to changes in our business.

We have \$675.0 million of principal amount of indebtedness outstanding as of December 31, 2024. In addition, we have 175,000 shares of Series A Preferred Stock outstanding.

This significant amount of debt, preferred stock and other cash needs could have important consequences to us, including:

- requiring a substantial portion of our cash flow from operations to make payments on this debt, thereby limiting the cash we have available to fund future growth opportunities, such as capital expenditures and acquisitions;
- restrictive covenants in our debt arrangements and the arrangements governing our Series A Preferred Stock, which could limit our operations and borrowing;
- increasing our vulnerability to general adverse economic and industry conditions and limiting our flexibility in planning for, or reacting to, changes in our business and industry, due to the need to use our cash to service our outstanding debt and Series A Preferred Stock;
- placing us at a competitive disadvantage relative to our competitors that are not as highly leveraged and that may therefore be more able to invest in their business or use their available cash to pursue other opportunities, including acquisitions; and
- limiting our ability to borrow additional funds as needed or take advantage of business opportunities as they arise.

Servicing our debt and paying dividends on our Series A Preferred Stock requires a significant amount of cash, and we may not have sufficient cash flow from our business to service our debt and make necessary capital expenditures.

Our ability to make scheduled payments of the principal of, to pay interest or dividends on or to refinance our indebtedness or our Series A Preferred Stock depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate cash flow from operations in the future sufficient to service our debt and our Series A Preferred Stock and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive to our stockholders. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our obligations and have a material adverse effect on our results of operations and financial condition.

Restrictive covenants in our Credit Agreement and in the Investors Rights Agreement may interfere with our ability to access the revolving credit facility under the Credit Agreement, or to obtain new financing or to engage in other business activities.

Our Credit Agreement and the Investors Rights Agreement impose significant operating and financial restrictions on us. These restrictions limit our ability and/or the ability of certain of our subsidiaries to, among other things:

- incur or guarantee additional debt;
- incur certain liens;

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- merge or consolidate;
- transfer or sell assets;
- make certain investments;
- pay dividends and make other distributions on, or redeem or repurchase, capital stock; and
- enter into transactions with affiliates.

In addition, pursuant to our Credit Agreement and Investors Rights Agreement, we are required to comply with certain financial covenants consisting of a minimum liquidity test, and a total secured leverage test. As a result of these restrictions, we will be limited as to how we conduct our business, and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. The terms of any future indebtedness we may incur could include more restrictive covenants. We cannot assure you that the Company will be able to maintain compliance with these covenants in the future and, if it fails to do so, that it will be able to obtain waivers from the lenders and/or amend the covenants. The Company's failure to comply with the restrictive covenants described above as well as the terms of any future indebtedness could result in an event of default, which, if not cured or waived, could result in it being required to repay these borrowings before their due date and the lenders would be entitled to foreclose on collateral. If the Company is forced to refinance these borrowings on less favorable terms or cannot refinance these borrowings, our results of operations and financial condition could be adversely affected. In addition, we may be unable to access future borrowings under our revolving facility if we are unable to satisfy the applicable conditions precedent.

Risks Relating to Ownership of Our Class A Common Stock

We expect that our stock price will be volatile and may fluctuate or decline significantly.

The trading price of our Class A common stock has been and may continue to be volatile and subject to wide price fluctuations in response to various factors, including:

- actual or anticipated fluctuations in our quarterly financial reports and results of operations, including as a result of our failure to meet our financial outlook or analyst consensus, which was the case for our third quarter results in 2024;
- economic and political conditions or events;
- market conditions in the broader stock market in general, or in our industry in particular, including as a result of public health emergencies, inflationary pressures, and an uncertain macroeconomic environment due in part to the conflict between Russia and Ukraine and the war between Israel and Hamas;
- our ability to satisfy our ongoing capital needs and unanticipated cash requirements;
- indebtedness incurred in the future;
- introduction of new products and services by us or our competitors;
- business developments of our partners;
- issuance of new or changed securities analysts' reports or recommendations;
- sales of large blocks of our stock;
- additions or departures of key personnel;
- regulatory developments; and
- litigation and governmental investigations.

These and other factors have and may cause the market price and demand for our Class A common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of Class A common stock, including any shares of Class A common stock they receive upon conversion of our convertible notes, and may otherwise negatively affect the liquidity of our Class A common stock. High volatility levels in the market price of our stock can lead to short seller attacks, particularly if retail investors or others holding "long" positions in our Class A common stock seek to counter short selling activity by purchasing additional shares, thus making it more difficult and more expensive for short sellers to profit. No assurances can be made that declines in the market price of our common stock will not occur in the future in connection with such activity. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have instituted securities class action litigation against the company that issued the stock. We have been, and from time to time may become, subject to such litigation, and we could incur substantial costs defending a lawsuit. Such a lawsuit could also divert the time and attention of our management from our business.

The trading market for our Class A common stock will also be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of the analysts who cover us downgrades our stock, or if our results of operations do not meet their expectations, our stock price could decline.

Our Series A Preferred Stock has rights, preferences and privileges that are not held by, and are preferential to, the rights of holders of our Class A common stock, which could adversely affect our liquidity and financial condition, and could in the future substantially dilute the ownership interest of holders of our Class A common stock.

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In connection with the consummation of the NIA acquisition, we issued 175,000 shares of Series A Preferred Stock to Ares (through one or more of its funds and managed accounts).

The Series A Preferred Stock ranks senior to the Company's Class A common stock and all future series of the Company's preferred stock with respect to dividends and distributions on liquidation. Regular dividends on the Series A Preferred Stock will be paid quarterly in cash in arrears at a rate per annum equal to Adjusted Term SOFR (as defined in the Certificate of Designation of the Series A Preferred Stock filed by the Company with the Delaware Secretary of State on January 19, 2023 (the "Certificate of Designation")) plus 6.00%. The liquidation preference of the Series A Preferred Stock will increase on the last day of each calendar quarter by the amount of any accrued and unpaid regular dividends that have not been paid in cash on the relevant dividend payment date. The regular dividend rate will also increase by 2.00% per annum upon the occurrence and during the continuance of certain triggering events, including a breach of the protective covenants contained in the Investors Rights Agreement or the Company's failure to pay any regular dividends in cash. Holders of Series A Preferred Stock are also entitled to participate in and receive any dividends declared or paid on the Class A common stock on an as-converted basis.

Under various circumstances defined in the Certificate of Designation, (a) holders of shares of the Series A Preferred Stock may be entitled to convert such shares into shares of our Class A common stock, or (b) we may require all holders of such shares to convert such shares to shares of our Class A common stock. In addition, upon the occurrence of a refinancing or replacement of the entirety of the indebtedness under the Credit Agreement prior to its maturity that is provided solely by lenders who are not affiliates or approved funds of Ares Capital Management LLC, we will be required to redeem all shares of Series A Preferred Stock then outstanding for cash at a redemption price per share equal to 165.00% of the then-current liquidation preference of the Series A Preferred Stock, plus all accrued and unpaid dividends on the Series A Preferred Stock being redeemed, plus, solely in the event such refinancing or replacement is consummated prior to January 20, 2025, the aggregate amount of regular dividends per share which would have otherwise been payable on the Series A Preferred Stock from the date of redemption until January 20, 2025. If the Company undergoes a Change of Control (as defined in the Credit Agreement), the Company will be required to redeem all shares of Series A Preferred Stock then outstanding for cash at a price per share equal to the greater of (x) 150.00% of the then-current liquidation preference per share of the Series A Preferred Stock, if such redemption occurs prior to January 20, 2025, and 135.00% of the then-current liquidation preference per share of the Series A Preferred Stock, if such redemption occurs on or after January 20, 2025, and (y) the value of the Class A common stock issuable upon conversion of a share of Series A Preferred Stock, which value shall be determined based on the value attributed to the Class A common stock in connection with such Change of Control.

The share repurchase obligations could adversely affect our liquidity and reduce the amount of cash available for working capital, capital expenditures, growth opportunities, acquisitions, and other general corporate purposes. Our obligations to the holders of Series A Preferred Stock could also limit our ability to obtain additional financing and increase

our borrowing costs, which could have an adverse effect on our financial condition. The preferential rights could also result in divergent interests between the holders of Series A Preferred Stock and holders of shares of our Class A common stock. Any conversion of Series A Preferred Stock into Class A common stock would dilute the ownership interest of existing holders of our Class A common stock, and any sales in the public market of the Class A common stock issuable upon such conversion could adversely affect prevailing market prices of our Class A common stock.

The market price of our Class A common stock could decline due to the large number of shares of Class A common stock issuable upon conversion of our convertible notes or the Series A Preferred Stock, or by sales or issuances of substantial amounts of our Class A common stock.

The market price of our Class A common stock could decline as a result of sales of a large number of the shares of our Class A common stock issuable upon the conversion of our convertible notes or the Series A Preferred Stock, or the perception that such conversions and sales could occur. These sales, or the possibility that these sales may occur, may also make it more difficult for us to raise additional capital by selling equity or equity-linked securities in the future, at a time and price that we deem appropriate. As of February 14, 2025, 116,591,148 shares of our Class A common stock were outstanding. Up to a maximum of 15.8 million shares of our Class A common stock is reserved for issuance upon the conversion of our convertible notes and 4.4 million shares are reserved for issuance upon the conversion of our Series A Preferred Stock. Similarly, sales or issuances of substantial amounts of our Class A common stock in the public market by us or by our stockholders into the public market could cause the market price of our Class A common stock to decrease significantly.

Some provisions of Delaware law, our second amended and restated certificate of incorporation, as amended and our third amended and restated by-laws and certain of our contracts may deter third parties from acquiring us.

Among other things, our second amended and restated certificate of incorporation, as amended, and our third amended and restated by-laws:

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- prohibit stockholder action by written consent;
- authorize the issuance of “blank check” preferred stock that could be issued by our board of directors to increase the number of outstanding shares of capital stock, making a takeover more difficult and expensive;
- prohibit cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates;
- provide that special meetings of the stockholders may be called only by or at the direction of the board of directors, the chairman of our board or the chief executive officer; and
- require advance notice to be given by stockholders for any stockholder proposals or director nominees.

In addition, Section 203 of the DGCL may affect the ability of an “interested stockholder” to engage in certain business combinations, for a period of three years following the time that the stockholder becomes an “interested stockholder.” We have elected in our second amended and restated certificate of incorporation, as amended, not to be subject to Section 203 of the DGCL. Nevertheless, our second amended and restated certificate of incorporation, as amended, contains provisions that have the same effect as Section 203 of the DGCL, except that they provide that each of TPG, UPMC and The Advisory Board and their transferees will not be deemed to be “interested stockholders,” and accordingly are not subject to such restrictions.

These and other provisions could have the effect of discouraging, delaying or preventing a transaction involving a change in control of our company or could make it more difficult for stockholders to elect directors of their choosing or to cause us to take other corporate actions that they desire. Provisions in certain of our contracts may also deter third parties from acquiring us. In addition, certain partners would have the right to terminate if we are acquired by certain competitors.

Our second amended and restated certificate of incorporation, as amended, designates courts in the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our second amended and restated certificate of incorporation, as amended, provides that, subject to limited exceptions, the Court of Chancery of the State of Delaware is the sole and exclusive forum for (a) any derivative action or proceeding brought on our behalf, (b) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (c) any action asserting a claim against us arising pursuant to any provision of the DGCL, our second amended and restated certificate of incorporation, as amended, or our third amended and restated by-laws, (d) any action to interpret, apply, enforce or determine the validity of our second amended and restated certificate of incorporation, as amended, or third amended and restated by-laws or (e) any other action asserting a claim against us that is governed by the internal affairs doctrine. We refer to each of these proceedings as a covered proceeding. In addition, our second amended and restated certificate of incorporation, as amended, provides that if any action the subject matter of which is a covered proceeding is filed in a court other than the specified Delaware courts without the approval of our board of directors, which we refer to as a foreign action, the claiming party will be deemed to have consented to (1) the personal jurisdiction of the specified Delaware courts in connection with any action brought in any such courts to enforce the exclusive forum provision described above and (2) having service of process made upon such claiming party in any such enforcement action by service upon such claiming party’s counsel in the foreign action as agent for such claiming party. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of and to have consented to these provisions. These provisions may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find these provisions of our second amended and restated certificate of incorporation, as amended, inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition.

We do not anticipate paying any cash dividends on our Class A common stock in the foreseeable future.

We currently intend to retain our future earnings, if any, for the foreseeable future to fund the development and growth of our business. We do not intend to pay any dividends to holders of our Class A common stock. As a result, capital appreciation in the price of our Class A common stock, if any, will be your only source of gain on an investment in our Class A common stock. See "Part II-Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities - Dividends" for a discussion of our dividend policy.

Market and Dividend Information

General Risk Factors

Market Information We are and may become subject to litigation, proceedings, government inquiries, reviews, audits or investigations which could have a material adverse effect on our business, financial condition and results of operations.

Our Class A common stock is traded on the NYSE under the symbol "EVH."

Holders 42

As We are and may become subject to litigation, proceedings, government inquiries, reviews, audits or investigations in the future, including potential claims against us by our partners, with or without merit. Some of February 15, 2024, there were 84 holders these matters and claims may result in significant defense costs and potentially significant judgments against us, some of record which we are not, or cannot be, insured against. We generally intend to defend ourselves vigorously; however, we cannot be certain of the ultimate outcomes of any claims or other matters that may arise in the future. Resolution of these types of matters against us may result in us having to pay significant fines, judgments or settlements, which, if uninsured, or if the fines, judgments and settlements exceed insured levels, could adversely impact our earnings and cash flows, thereby having a material adverse effect on our business, financial condition, results of operations, cash flow and per share trading price of our Class A common stock. The number Certain litigation, proceedings, government inquiries, reviews, audits or investigations or the resolution of record holders does not include individuals such matters may affect the availability or entities who beneficially own shares cost of some of our insurance coverage, which could adversely impact our results of operations and whose shares are held of record by a broker, bank, or other nominee, but does include each such broker, bank, or other nominee as one record holder. cash flows, expose us to increased risks that would be uninsured and adversely impact our ability to attract directors and officers.

Dividends

Series A Preferred Stock

For the year ended December 31, 2023 the Series A Preferred stockholders were paid dividends The failure of any bank in which we deposit our funds could reduce the amount of \$18.8 million. We expect to continue cash we have available to pay dividends distributions and make additional investments.

The Federal Deposit Insurance Corporation ("FDIC") only insures amounts up to \$250,000 per depositor. It is likely that we will have cash and cash equivalents and restricted cash deposited in certain financial institutions in excess of federally insured levels. Recently, we have seen the Series A Preferred stockholders pursuant abrupt failure of more than one regional bank. Although we did not experience any loss related to the terms these failures, if any of the Securities Purchase Agreement banking institutions in which we entered into deposit funds ultimately fails, we may lose any amounts of our deposits over federally insured levels. The loss of our deposits could reduce the amount of cash we have available to distribute or invest and could result in a decline in our value.

Public health emergencies or outbreaks of epidemics, pandemics, or contagious diseases have adversely affected, and could in the future, adversely affect our business and the business of our partners.

An epidemic, pandemic or similar serious public health issue, and the measures undertaken by governmental authorities to address it, could significantly disrupt or prevent us from operating our business in the ordinary course for an extended period, and thereby, and/or along with any associated economic and/or social instability or distress, adversely affect our business and the business of our partners. The extent to which an epidemic, pandemic or similar serious public health issue could impact our business, results of operations, financial condition and liquidity or the business of our partners will depend on January 20, 2023 numerous evolving factors, known and unknown, that we cannot predict, including the duration and scope of the epidemic, pandemic or similar public health issue; government, business and individual actions that taken in response; the impact of the public health issue on national and global economic activity; disruption of the financial and labor markets, including the possibility of a national or global economic recession or depression; limitations on operations requiring employees to perform their duties in-person; and disruptions in the healthcare markets, including state Medicaid agencies. Additionally, the increased number of employees who work remotely during a public health emergency or outbreak could introduce additional operational risk, such as an increased vulnerability to cyber-attacks, and harm productivity and collaboration. In addition, the risks and uncertainties described elsewhere in this "Risk Factors" section may be exacerbated by an epidemic, pandemic or similar serious public health issue.

The costs of compliance with sustainability or other environmental, social responsibility or governance laws, regulations, or policies, including investor and client-driven policies and standards, could adversely affect our business.

As a non-manufacturing service business, we have to date been less impacted from laws and regulations related to sustainability concerns or other environmental, social responsibility or governance ("ESG") laws, regulations, or policies. However, we may need to incur ESG related costs indirectly in response to our customers or shareholders. Increasingly our customers and shareholders expect that we meet environmental, social responsibility, sustainability or other business policies or standards, which may be more restrictive than current laws and regulations, before they commence, or continue, doing business with us or investing in our common stock. Our compliance with these policies and related requirements could be costly, and our failure to comply could adversely affect our business relationships or reputation.

Inflationary pressures, rising consumer costs and the purchasers listed current economic environment may have a negative effect on Schedule I thereto (the "Securities Purchase Agreement"); our margins, profitability and results of operations.

The broader U.S. economy experienced higher than expected inflationary pressures throughout 2022 related to continued supply chain disruptions, labor shortages and geopolitical instability. Inflation levels remained at elevated level through 2024. Increasing inflationary pressures may have a negative effect on our profit margins and earnings due to associated costs increases, including as a result of their impact on our customers' and other third parties' ability to pay. Additionally, we face an increasingly competitive labor market due to sustained labor shortages in part from the COVID-19 pandemic and are subject to inflationary pressures on employee wages and salaries which may increase labor costs. Failure to retain highly skilled employees due to wage inflation could have a material adverse impact on our business, results of operations or financial condition. See the risk factor captioned "Risk Factors—

Risks Relating to Our Business and Strategy—If we lose key members of our management team or employees or are unable to attract and retain the employees we need, our compensation costs will increase and our business and operating results will be adversely affected." While we are unable to predict the direction of the economy or if inflation will increase or revert to normal levels, if inflation levels remain elevated for a sustained period of time, our margins, profitability and results of operations could be adversely affected. In addition, the U.S. government has recently imposed, or is currently considering imposing, tariffs on certain trade partners. Tariffs, economic sanctions and other changes in U.S. trade policy have in the past and could in the future trigger retaliatory actions by affected countries, and certain foreign governments have instituted or are considering imposing retaliatory measures on certain U.S. goods. The cost of care could increase as a result of tariffs, sanctions or other changes in U.S. policy that negatively impact the import of certain medical devices, which could negatively impact our results of operations.

Common Stock Item 1B. Unresolved Staff Comments

Not applicable.

Item 1C. Cybersecurity

Risk Management and strategy

We have not declared or paid any cash dividends developed processes for assessing, identifying and managing material risks from cybersecurity threats. We maintain an enterprise risk management program, which includes management of material risks from cybersecurity threats alongside other Company risks as part of our overall risk assessment process. Our cybersecurity strategy includes defense in depth and zero trust based controls intended to protect our information technology systems. We maintain an enterprise information and cybersecurity program. As part of this program, we employ a range of tools and services to inform our assessment, identification and management of material risks from cybersecurity threats, which include, from time to time, monitoring emerging data protection laws and implementing responsive changes to our processes; undertaking periodic reviews of our partner facing policies and statements related to cybersecurity; conducting cybersecurity management and incident training for employees involved in our systems and processes that handle sensitive data; conducting phishing email simulations for employees and contractors with access to corporate email systems; requiring employees, as well as third-parties who provide services on our common stock. We do not anticipate paying any cash dividends on behalf, to treat information and data with care; and employing a cyber risk management and quantification system customized to our Class A common stock for the foreseeable future. The timing and amount of future cash dividends on our Class A common stock, if any, is periodically evaluated by our board of directors and would depend on, among other factors, our current and expected earnings, financial condition, projected cash flows and anticipated financing needs, environment.

Performance Graph We maintain an incident response plan that includes processes to triage, assess severity for, escalate, contain, investigate and remediate material cybersecurity incidents, as well as to comply with potentially applicable legal obligations. As part of the above processes, we periodically engage with assessors, consultants, auditors, and other third-parties, including by periodically annually having a third-party/an independent Qualified Security Assessor review our cybersecurity program to help identify areas for improvement and/or compliance. Our risk management processes also address cybersecurity threat risks associated with our use of third-party service providers.

For a discussion of whether and how any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect the Company, including our business strategy and results of operations, see "Risk Factors – Risks Related to Data Protection Privacy, Cybersecurity, Intellectual Property and Technology" which is incorporated by reference into this Item 1C.

In the three most recently completed fiscal years, we have not experienced any material cybersecurity incidents and the expenses we have incurred from cybersecurity incidents were immaterial. This includes penalties and settlements, of which there were none.

Governance

The following graph compares Compliance and Regulatory Affairs Committee of the cumulative total stockholder return Board (the "Compliance and Regulatory Affairs Committee") provides oversight of risks from cybersecurity threats. The Compliance and Regulatory Affairs Committee receives updates from our Chief Information Security Officer ("CISO") and other members of management to, among other items, review material cybersecurity incidents, review key metrics on our Class A common stock cybersecurity program and related risk management programs, and discuss our cybersecurity programs and goals. The Compliance and Regulatory Affairs Committee updates the full Board on matters relating to cybersecurity. The Audit Committee of the Board provides an additional layer of cybersecurity oversight on specific financial matters.

Our management disclosure and compliance committees, which include representatives from our legal, financial and accounting and information technology ("IT") teams, meet at least quarterly to monitor potential risks and review procedures and controls relating to cybersecurity. Management periodically assesses such risks and assists in the

implementation of policies and procedures related to cybersecurity risk oversight in conjunction with the Compliance and Regulatory Affairs Committee.

Our CISO is responsible for assessing and managing the Company's material risks from cybersecurity threats. Our CISO has served in this role for the 5-years ended December 31, 2023, past five years, has more than 25 years of experience in the aggregate in various roles involving managing information security, technology infrastructure, IT operations and developing cybersecurity strategy, and is a Certified Information Systems Security Professional ("CISSP").

Our CISO is informed about and monitors the prevention, detection, mitigation and remediation of cybersecurity incidents through the management of and participation in the cybersecurity risk management and strategy process described above, including the operation of our incident response plan. As discussed above, our CISO reports to the cumulative total returns of Compliance and Regulatory Affairs Committee, about the NASDAQ Health Care Index risks from cybersecurity threats among other cybersecurity related matters and the NYSE Composite Index over the same period. This graph assumes an investment of \$100 at the closing price of the markets on December 31, 2018, in meets regularly with our Class A common stock, the NASDAQ Health Care Index and the NYSE Composite Index, and assumes the reinvestment of dividends, if any. The comparisons shown in the following graph are based upon historical data. We caution that the stock price performance shown in the graph below is not necessarily indicative of, nor is it intended to forecast, the potential future performance of our Class A common stock.

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Recent Sales of Unregistered Securities, Purchases of Equity Securities by the Issuer or Affiliated Purchases or Other Stockholder Matters

None. Chief Technology Officer.

Item 6. Reserved 2. Properties

Item 7. Management's Discussion Our corporate headquarters and **Analysis** executive officers are located in Arlington, Virginia, where we occupy approximately 8,500 square feet of **Financial Condition** office space effective January 1, 2024 with a seven-year lease. We also lease offices throughout the United States, in Pune, India and **Results** Manila, Philippines. We lease all of **Operations**

The following Management's Discussion our facilities and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand the Company's financial condition and results of operations. The MD&A is we do not own any real property. As provided as a supplement to, and should be read in conjunction with, our consolidated financial statements and the accompanying notes to consolidated financial statements presented in "Part II – Item 8. Financial Statements and Supplementary Data" as well as Data - Note 11" the total rental expense on operating leases, net of sublease income, was \$8.3 million for the year ended December 31, 2024.

Item 3. Legal Proceedings

The discussion of legal proceedings included within "Part II – Item 8. Financial Statements - Item 1A. Risk Factors, Note 10."

INTRODUCTION

Business Overview Item 4. Mine Safety Disclosures

We are a market leader in connecting care for people with complex conditions like cancer, cardiovascular disease, and musculoskeletal diagnoses. We work on behalf of health plans and other risk-bearing entities and payers (our customers) to support physicians and other healthcare providers (our users) in providing high quality evidence-based care to their patients. We believe adherence to evidence-based clinical pathways supports better outcomes for patients, a better experience for physicians, and lower costs for the healthcare system overall.

Specialty care represents a significant and fast-growing portion of healthcare costs in the U.S., driven in part by the pace of development of new therapies and treatments. To manage these increasing costs, some health plans and other risk-bearing entities historically deployed cost containment strategies that can limit access to care and operate in narrow silos (for example, prior authorization for radiological studies being considered independently from a comprehensive chemotherapy regimen). We believe Evolent can bring an integrated approach to a patient's condition across multiple specialties, using technology to recommend our evidence-based clinical pathways in a way that provides rapid feedback to the provider, seeks to remove barriers to care, and aligns financial incentives with the best evidence. As a result of this approach, we have seen as much as a 30% increase in adherence to best evidence for populations that we manage.

We were an early innovator in value-based care, founded in 2011 by members of our management team, UPMC, an integrated delivery system based in Pittsburgh, Pennsylvania, and The Advisory Board Company.

Segment Update

The Company made organizational changes, including re-evaluating its reportable segments, as a result of growth in our value-based specialty care business, both organically and through acquisitions. Effective during the three months ended March 31, 2023, the Company changed its reportable segments to reflect changes in the way its chief operating decision maker evaluates the performance of its operations, develops strategy and allocates capital resources. Specifically, the Company collapsed its previous two segments, Evolent Health Services and Clinical Solutions into one segment. The Company's historical disclosures have been recast to be consistent with the current presentation.

All of our revenue is recognized in the United States and substantially all of our long-lived assets are located in the United States.

Recent Events

Impact of Inflation

We experience pricing pressures in the form of competitive prices in addition to rising costs for certain inflation-sensitive operating expenses such as labor, employee benefits and facility leases. We do not believe these impacts were material to our revenues or net income during the year ended December 31, 2023. However, significant sustained inflation driven by the macroeconomic environment or other factors could negatively impact our margins, profitability and results of operations in future periods.

Customers

The following table summarizes those partners who represented at least 10.0% of our consolidated revenue:

	For the Year Ended December 31,	
	2023	2022
Cook County Health and Hospitals Systems	15.7%	22.4%
Humana Insurance Company	12.0%	*
Molina Healthcare, Inc.	13.5%	*
Florida Blue Medicare, Inc.	10.4%	11.5%

* Represents less than 10.0% of the respective balance

Transactions

The Company has undertaken several transactions, some of which may impact year-to-year comparisons. The following is a discussion of certain of those transactions.

Acquisition of NIA

On November 17, 2022, the Company entered into a definitive agreement for the Company to acquire NIA. On January 20, 2023, we consummated the acquisition of NIA for \$387.8 million in cash consideration, which was financed in part with \$265.0 million in debt borrowed from affiliates of Ares and the proceeds from the sale of an aggregate 175,000 shares of the Company's Series A Preferred Stock, resulting in gross proceeds of \$168.0 million, and stock consideration of 8.5 million shares of Class A common stock issued to the seller. NIA is part of Evolent's Specialty Technology and Services Suite. Refer to "Part II - Item 8. Financial Statements and Supplementary Data - Note 4" for additional discussion regarding the NIA acquisition. **Not applicable.**

Credit Agreement Amendment

On **August 1, 2022** **December 6, 2024** (the "IPG Closing Date"), the Company entered into a credit agreement, by and among the Company, Evolent Health LLC, as the borrower (the "Borrower"), certain subsidiaries of the Company, as guarantors, the lenders from time to time party thereto, and Ares, as administrative agent, collateral agent and revolver agent (the "Existing Credit Agreement" and as modified by the Amendment (defined below), the "Credit Agreement"), pursuant to which the lenders agreed to extend credit to the Borrower in the form of (i) initial term loans in an aggregate principal amount of \$175.0 million (the "Initial Term Loan Facility") and (ii) revolving credit commitments in an aggregate principal amount of \$50.0 million (the "Initial Revolving Facility"), the availability of which shall be determined by reference to the lesser of \$50.0 million and a borrowing base calculation. The Borrowers borrowed full amount under the Initial Term Loan Facility and the Initial Revolving Facility on the IPG Closing Date. A closing fee of (a) 2.00% of the aggregate amount of the commitments in respect of the Initial Term Loan Facility and (b) 2.00% of the aggregate amount of the commitments in respect of the Initial Revolving Facility was paid as of the IPG Closing Date.

On January 20, 2023, ("the NIA Closing **Amendment No. 3 Effective Date**"), the Company entered into Amendment No. **13** ("Amendment No. 3") to the Credit Agreement (the "Amendment"), pursuant to which the lenders agreed to extend credit to the Borrower that provides new secured debt financing in the form of (i) additional commitments under the Company's existing asset-based revolving commitments credit facility in an aggregate principal amount equal to **\$25.0 million** **\$50.0 million** (the "Incremental Revolving Facility" "2024 Revolver Increase", and together with the Initial Revolving Facility and the 2023 Revolver Increase, the "Revolving Facility"), and (ii) **additional a new delayed draw term loans** loan facility in an aggregate principal amount equal to **\$240.0 million** **\$125.0 million** (the "Incremental 2024-A Delayed Draw Term Loan Facility"), and (iii) a new delayed draw term loan facility in an aggregate principal amount equal to \$75.0 million (the "2024-B Delayed Draw Term Loan Facility" and effected certain amendments to the Existing Credit Agreement. Refer to "Part II - Item 8. Financial Statements and Supplementary Data - Note 9" for a discussion of Amendment No. 3."

During the year ended December 31, 2024, the Company borrowed \$62.5 million under the Revolving Facility. As of December 31, 2024, there was \$100.0 million outstanding under the Company's Revolving Facility. On January 29, 2025, the Company borrowed \$125.0 million under its 2024-A Delayed Draw Term Loan and \$75.0 million under its 2024-B Delayed Draw Term Loan.

Competitive Strengths

We believe we are well-positioned to benefit from the transformations occurring in health care payment and delivery described above. We believe this environment that rewards the better use of information to drive patient outcomes aligns with our business model, recent investments and other competitive strengths.

Early Innovator

We believe we are an innovator in the delivery of comprehensive value-based care solutions. We were founded in 2011, ahead of the implementation of the ACA and before the rapid expansion of programs, such as Medicare ACOs or Medicare bundled payment initiatives. Since our inception, we have invested a significant amount in expanding our offerings.

In connection with the Machinify acquisition, the Company has sought to further enhance and accelerate its uses of AI through its AI-enabled tools, such as Auth Intelligence. The Auth Intelligence tool incorporates AI to aid nurses and physicians in completing clinical review of prior authorization requests. Specifically, the tool identifies relevant information within the medical record, extracts key information, and highlights relevant parts of the record for reviewers. Auth Intelligence is intended to help reviewers quickly locate important information that is relevant to assist in the review. However, the human reviewer is always responsible for completing relevant documentation including the clinical rationale and for finalizing the clinical decision. In addition, we use an AI application to automate authorization approvals only, which is accomplished by detecting strong patterns from millions of historical observations and dozens of features. Each application is calibrated individually to our partners to reflect local policy, utilization, and geographical variances.

It is against our Company policy to use AI to deny care and all such decisions must be made by clinical professionals. When the application cannot render an approval decision, the request is sent for manual clinical review.

Differentiated Offering by Performing More Services Utilizing An Integrated Strategy

Building off of our strength in oncology and cardiology, we believe the acquisition of NIA will accelerate our market leadership to serve the needs of large scale, national payer organizations to manage the cost and quality of care across large and complex medical specialties. Based on feedback from our clients, we believe the market for value-based specialty care is large, fragmented and lacking a market leader to provide clinically sophisticated, technology-enabled solutions across the highest cost, highly prevalent and most complex medical specialties. The acquisitions of NIA and IPG by Evolent are part of our competitive response to this apparent unmet need. We believe our payer clients will benefit from a platform offering a broader set of specialty services in order to avoid the inefficiencies of vendor fragmentation, and we believe they prefer fewer vendors that may provide more consistent services to their membership over time.

Comprehensive End-to-End Solutions

We provide end-to-end, built-for-purpose, technology-enabled solutions for our partners to succeed in value-based payment models. We believe that offering comprehensive and integrated solutions which bring together clinical and administrative management allows payers and providers to accelerate their path to adoption of value-based care.

Depth of Market Experience

With experience across Medicare, Medicaid and commercial markets, our depth and variety of expertise allows us to serve a variety of customer types in the broad health care marketplace including health systems, providers, physicians, health plans, ACOs, delegated arrangements and other payers.

Proprietary Technology

Our integrated proprietary technology, Identifi®, allows us to deliver a connected delivery ecosystem, implement replicable clinical processes, scale our value-based services and capitalize on multiple types of value-based payment relationships.

We leverage a custom workflow platform, CarePro™, as part of our Specialty Technology and Services Suite, to provide clinical decision support and manage providers to high-quality care, while aiming to achieve significant cost savings. Our technology consists of a clinical decision support portal that provides oversight of individual treatment plans for pathway adherence. Our platform integrates clinical analytics and protocols, pharmacy management, physician engagement, network management and claims payment to drive improved outcomes for partners.

We believe we are creating scaled benefits for our partners in areas such as data analytics, administrative services and care management. We expect Identifi® and CarePro™ to enable us to deliver increasing levels of efficiency to our partners.

Provider-Heritage Brand Identity

We believe our provider-heritage brand identity and origins differentiate us from our competitors in the value-based care services area. We believe our solutions resonate with potential partners seeking proven solutions that work with providers in a manner that attempts to minimize friction and foster a care team approach. Our analytical and clinical

solutions are rooted in our experience in growing a provider-led, integrated delivery network over the 15-years prior to the founding of Evolent Health, Inc., and growing to become one of the largest provider-owned health plans in the country. Our unique position allows for the sharing of data across multiple payers and care delivery integration regardless of payer, which we believe is not possible with traditional, payer-siloed solutions.

Partnership-Driven Business Model

Our business model is predicated on strategic partnerships with leading providers and payers that are attempting to evolve two of their most critical business functions: how they deliver care and how they are compensated for it. The partnership model enables cultural alignment, integration into the provider care delivery and payment work-flow, contractual relationships and a cycle of clinical and cost improvement with shared financial benefit. In certain cases, we also agree to participate alongside our partners in risk-sharing or other support arrangements to increase our alignment of interests via performance-based relationships.

Proven Leadership Team

We have made a significant investment in building an industry-leading management team. Our senior leadership team has extensive experience in the health care industry and a track record of delivering measurable clinical, financial and operational improvement for health care providers and payers. Our Chief Executive Officer, Seth Blackley, had served as our President from August 2011 until his promotion. Prior to co-founding the Company, Mr. Blackley was the Executive Director of Corporate Development and Strategic Planning at The Advisory Board from June 2007 to August 2011. Our President, Dan McCarthy, served as the New Century Health's Chief Executive Officer since 2019 and held multiple leadership roles within Evolent since joining the Company in 2014. Prior to joining the Company, Mr. McCarthy was a leader at McKinsey & Company's healthcare practice. Our Chief Financial Officer, John Johnson, served as the acting Chief Financial Officer for New Century Health along with various roles within the Company since 2016.

Growth Opportunities

Multiple Avenues for Growth with Our Existing, Embedded Partner Base

We have established a partnership model with multiple drivers of embedded growth through the following avenues:

- growth in lives in existing covered populations;
- partners expanding into new lines of value-based care to capture growth in new profit pools;
- cross-selling additional solutions to existing partners; and
- capturing value created through a variety of value-based arrangements by participating alongside our partners in upside risk sharing arrangements.

Ability to Capture Additional Value through Delivering Clinical Results

We are capturing only a portion of the addressable clinical and administrative dollars in the market through our current solutions. We believe there is a significant opportunity to capture an increasing portion of the medical dollar over time, namely the remainder of the premium dollar which goes to medical expenses, and we have begun to do so in certain performance-based relationships. We believe business models that allow us to participate in the medical savings through a variety of risk-sharing arrangements that align incentives to reduce costs and improve quality outcomes will enable us to grow and differentiate ourselves from other vendors. We anticipate the manner with which we partner and share in risk with health care providers will likely continue to evolve over time given the still nascent and fragmented nature of value-based care.

Expand Offerings to Meet Evolving Market Needs

There are multiple business offerings that our partners may require to operate in a value-based care environment that we do not currently provide, including but not limited to:

- physician employment;
- PBM expansion to include additional specialty pharmacy management capabilities;
- additional Specialty Technology and Services Suite lines of business beyond oncology, cardiology and musculoskeletal, including kidney and fetal-maternal medicine care;
- on-site or specialty clinic services; and
- consumer engagement and digital outreach.

Selectively Pursue Strategic Acquisitions, Investments and Divestitures

We believe that the nature of our competitive landscape provides meaningful acquisition and investment opportunities. Our industry is in the early stages of its life cycle and there are multiple firms attempting to capitalize on the transformation of the care delivery model and the various forms of new profit pools. We believe that our partners will require an end-to-end solution and we believe we are well positioned to meet this demand by expanding the breadth of our offerings through not only organic growth, but also the acquisition of niche vendors and non-core portions of larger enterprises. From time to time, we may also pursue acquisition and investment opportunities of businesses related to services we currently provide or that are complementary to our technical capabilities. For example, we completed recent acquisitions described in Part I - Item 1. Business - Significant Activities which are expected to deepen capabilities of both Evolent and the acquired organizations, allowing cross-sell, an enhanced value proposition to partners and an opportunity to increase the margin profile of the combined organization.

As we grow, from time to time, we pursue and consummate opportunities to dispose of non-core businesses and assets.

Sales and Marketing

We market and sell our services to payers and providers throughout the United States. Our sales team works closely with our leadership team and subject matter experts to foster long-term relationships with our partners' leadership and board of directors given the nature of our partnerships. Our dedicated business development team works closely with our partners to identify additional service opportunities on a continuous basis.

Partner Relationships

We have sought to partner with leading payers and providers in sizable markets, which we believe creates a growth cycle that benefits from the secular transition to value-based care. From time to time, we restructure or renegotiate our contracts with partners to adapt to changing market conditions and dynamics.

Our contracts governing the relationships with our partners include key terms which may include the period of performance, revenue rates, advanced billing terms, service level agreements, termination clauses, and exclusivity clauses. Typically, these contracts provide for a monthly payment calculated based on a specified rate multiplied by the number of members that our partners are managing. The specified rate varies depending on which market-facing solutions the partner has adopted and the number of our solutions they are utilizing. In some cases, we are responsible for paying for all, or substantially all, of the cost of care for a defined scope of health care services out of the revenue we receive. Many of these arrangements include contractual provisions designed to limit our financial exposure, such as risk corridors, stop loss limits, and/or change event rate protections (for example, to account for changes in disease prevalence) in the case of events beyond our control. Some of our contracts allow for advance billing of our partners. In some of our contracts, a defined portion of the revenue is at risk and can be refunded to the partner if certain service levels are not attained. Although we monitor our compliance with the service levels to determine whether a refund will be provided and record an estimate of these refunds, we cannot assure you that our estimates will be accurate. In addition, certain of our contracts provide that if we fail to meet specified implementation targets, the contracts will terminate and/or we will be subject to financial penalties. These provisions could impact our cash flows and profitability.

The initial terms of our specialty contracts are typically multi-year. While they regularly contain year-to-year renewal provisions, we cannot assure you any or all of these contracts will be renewed in any particular year as these contracts may be immediately terminated with cause and many of our specialty contracts, following an initial term, are terminable without cause by the customer or Evolent either upon the giving of requisite notice and the passage of a specified period of time (typically between 30 and 180 days) or upon the occurrence of other specified events.

The revenue from our contracts is not guaranteed. Although we have long-term contracts with many partners, these contracts may be terminated before their terms expire for various reasons, such as changes in the regulatory landscape and poor performance by us, subject to certain conditions, amongst others. For example, after a specified period, certain of our contracts are terminable for convenience by our partners after a notice period has passed and, in certain cases, partners would be required to pay us a termination fee. Termination fees and the related notice period in certain of our contracts are determined based on the scope of the market-facing solutions that our partner has adopted and the duration of the contract. Most of our contracts include cure periods for certain breaches, during which time we may attempt to resolve any issues that would trigger a partner's ability to terminate the contract. Certain contracts are terminable immediately upon the occurrence of certain events. For example, some contracts may be terminated by the partner if we fail to achieve target performance metrics over a specified period. Certain contracts may be terminated by the partner immediately following repeated failures by us to provide specified levels of service over periods ranging from six months to more than a year. Certain contracts may be terminated immediately by the partner if we lose applicable licenses, go bankrupt, lose our liability insurance or receive an exclusion, suspension or debarment from state or federal government authorities. Additionally, if a partner were to lose applicable licenses, go bankrupt, lose liability insurance, become insolvent, file for bankruptcy or receive an exclusion, suspension or debarment from state or federal government authorities, the contract with such partner could in effect be terminated. In addition, as our partners' businesses respond to market dynamics and financial pressures, and as our partners make strategic business decisions in respect of the lines of business they pursue and programs in which they participate, we expect that certain of our partners will, from time to time, seek to restructure their agreements with us. The loss, termination or renegotiation of any contract could negatively impact our results.

The contracts may contain exclusivity or other restrictive provisions which are negotiated on an individual basis and vary depending on many factors, including the term and scope of the contract. The term of these exclusivity and other restrictive provisions typically corresponds to the term of the contract. These exclusivity or other restrictive provisions may apply to specific competitors of our partners or specific geographic areas, subject to certain exceptions. Accordingly, these exclusivity clauses may prevent us from entering into relationships with certain potential partners.

The contracts with our partners impose other obligations on us. For example, we typically agree that all services provided under the partner contract and all employees providing such services will comply with our partner's policies and procedures. In addition, in most instances, we have agreed to indemnify our partners against certain third-party claims, which may include claims that our services infringe the intellectual property rights of such third parties.

Competition

The market for our solutions is fragmented, competitive and characterized by rapidly evolving technology standards, customer needs and the frequent introduction of new products and services. Our competitors range from smaller niche companies to large, well-financed and technologically-sophisticated entities. Our services solutions compete based on several factors, including breadth, depth and quality of product and service offerings, ability to deliver clinical, financial and operational performance improvement using products and services, quality and reliability of services, ease of use and convenience, brand recognition and the ability to integrate services with existing technology. Some of our competitors are more established, benefit from greater brand recognition, have larger client bases and have substantially greater financial, technical and marketing resources. The entrance or expansion of these larger companies in the managed healthcare industry (including our customers who have in-sourced or who may choose to in-source healthcare

services) could increase the competitive pressures we face and could limit our ability to maintain or increase our rates. If this happens, our profitability could be adversely affected. In addition, if we do not adequately respond to these competitive pressures, it could cause us to be unable to maintain our current contracts or obtain new contracts. Other competitors have proprietary technology that differentiates their product and service offerings from ours. Our competitors are constantly developing products and services that may become more efficient or appealing to our existing partners and potential partners. Additionally, some health care information technology providers have begun to incorporate enhanced analytical tools and functionality into their core product and service offerings used by health care providers, including with the use of AI or machine learning. As a result of these competitive advantages, our competitors and potential competitors may be able to respond more quickly to market forces, take advantage of acquisitions and other opportunities more readily, undertake more extensive marketing campaigns for their brands, products and services, more successfully utilize developing technology, including data analytics, AI and machine learning, and make more attractive offers to our existing partners and potential partners. We also compete on the basis of price. We are subject to pricing pressures as a result of, among other things, competition within the industry, consolidation of health care industry participants, practices of managed care organizations, government action and financial stress experienced by our partners. If our pricing experiences significant downward pressure, our business will be less profitable and our results of operations will be adversely affected.

We cannot be certain that we will be able to retain our current partners or expand our partner base in this competitive environment. If we do not retain current partners or expand our partner base, or if we have to renegotiate existing contracts, our business, financial condition and results of operations will be harmed. Moreover, we expect that competition will continue to increase as a result of consolidation in both the health care information technology and health care industries. If one or more of our competitors or potential

competitors were to merge or partner with another of our competitors, the change in the competitive landscape could also adversely affect our ability to compete effectively and could harm our business, financial condition and results of operations.

Government Regulation

Our business is subject to extensive, complex and rapidly evolving federal and state laws and regulations. Various federal and state agencies have discretion to issue regulations and interpret and enforce health care laws. While we believe we comply in all material respects with applicable health care and insurance laws and regulations, these regulations can vary significantly from jurisdiction to jurisdiction, and interpretation and enforcement of existing laws and regulations may change periodically. Federal and state legislatures also may enact various legislative proposals that could materially impact certain aspects of our business. The following are summaries of key federal and state laws and regulations that impact our operations:

Governmental Health Care Programs and Health Care Reform

We are subject to regulation by both CMS and state agencies with respect to certain services we provide relating to Medicaid, Medicare, and ACA programs and payers. Medicare is a federal program that provides hospital and medical insurance benefits to persons aged 65 and over, as well as certain other individuals. More than half of Medicare beneficiaries are enrolled in private Medicare Advantage ("MA") plans that offer an alternative to traditional Medicare and are regulated by CMS and financed through Medicare and beneficiary premiums and cost-sharing Medicaid programs are jointly funded by federal and state governments and are administered by states under an approved plan that provides hospital and other health care benefits to qualifying individuals. Roughly three quarters of Medicaid beneficiaries are served by private Medicare Managed Care Organizations ("MCOs"). As we increase our exposure to Medicare and Medicaid businesses through new and existing partners, we increase our exposure to changes in government policy with respect to and regulation of the Medicaid and Medicare programs in which we and our partners participate.

Because some of our partners are participants in governmental programs, our services have in the past and may again in the future be subject to periodic surveys and audits by governmental entities or contractors for compliance with Medicare and other standards and requirements. As a result of surveys or audits, we may incur fines and penalties and could be excluded from participating in one or more programs or institute other sanctions against us if we fail to comply with CMS regulations or Medicare and Medicaid contractual requirements.

The regulations and requirements applicable to us and other participants in Medicaid and Medicare programs are complex and subject to change. In particular, prior authorization standards and requirements, including Medicaid and Medicare programs, have come under increased scrutiny at the state and federal level. Many states have proposed, and some have passed, bills which prescribe how providers and services which meet certain approval rates become exempt from prior authorization for a period of time, widely known as "gold carding." Most recently, the state of Illinois passed a law requiring guidance on gold carding to be adopted; the new law would exempt qualifying providers from prior authorization on all services subject to review for the year in which they qualify. Medicare Advantage Organization ("MAOs") utilization management practices have been the focus of a 2022 report by the Department of Health and Human Services Office of Inspector General as well as new final rules by (CMS-4201-F and CMS-0057-F). CMS-4201-F, effective calendar year 2024, imposes several requirements on MAOs with respect to their use of prior authorization. CMS-0057-F further imposes stricter medical necessity decision timeframes on federal managed care programs, effective CY 2026, as well as complex technical interface requirements, effective CY 2027, for Medicare, Medicaid, the Children's Health Insurance Program ("CHIP"), and Qualified Health Plans ("QHPs") offered on the ACA Federally Facilitated Exchange. These are intended to facilitate increased data sharing between managed care plans, enrollees and providers and streamline the prior authorization process.

The United States Congress ("Congress") and state and local legislatures and regulators may propose and adopt legislation or policy changes or implementations effecting additional fundamental changes with respect to Medicare, Medicaid, and exchange programs. Such changes in the law, or new interpretations of existing laws, may have a significant impact on our methods and costs of doing business. Additionally, expansion of enforcement activity could adversely affect our business and financial condition. Going forward, we expect CMS, Congress, and state agencies to continue to closely scrutinize each component of the Medicare, Medicaid, and exchange programs, as well as modify the terms and requirements of the programs. Further since taking office in January 2025, the Trump administration has taken dramatic steps to freeze some federal funding and reduce the size of the federal workforce. It is not possible to predict the outcome of this congressional, executive, or regulatory activity, either of which could adversely affect us. Similarly, we cannot predict whether pending or future federal or state legislation or court proceedings will change various aspects of these programs, nor can we predict the impact those changes will have on our business operations or financial results, but the effects could be materially adverse.

In addition, CMS Congress, state legislatures and third-party payers may continue to review and assess alternative health care delivery and payment systems and may in the future propose and adopt legislation or policy changes or implementations effecting additional fundamental changes in the health care delivery system, including with respect to Medicare, and Medicaid, and exchange programs. We cannot assure you as to the ultimate content, timing, or effect of any changes, nor is it possible at this time to estimate the impact

of any such potential legislation or changes. Health care reform has resulted in profound changes to the individual health insurance market and our business, and we expect these changes to continue.

Medicaid and exchange enrollment is impacted, and may fluctuate, based on a variety of factors. These include continuous enrollment requirements instituted during the COVID-19 public health emergency (the "PHE") in 2021 under which Medicaid enrollment grew, and the resumption of Medicaid eligibility redeterminations, or "unwinding," that began in 2023 at the PHE's conclusion which reduced enrolled lives for some Medicaid MCOs. State may also take varying approaches to streamlining or discouraging enrollment, and income levels for eligibility may vary (particularly in non-expansion vs. expansion states). The 119th Congress and Trump administration have been exploring potential changes to Medicaid which could include cuts to federal matching payments, work requirements, or other eligibility and enrollment changes, as well as potential changes to ACA enrollment. Enrollment decreases for our partners may decrease the number of lives on our platform and impact the revenues derived from such partners.

Additional legislative and regulatory developments which may impact our business directly or indirectly through our partners include:

- Health IT interoperability efforts beginning with the Health Information Technology for Economic and Clinical Health (HITECH) Act in 2009 and 21st Century Cures Act in 2016, from which we have seen an array of regulations on topics including electronic data exchange and the move to HL7 FHIR application programming interface methods; prohibitions on electronic health records vendor and provider information blocking; the move to electronic or digital all-payer quality measurement; and the move to electronic prior authorization methods.
- Health care price transparency efforts including No Surprises Act provisions enacted as part of the Consolidated Appropriations Act in 2020, effective as of 2022.
- Efforts to reduce prescription drug costs including the Inflation Reduction Act of 2022 which created a negotiation program for Medicare Part D and Part B drugs; redesigned the Medicare Part D drug benefit to lower patient cost sharing; and instituted other changes designed to improve patient access. While these policies may or may not have a direct impact on our business, they can change market dynamics such as Medicare Advantage growth vs. standalone Part D plans, national health expenditures and trend factors that play into benchmarks for MA and Medicare ACOs, and drug formulary and rebate negotiations.

An emerging trend is intensified scrutiny by state and federal authorities with respect to the use of AI, particularly any AI systems used in utilization management. At least 40 states introduced or enacted AI legislation in 2024, more than half of which touching upon health care, and we see this trend continuing in 2025. For example, California Governor Newsom signed Senate Bill 1120 into law, which aims to safeguard patients and maintain oversight when payers use AI. A new Colorado law and guidance from the New Jersey Attorney General seek to ensure AI does not introduce discrimination or algorithmic bias. The use of AI has also been the focus of congressional inquiries and federal guidance documents. The Trump administration has rescinded the Biden administration's Executive Order ("EO") on AI and replaced it with a new EO that directs Administration leaders to solicit stakeholder input and produce a new AI Action Plan in 2025 designed to promote AI innovation primarily. It may also begin to introduce some regulatory frameworks and guardrails.

Fraud, Waste and Abuse Laws

Investigating and prosecuting healthcare fraud, waste and abuse continues to be a top priority for state and federal law enforcement entities. The focus of these efforts has been directed at Medicare, Medicaid, the ACA's Health Insurance Marketplace ("Health Insurance Marketplace") and commercial products. Compliance with these laws may require substantial resources. We are constantly looking for ways to improve our fraud, waste and abuse detection methods. The fraud, waste and abuse laws include federal and state anti-kickback laws that generally prohibit the payment or receipt of kickbacks, bribes or other remuneration in exchange for the referral of patients or other health-related business. The United States federal health care programs' Anti-Kickback Statute makes it unlawful for individuals or entities knowingly and willfully to solicit, offer, receive or pay any kickback, bribe or other remuneration, directly or indirectly, in exchange for or to induce the referral of an individual to a person for the furnishing or arranging for the furnishing of any item or service for which payment may be made in whole or in part under a federal health care program or the purchase, lease or order, or arranging for or recommending purchasing, leasing or ordering, any good, facility, service, or item for which payment may be made in whole or in part under a federal health care program. Penalties for violations include criminal penalties and civil sanctions such as fines, imprisonment and possible exclusion from federal health care programs. If an arrangement falls outside the safe harbors, it must be evaluated on its specific facts to assess whether regulatory authorities might take the position that one purpose of the arrangement is to induce referrals of federal health care program business. Our business arrangements may implicate the Anti-Kickback Statute, and we evaluate whether investment and compensation arrangements being developed by us on behalf of clients and providers fall within one of the safe harbors or Medicare Shared Savings Program waiver. If not, we consider the factors that regulatory authorities are likely to consider in attempting to identify the intent behind such arrangements. We also design business models that reduce the risk that any such arrangements might be viewed as abusive and trigger Anti-Kickback Statute claims.

In addition to these health care laws and regulations, we are subject to various other laws and regulations, including, among others, other aspects of state insurance laws, the Stark Law relating to self-referrals, the whistleblower provisions of the False Claims Act, anti-kickback laws, antitrust laws and the privacy and data protection laws. The federal civil False Claims Act imposes liability on any person or entity who, among other things, knowingly presents, or causes to be presented, a false or fraudulent claim for payment by a federal health care program. The "qui tam" or "whistleblower" provisions of the False Claims Act allow a private individual to bring actions on behalf of the federal government alleging that

the defendant has submitted a false claim to the federal government, and to share in any monetary recovery. Our activities relating to the way we sell and market our services, including our risk adjustment solution, may be subject to scrutiny under these laws.

The HIPAA health care fraud statute created a class of federal crimes, including health care fraud and false statements relating to health care matters, known as the "federal health care offenses." The HIPAA health care fraud statute prohibits, among other things, executing a scheme to defraud any health care benefit program, while the HIPAA false statements statute prohibits, among other things, concealing a material fact or making a materially false statement in connection with the payment for health care benefits, items or services. Entities that are found to have aided or abetted in a violation of the HIPAA federal health care offenses are deemed by statute to have committed the offense and are punishable as a principal.

In addition, we may be subject to federal and state "self-referral" laws, which generally prohibit physicians from referring patients for items covered by Medicare or Medicaid to entities with which the physician has a financial relationship, unless that relationship falls within a specified exception. The Stark Law is a strict liability statute and is violated even if the parties did not have an improper intent to induce physician referrals. The Stark Law is relevant to our business because we frequently organize arrangements of various kinds under which (a) physicians and hospitals jointly invest in and own ACOs, clinically integrated networks and other entities that engage in value-based contracting with third-party payers or (b) physicians are paid by hospitals or hospital affiliates for care management, medical or other services related to value-based contracts. We evaluate when these investment and compensation arrangements create financial relationships under the Stark Law and design structures that are intended to satisfy exceptions under the Stark Law or Medicare Shared Savings Program waiver.

Antitrust Laws

The antitrust laws are designed to prevent competitors from jointly fixing prices. However, competitors often work collaboratively to reduce the cost of health care and improve quality. To balance these competing goals, antitrust enforcement agencies have established a regulatory framework under which claims of per se price fixing can be avoided if a network of competitors (such as an ACO or clinically integrated network) is financially or clinically integrated. In this context, we evaluate the tests for financial and clinical integration that would be applied to the provider networks that we are helping to create and support, including the nature and extent of any financial risk that must be assumed to be deemed financially integrated and the types of programs that must be implemented to achieve clinical integration. However, even if a network is integrated, it is still subject to a "rule of reason" test to determine whether its activities are, on balance, pro-competitive. The key factors in the rule of reason analysis are market share and exclusivity. We focus on network size, composition and contracting policies to strengthen our partners' position that their networks meet the rule of reason test.

Privacy and Data Security

We are subject to various federal, state and local laws and rules regarding the use, security and disclosure of protected health information, personal information, and other categories of confidential or legally protected data that we handle. Such laws and rules include, without limitation, HIPAA, the Federal Trade Commission Act, the Gramm-Leach-Bliley Financial Modernization Act of 1999 (Gramm-Leach-Bliley Act), and state privacy and security laws such as the California Privacy Rights Act. Privacy and security laws and regulations often change due to new or amended legislation, regulations or administrative interpretation. A variety of state and federal regulators enforce these laws, including but not limited to the U.S. Department of Health and Human Services, the Federal Trade Commission, state attorneys general and other state regulators.

By processing data on behalf of our partners, we are subject to specific compliance obligations under privacy and data security-related laws, including HIPAA, the HITECH Act and related state laws. We are also subject to federal and state security breach notification laws, as well as state laws regulating the processing of protected personal information, including laws governing the collection, use and disclosure of social security numbers and related identifiers. The regulations that implement HIPAA and the HITECH Act establish uniform standards governing the conduct of certain electronic health care transactions and protecting the security and privacy of individually identifiable health information maintained or transmitted by health care providers, health plans and health care clearinghouses, all of which are referred to as "covered entities," and their "business associates" (which includes anyone who performs a service on behalf of a covered entity involving the use or disclosure of protected health information and is not a member of the covered entity's workforce). Our partners' health plans generally will be covered entities, and, as their business associate, they require us to contractually comply with certain aspects of these standards by entering into requisite business associate agreements. HHS has recently proposed updating the HIPAA Security Rule in an effort to strengthen the cybersecurity requirements that protect electronic

Protected Health Information. Comments to the Proposed Rule are due March 7, 2025. If passed, the new Security Rule would require us to enhance our information security infrastructure, update certain business associate agreements, and may subject us to additional penalties in the event of a violation.

In addition to federal regulations issued under HIPAA, several states have enacted privacy and security statutes or regulations, which we refer to as state privacy laws, that govern the use and disclosure of a person's medical information or records and, in some cases, are more stringent than those issued under HIPAA. These state privacy laws include regulation of employers; regulation of organizations that perform certain administrative functions, such as UR, or TPA; issuance of notices of privacy practices; and reporting and providing access to law enforcement authorities. In those cases, it may be necessary to modify our operations and procedures to comply with these more stringent state privacy laws. If we fail to comply with applicable state privacy laws, we could be subject to additional sanctions.

Federal and state consumer protection laws are being applied increasingly by the FTC, Federal Communications Commission and states' attorneys general to regulate the collection, use, storage and disclosure of personal or patient information, through websites or otherwise, and to regulate the presentation of website content and to regulate direct marketing, including telemarketing and telephonic communication. Courts may also adopt the standards for fair information practices promulgated by the FTC, which concern consumer notice, choice, security and access.

Other State Laws

State insurance laws require licenses for certain health plan administrative activities, including TPA licenses for the processing, handling and adjudication of health insurance claims and UR agent licenses for providing medical management services. Given the nature and scope of services that we provide to certain partners, we are required to maintain TPA and UR agent licenses and ensure that such licenses are in good standing on an annual basis. In addition, laws in many states govern prompt payment obligations for health care services. These laws generally define claims payment processes and set specific time frames for submission, payment, and appeal steps. Failure to meet these requirements and time frames may result in rejection, delay of claims and possible interest and regulatory penalties.

Intellectual Property

Our continued growth and success depend, in part, on our ability to protect our intellectual property and proprietary technology, including our Identifi® software and CarePro™ platform. We primarily protect our intellectual property through a combination of copyrights, trademarks and trade secrets, intellectual property licenses and other contractual rights (including confidentiality, non-disclosure and assignment-of-invention agreements with our employees, independent contractors, consultants and companies with which we conduct business).

However, these intellectual property rights and procedures may not prevent others from creating a competitive online presence or otherwise competing with us. We may be unable to obtain, maintain and enforce the intellectual property rights on which our business depends, and assertions by third parties that we violate their intellectual property rights could have a material adverse effect on our business, financial condition and results of operations. For additional information related to our intellectual property position see "Part I - Item 1A. Risk Factors - Risks relating to Data Protection, Privacy, Cybersecurity, Intellectual Property and Technology."

Research and Development

Our research and development expenditures primarily consist of our strategic investment in enhancing the functionality and usability of our software, Identifi® and developing programs and processes to maximize care delivery efficiency and effectiveness. We also capitalize software development costs related to Identifi® and CarePro™.

Human Capital Management

We believe our people differentiate our business and power our mission. As of December 31, 2024, we had approximately 4,500 global employees. None of our employees are represented by a labor union, and we are not a party to any collective bargaining agreements. Our primary human capital objective is to attract, retain and develop great talent that is committed to our mission and business objectives. We focus on the following areas:

- Talent Attraction, Selection, and Hiring
- Employee Compensation and Incentives
- Employee Training and Career Development
- Employee Well Being
- Culture of Inclusion

Talent Attraction, Selection, and Hiring

We seek to source the right talent by looking at both internal and external talent pools.

We make key investments in tools and resources to help engage and attract talent through modern, and data-driven recruitment practices. This includes in-bound (job postings/referrals) and outbound (outreach to passive talent) strategies aimed at casting a wide net to engage the best talent available to us. We are rigorous in our selection process to facilitate alignment with our company values and core needs of teams. And finally, we conduct background checks and have a comprehensive onboarding program.

Employee Compensation and Incentives

Our Total Rewards philosophy is dedicated to attracting, growing, and retaining top talent to drive company success and nurture our culture. We offer comprehensive benefits and competitive pay, including leading medical, dental, prescription, and 401(k) plans, along with market-competitive salaries for strong performance. Our incentive programs are designed to achieve short- and long-term goals, foster accountability, and attract skilled staff by aligning interests of leadership and stockholders. Additionally, we provide benefits beyond salary, such as time off, leave programs, family support, life and disability insurance, and remote-work options, all meeting or exceeding market standards. By sharing success, we recognize that our talented team sets us apart in the marketplace and helps us fulfill our mission.

Employee Growth and Development

We believe the continued growth and development of our talent is critical to maintaining our success and growth as a company. We have established a global talent management approach to invest in our employees' ongoing learning and to identify and develop talent that accelerates our business. We support a culture of growth and development through engaging and relevant resources including Evolent-exclusive live learnings and curated, on-demand content through LinkedIn Learning. These resources are available to all employees through our online learning center. We rely on shared values and a leadership framework to create an environment with clear expectations and where everyone has the opportunity to learn, develop and grow.

Employee Well-Being

Our approach to employee well-being reflects the spirit of our mission to change the health of the nation. We believe that we have a responsibility to support our people's health and well-being. We provide our employees with benefits including medical insurance, dental, vision, paid time off, and 401(k) plan with company match for eligible employees. In addition, we offer fertility support, bariatric surgery, diabetes, and hypertension program offerings, as well as 100% paid pregnancy leave and parental leave. Employees and their families can access mental health resources as part of their benefits, covering a spectrum of mental wellness needs. In addition, we have an active employee listening strategy, including employee surveys, personal impact days to promote social improvement engagement, an employee relief fund, holistic wellness initiatives during the year that include yoga, cooking sessions, meditation, and wellness challenges.

Culture of Inclusion

Evolent supports inclusion efforts and is committed to non-discrimination practices. Evolent is an equal opportunity employer and aims to create an environment where diverse perspectives can be included, developed, and advanced. The table below presents self-identification and self-disclosed employee demographic data:

	December 31, 2024
Gender (global representation)	
Women	68.0%
Men	32.0%
Racial and ethnic minorities (U.S. representation) ⁽¹⁾	
Racial and ethnic minorities	50.4%
Non-racial and ethnic minorities	49.6%
Leadership Representation (U.S. representation, Managing Director level or above)	
Women	57.1%
Men	42.9%
Racial and ethnic minorities	23.4%
Non-racial and ethnic minorities	76.6%
Employee self-identification (U.S. representation)	
LGBTQ+	12.1%
Veteran	2.3%
Individual with disability	2.0%

⁽¹⁾ Metrics around the minority representation include Black or African American, Asian, Hispanic or Latino, American Indian, Alaska Native, Native Hawaiian, Other Pacific Islander, Two or More Races, and decline to state.

Information about our Executive Officers

Our executive officers as of February 20, 2025, were as follows:

Name	Age	Position
Seth Blackley	46	Chief Executive Officer
Dan McCarthy	40	President
John Johnson	41	Chief Financial Officer
Emily Rafferty	42	Chief Operating Officer
Jonathan Weinberg	57	General Counsel
Aammaad Shams	41	Chief Accounting Officer

Seth Blackley is our co-founder and has served as our Chief Executive Officer since October 2020 and served as our President from August 2011 until his promotion. Prior to co-founding the Company, Mr. Blackley was the Executive Director of Corporate Development and Strategic Planning at The Advisory Board from June 2007 to August 2011. Mr. Blackley began his career as an analyst in the Washington, D.C. office of McKinsey & Company. Mr. Blackley holds a Bachelor of Arts degree in business from The University of North Carolina at Chapel Hill, and a Master of Business Administration from Harvard Business School.

Dan McCarthy has served as our President since September 2022. Prior to his role as President, Mr. McCarthy was the New Century Health Chief Executive Officer since 2019, and prior to that held multiple leadership roles within Evolent since joining the Company in 2014. Mr. McCarthy came to Evolent from McKinsey & Company, where he was a leader in the firm's health care practice. Mr. McCarthy holds an M.B.A. from Harvard Business School, where he was a Goldsmith Fellow, and received a B.A. from Georgetown University.

John Johnson has served as our Chief Financial Officer since July 2019. Prior to his role as Chief Financial Officer, Mr. Johnson was acting Chief Financial Officer for New Century Health from March 2019 to June 2019. Prior to his New Century Health role, Mr.

Johnson was Senior Vice President, Corporate Performance at Evolent Health from January 2018 to March 2019 and Vice President, Corporate Performance at Evolent Health from April 2016 to December 2017. Prior to joining the Company, Mr. Johnson was the Managing Partner at Riverbend Analytics, LLC from December 2015 until April 2016 and the Vice President of Strategy at PSA Healthcare from February 2013 until November 2015. Mr. Johnson holds a Bachelor of Arts degree in Physics from Cornell University.

Emily Rafferty has served as our Chief Operating Officer since July 2023. Prior to her role as Chief Operating Officer, Ms. Rafferty held multiple leadership roles within the Company, including President and Chief Operating Officer of Evolent Health Services, a former reporting segment of the Company, from September 2020 to June 2023, President, Market Operations and Pharmacy Services, from February 2018 to July 2019, and Senior Vice President, Advisory Services, from October 2016 to January 2018. Prior to joining the Company, Ms. Rafferty was Vice President of Provider Consulting at Optum, working closely with health systems in revenue-cycle strategy and process design, inclusive of clinical documentation improvement. Ms. Rafferty holds a B.B.A. in economics and management from University of Iowa and completed the Executive Development Program at the Wharton School of the University of Pennsylvania.

Jonathan Weinberg has served as our General Counsel since January 2014. Prior to joining Evolent, Mr. Weinberg was a Senior Vice President and Deputy General Counsel for Coventry Health Care, Inc. (Aetna Inc.) from 1999 to 2013, and oversaw the day-to-day management of the legal department as well as the company's risk management department. Prior to joining Coventry, Mr. Weinberg was an associate and then partner at Epstein Becker and Green, P.C. in the firm's health care practice, specializing in managed care issues from 1992 to 2002. Mr. Weinberg received his Bachelor of Arts in history and political science from the University of Wisconsin-Madison and his juris doctorate from the Catholic University of America.

Aammaad Shams has served as our Chief Accounting Officer since August 2022. Prior to his current role, Mr. Shams was the Company's Controller from June 2020 to August 2022 and Assistant Corporate Controller from January 2020 to June 2020. Mr. Shams also served as Senior Director of Technical Accounting from April 2018 to June 2019 and Senior Director of Accounting from July 2019 until December 2019. Prior to joining the Company, Mr. Shams was a Director in KPMG, LLP's Accounting Advisory Services practice from June 2015 until March 2018. Mr. Shams is a Certified Public Accountant in the Commonwealth of Virginia.

Our executive officers are elected annually by our Board of Directors. All executive officers serve until their successors are duly chosen or elected and qualified, except in the case of earlier death, resignation or removal.

Corporate Information

Evolent began business operations in August 2011. Evolent Health, Inc., the registrant, was incorporated in the State of Delaware in December 2014. We completed our IPO in June 2015 and our Class A common stock is listed on the NYSE under the symbol "EVH". Evolent Health, Inc. is a holding company whose principal asset is all of the Class A common units it holds in Evolent Health LLC, and its only business is to act as sole managing member of Evolent Health LLC. Substantially all of our operations are conducted through Evolent Health LLC and its consolidated subsidiaries and the financial results of Evolent Health LLC are consolidated in the financial statements of Evolent Health, Inc.

Website to Access Our Reports

Our internet website address is www.evolent.com. In addition to the information about us and our subsidiaries contained in this Annual Report on Form 10-K, information about us can be found on our website including information on our corporate governance principles and practices. Our Investor Relations website at ir.evolent.com contains a significant amount of information about us, including financial and other information for investors. We use the investor relations page of our website for purposes of compliance with Regulation FD and as a routine channel for distribution of important information, including news releases, investor presentations, financial information and corporate governance practices. We encourage investors to visit our website, as we frequently update and post new information about our company on our website and it is possible that this information could be deemed to be material information. Our website and information included in or linked to our website are not part of this Annual Report on Form 10-K.

We make available, free of charge, on or through our website our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

Item 1A. Risk Factors

The following summary highlights some of the principal risks that could adversely affect our business, financial condition or results of operations. This summary is not complete and the risks summarized below are not the only risks we face. These risks are discussed more fully further below. These risks include, but are not limited to, the following:

- the significant portion of revenue we derive from our largest partners, and the potential loss, termination or renegotiation of our relationship or contract with any significant partner, or multiple partners in the aggregate;
- the increasing number of risk-sharing arrangements we enter into with our partners;
- the growth and success of our partners and certain revenues from our engagements, which are difficult to predict and are subject to factors outside of our control, including governmental funding reductions and other policy changes;
- our ability to accurately predict our exposure under performance-based contracts;
- failure by our customers to provide us with accurate and timely information;
- our ability to recover the upfront costs in our partner relationships and develop our partner relationships over time;
- our ability to attract new partners and successfully capture new opportunities;
- our ability to offer new and innovative products and services and our ability to keep pace with industry standards, technology and our partners' needs;
- our ability to maintain and enhance our reputation and brand recognition;
- our dependency on our key personnel, and our ability to attract, hire, integrate and retain key personnel;
- risks related to completed and future acquisitions, investments, alliances and joint ventures, which could divert management resources, result in unanticipated costs or dilute our stockholders;
- our ability to effectively manage our growth and maintain an efficient cost structure;
- our ability to partner with providers due to exclusivity provisions in our and some of our partner and founder contracts;
- risks related to managing our offshore operations and cost reduction goals;
- our ability to estimate the size of our target markets for our services;
- consolidation in the health care industry;
- competition which could limit our ability to maintain or expand market share within our industry;
- risks related to audits by CMS and other governmental payers and actions, including whistleblower claims under the False Claims Act;
- evolution of the health care regulatory and political framework;
- restrictions on the manner in which we access personal data and penalties as a result of privacy and data protection laws;
- data loss or corruption due to failures or errors in our systems and service disruptions at our data centers;
- liabilities and reputational risks related to our ability to safeguard the security and privacy of confidential data;
- our ability to obtain, maintain and enforce intellectual property rights and protect our trademarks and trade names, including from third parties alleging that we are infringing or violating their intellectual property rights;
- our ability to protect the confidentiality of our trade secrets;
- risks associated with our use of AI and machine learning models;
- our use of "open-source" software;
- our reliance on third parties and licensed technologies;
- restrictions on our ability to use, disclose, de-identify or license data and to integrate third-party technologies;
- our reliance on Internet infrastructure, bandwidth providers, data center providers, other third parties and our own systems for providing services to our partners and operating our business;
- material weaknesses in the future may impact our ability to conclude that our internal control over financial reporting is not effective and we may be unable to produce timely and accurate financial statements;
- our ability to achieve profitability in the future;
- the impact of additional goodwill and intangible asset impairments on our results of operations;
- our obligations to make material payments to certain of our pre-IPO investors for certain tax benefits we may claim in the future;
- our obligations to make payments under the tax receivables agreement that may be accelerated or may exceed the tax benefits we realize;
- our ability to utilize benefits under the tax receivables agreement described herein;
- the terms of agreements between us and certain of our pre-IPO investors may contain different terms than comparable agreement we may enter into with unaffiliated third parties;
- Our inability to obtain financing may result in a reduction in the ownership of our stockholders;
- the conditional conversion features, and changes in accounting treatment, of the 2025 Notes and the 2029 Notes (as defined below), which, if triggered, may adversely affect our financial condition and operating results;

- our ability to raise funds necessary to settle conversions of our notes in cash, to repurchase our notes for cash upon a fundamental change or to pay the redemption price for any notes we redeem;
- interest rate risk and other restrictive covenants under the Credit Agreement (as defined below) and the terms of our Series A Preferred Stock;
- our indebtedness, our ability to service our indebtedness, and our ability to obtain additional financing on favorable terms or at all;
- our ability to service our debt and pay dividends on our Series A Preferred Stock;

- interference with our ability to access the revolving credit facility under our Credit Agreement;
- the potential volatility of our Class A common stock price;
- our Series A Preferred Stock has rights, preferences and privileges that are not held by and are preferential to the rights of holders of our Class A common stock, and could in the future substantially dilute the ownership interest of holders of our Class A common stock;
- the potential decline of our Class A common stock price if a substantial number of shares are sold or become available for sale, including those issuable upon conversion of our Series A Preferred Stock;
- provisions in our certificate of incorporation and by-laws and provisions of Delaware law that discourage or prevent strategic transactions, including a takeover of us;
- provisions in our certificate of incorporation which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees;
- our intention not to pay cash dividends on our Class A common stock;
- the impact of litigation proceedings, government inquiries, reviews, audits or investigations;
- risks related to the failure of any bank in which we deposit our funds, which could reduce the amount of cash we have available to meet our cash commitments and make additional investments;
- public health emergencies, epidemics, pandemics or contagious diseases;
- the cost of compliance with sustainability or other ESG (as defined below) law and regulations; and
- the impact of increasing inflationary pressures and rising consumer costs on our business.

Our business, operations and financial position are subject to various risks. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including the audited annual consolidated financial statements and notes thereto included elsewhere in this Form 10-K, when evaluating your investment in our securities. The risks and uncertainties described below are those that we currently believe may materially affect the Company. Additional risks and uncertainties of which we are unaware or that we currently deem immaterial also may become important factors that affect the Company. If any of the following risks are realized, our business, financial condition, operating results and prospects could be materially and adversely affected. In that event, the price of our securities could decline, and you could lose part or all of your investment. Some statements in this Form 10-K, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section entitled "Forward-Looking Statements - Cautionary Language."

Risks Relating to Our Business and Strategy

We derive a significant portion of our revenues from our largest partners. The loss, termination or renegotiation of our relationship or contract with a significant partner, or multiple partners in the aggregate, could negatively impact our results.

Historically, we have relied on a limited number of partners for a substantial portion of our total revenue. Our four largest partners in terms of revenue, Humana Insurance Company, Molina Healthcare, Inc. ("Molina"), Florida Blue and Cook County Health and Hospitals System comprised 19.3%, 13.7%, 12.9% and 11.5%, respectively, of our revenue for the year ended December 31, 2024. In addition, our partnership with Centene has grown, both as a result of the NIA acquisition and from other partnership opportunities. The loss of any of these partners, or any other significant partner, pursuant to a reprourement process or otherwise, or the non-renewal or renegotiation of any of our significant partner contracts, could adversely affect our results.

In the ordinary course of business, we engage in active discussions and renegotiations, and at times we are required to participate in reprourement or other request for proposal ("RFP") exercises with our partners in respect of the services we provide and the terms of our partner agreements, including our fees. Certain of our partners are subject to Medicaid health plans with state contracts that come up for renewal from time to time and can be subject to an RFP process. If a partner loses its contract or an RFP process it would cause the Company to lose that portion of the customer's business. In addition, we may not successfully win new contracts or renewals of existing contracts through competitive market standard reprourement or RFP processes. As partners' businesses respond to market dynamics and financial pressures, and as partners make strategic business decisions in respect of the lines of business they pursue and programs in which they participate, certain of our partners have renegotiated or terminated, or not renewed, and we expect that in the future additional partners will, from time to time, seek to renegotiate or terminate or not renew their agreements with us. The impact of these actions have included, and in the future could include making organizational changes across our business as well as other profitability initiatives that may result in reductions in force, re-aligning of resources as well as other potential operational efficiency and cost-reduction initiatives and could result in reductions to the fees and changes to the scope of services contemplated by our

original partner contracts and consequently have and could negatively impact our revenues, financial results (including potential impairments), business and prospects.

Because we rely on a limited number of partners for a significant portion of our revenues, we depend on the creditworthiness of these partners. Our partners are subject to a number of risks including reductions in payment rates from governmental payers, higher than expected health care costs and lack of predictability of financial results when entering new lines of business, particularly with high-risk populations, such as plans established under the ACA and Aged, Blind and Disabled Medicaid. If the financial condition of our partners declines, our credit risk could increase. Should one or more of our significant partners declare bankruptcy, be declared insolvent or otherwise be restricted by state or federal laws or regulation from continuing in some or all of their operations, this could adversely affect our ongoing revenues, financial results (including potential impairments), the collectability of our accounts receivable and our bad debt reserves and net income (loss).

The revenue from our contracts is not guaranteed. Although we have long-term contracts with many partners, these contracts may be terminated before their terms expire for various reasons, such as changes in the regulatory landscape and poor performance by us, subject to certain conditions, amongst others. For example, after a specified period, certain of our contracts are terminable for convenience by our partners after a notice period has passed and, in certain cases, partners would be required to pay us a termination fee. Termination fees and the related notice period in certain of our contracts are determined based on the scope of the market-facing solutions that our partner has adopted and the duration of the contract. Most of our contracts include cure periods for certain breaches, during which time we may attempt to resolve any issues that would trigger a partner's ability

to terminate the contract. Certain contracts are terminable immediately upon the occurrence of certain events. For example, some contracts may be terminated by the partner if we fail to achieve target performance metrics over a specified period. Certain contracts may be terminated by the partner immediately following repeated failures by us to provide specified levels of service over periods ranging from six months to more than a year. Certain contracts may be terminated immediately by the partner if we lose applicable licenses, go bankrupt, lose our liability insurance or receive an exclusion, suspension or debarment from state or federal government authorities. Additionally, if a partner were to lose applicable licenses, go bankrupt, lose liability insurance, become insolvent, file for bankruptcy or receive an exclusion, suspension or debarment from state or federal government authorities, the contract with such partner could in effect be terminated. In addition, as our partners' businesses respond to market dynamics and financial pressures, and as our partners make strategic business decisions in respect of the lines of business they pursue and programs in which they participate, we expect that certain of our partners will, from time to time, seek to restructure their agreements with us. The loss, termination or renegotiation of any contract could negatively impact our results.

Our Performance Suite contracts involve risk sharing arrangements with partners, pursuant to which our revenues and profitability could be limited and negatively impacted.

Through our Performance Suite, we take on members from payers through performance-based arrangements where we assume risks related to pricing of contracts. We have incurred (including in the second half of 2024), and in the future may incur losses under these arrangements if we are unable to adjust our rates if faced with increased costs, including related to patient care or pharmaceutical products. We have recently migrated key Performance Suite customers to an adjusted Performance Suite contractual model, which includes a narrowed risk corridor. While the narrowed risk corridor is intended to limit our downside risk, it also limits our potential for upside on profitability. In some of our contracts, a defined portion of the revenue is at risk and can be refunded to the partner if certain service levels are not attained. Although we monitor our compliance with the service levels to determine whether a refund will be provided and record an estimate of these refunds, we cannot assure you that our estimates will be accurate. In addition, certain of our contracts provide that if we fail to meet specified implementation targets, the contracts will terminate and/or we will be subject to financial penalties. These provisions could impact our cash flows and profitability.

As of December 31, 2024, the Company had approximately \$16.6 million of restricted cash and restricted investments related to risk-sharing arrangements. These arrangements have included and may include provision of letters of credit, loans, reinsurance arrangements, equity investments and other extensions of capital, where we are and may be at risk of not recovering all or a portion of any such loan or other extension of capital.

As the market evolves, we expect to engage in similar and new risk sharing strategies with our partners. Any risk sharing arrangements could limit and negatively impact our revenue, results of operations, financial condition, business and prospects. In addition, our failure to agree on satisfactory risk sharing solutions with partners could negatively impact our ability to retain and attract partners.

Our revenues and the growth of our business rely, in part, on the growth and success of our partners and certain revenues from our engagements, which are difficult to predict and are subject to factors outside of our control, including governmental funding reductions and other policy changes.

We enter into agreements with our partners under which a significant portion of our fees are variable, including fees which are dependent upon the number of members that are covered by partners' health care plans each month, expansion of partners and the services that we provide, as well as performance-based metrics. The number of members covered by a partner's health care plan is often impacted by factors outside of our control, such as the actions of our partner or third parties. In addition, ongoing payment of fees by our partners could be negatively impacted by the general financial condition of partners. Accordingly, revenue under these agreements is unpredictable. If the number of members covered by one or more of our partners' plans were to be reduced by a material amount, or if member enrollment numbers in new plans are lower than expected, such decrease would lead to a decrease in our expected revenue, which could harm our business, financial condition and results of operations. In addition, growth forecasts of our partners are subject to significant uncertainty and are based on assumptions and estimates that may prove to be inaccurate. Even if the markets in which partners compete meet the size estimates and growth forecasted, their health plan membership could fail to grow at similar rates, if at all. In addition, a portion of the revenue under certain of our service contracts is tied to the partners' continued participation in specified payer programs over which we have no control. If a partner ceases to participate or is disqualified from participation in any such program, this would lead to a decrease in our expected revenue under the relevant contract. For example, as Medicare Advantage plans make changes to manage their profitability, it is possible that significant membership declines in Medicare Advantage plans will follow. A significant number of Medicare Advantage prescription drug plan geographies or local markets across the country were terminated for 2025, including many local markets that were our customers in 2024, which could have an adverse impact on our financial results and profitability in 2025 and beyond.

In addition, broader policy shifts as a result of the new administration could impact our partners' businesses. For example, Medicaid policy may shift to block grants or other structures that may result in lower overall Medicaid membership. It is also possible that state or federal regulations may eliminate utilization management, which would negatively impact our revenue and increase our medical costs.

In addition, the transition to value-based care may be challenging for our partners. For example, fully-capitated or other provider risk arrangements have had a history of financial challenges for providers. Our partners may also have difficulty in value-based care if premium pricing is under pressure or if they incur selection bias in the health plans under which they assume risk and in so doing the premium, capitation amount or other risk-sharing arrangement they undertake may not adequately reflect the health status of the membership. Our partners may choose not to continue to capitalize affiliated health plans or subsidize losses to their reimbursement rates. Furthermore, revenue under our partner contracts may differ from our projections because of the termination of the contract for cause or at specified life cycle events, or because of fee reductions that are occasionally agreed to after the contract is initially signed.

Our partners derive a substantial portion of their revenue from third-party private and federal and state governmental payers, including Medicaid programs. Revenue under certain of our agreements could be negatively impacted as a result of governmental funding reductions impacting government-sponsored programs, changes in reimbursement rates, and premium pricing reductions, as well as the inability of partners to control and, if necessary, reduce health care costs, all of which are out of our control. We are unable to predict the impact on the Company's operations of future regulations or legislation affecting Medicaid programs, or the healthcare industry in general. For example, our partners generally received less Medicaid-based revenue following the Biden administration's termination of the COVID-19 PHE and the subsequent state Medicaid redeterminations. Because certain

partners' revenues are highly reliant on third-party payer reimbursement funding rates and mechanisms, overall reductions of rates from such payers could adversely impact the liquidity of our partners, resulting in their inability to make payments to us on agreed payment terms. See "Risk Factors—Risks Relating to Our Industry and Market—The health care regulatory and political framework is uncertain and evolving" for additional information.

Failure to accurately predict our exposure under performance-based contracts could result in a reduction in profitability for our Performance Suite.

We deploy our specialty care management services solution in capitation arrangements, which we call the Performance Suite, where we are paid a fixed fee per member per month and assume responsibility for the cost of medical claims under our scope. If and when the Company is unable to accurately predict our exposure under the health care cost risk and control associated costs, for example due to changes in the delivery system; changes in utilization patterns, including post-pandemic as we may experience increased utilization due to higher demand for elective procedures that were not performed during the pandemic; changes in covered populations and the number of members seeking treatment; changes in acuity; unforeseen fluctuations in claims backlogs; unforeseen increases in the costs of the services; unforeseen increases in the rate at which customers overturn our denials of service; the occurrence of catastrophes; fraud, waste and abuse in our non-delegated claims; a lack of integrity in the claims we receive from certain customers; regulatory changes; and changes in benefit plan design, the Company's profitability, margins and prospects have and could decline. For example, beginning in the second half of 2024, increasing oncology costs outpaced historical averages, resulting in an adverse impact on our financial results and profitability in 2024, which could continue in the future. In addition, when we enter new or less mature specialty markets, and as our products evolve, it may be difficult for us to predict our exposure under performance-based contracts and our contracts may be less profitable than we expect. Moreover, costs of providing oncology, cardiology, radiology (including advanced imaging), musculoskeletal, physical medicine, genetics and other specialties are and have been very hard to predict, in part as a result

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of rapidly changing utilization of new and existing drugs and changing diagnostic and therapeutic protocols. When generic drugs are not available or there are shortages, this has increased and in the future may increase our costs, and has impacted and in the future may impact our profitability. Further, the competitive environment for our performance-based products, and customer demands or expectations as to margin levels could result in pricing pressures which could cause us to reduce our rates. A reduction in performance-based contract rates which are not accompanied by a reduction in covered services or expected underlying care trends could result in a decrease of our profitability and operating margins.

While certain of our contracts include provisions providing for automatic rate increases, some of our contracts require partner consent to implement rate increases. When we are unable to reach agreement on revised rates when appropriate, or when our rate increases do not adequately capture increased costs (particularly in oncology and cardiovascular), our profitability, margins and prospects have been and will be negatively impacted.

Failure by our customers to provide us with accurate and timely information could impact our profitability.

We are dependent on our customers to provide us with accurate and timely information, which we cannot control, including to develop our financial outlook. For example, in the second half of 2024, we experienced a significant increase in submission of claims paid by customers in prior periods than files that had been previously submitted, which negatively impacted our financial results and profitability. Additionally, our procedures, which include the use of third-party service providers, may not be effective in detecting fraudulent or other out-of-scope claims. When we do not receive accurate and or timely information from our customers, our results of operations and ability to develop our financial outlook has been and in the future be negatively impacted.

We typically incur significant upfront costs in our partner relationships, and if we are unable to develop or grow these partner relationships over time, we are unlikely to recover these costs, and our operating results may suffer.

We devote significant resources to establish relationships with our partners. Some of our partners undertake a significant and prolonged evaluation process, often to determine whether our solutions meet their unique needs, which has in the past resulted in extended periods of time to establish a partner relationship. Our efforts involve educating our partners about the use, technical capabilities and benefits of our solutions. Accordingly, our operating results will depend in substantial part on our ability to deliver a successful partner experience and persuade our partners to grow their relationship with us over time. If we are unable to sell additional solutions to existing partners, enter into and maintain favorable relationships with new partners or sufficiently grow our partners' lives on platform, it could have a material adverse effect on our business, financial condition and results of operations. As we grow, our customer acquisition costs could outpace our build-up of recurring revenue, and we may be unable to reduce our total operating costs through economies of scale such that we are unable to achieve profitability. For example, some of our partnerships require significant upfront investment including, in the case of new markets, investments in infrastructure to meet readiness and operating requirements which have outpaced our revenue growth. Under the Accounting Standards Codification ("ASC") Topic 606 revenue standard, certain set up costs we incur during the implementation phase may be deferred into the ongoing phase, potentially along with associated revenues. If the economics of a partnership change such that we are unlikely to fully recover those costs, we may be required to write off a portion or all of those deferred costs and revenues and our operating results may suffer. In addition, we estimate the costs and timing for completing the transformation phase of relevant partner relationships. These estimates reflect our best judgment. Any increased or unexpected costs or unanticipated delays, including delays caused by factors outside our control, could cause our operating results to suffer.

If we do not continue to attract new partners and successfully capture new opportunities with new or existing partners, we may not achieve our financial projections, and our results of operations would be harmed.

In order to grow our business, we must continually attract new partners and successfully capture new opportunities, including by further penetrating our existing partner base. Our ability to do so depends on our ability to perform well under existing contracts and maintain our reputation, as well as the success of our sales and marketing efforts. Potential partners may seek out other options. Therefore, we must demonstrate that our products and services provide a viable solution for potential partners. If we fail to provide high-quality solutions and convince individual partners of our value proposition, we may not be able to retain existing partners, further penetrate existing partners, or attract new partners. In addition, there may be a limited-time opportunity to achieve and maintain a significant share of the market for our products and services due in part to the rapidly evolving nature of the health care and technology industries and the substantial resources available to our existing and potential competitors. If the market for our products and services declines or

grows more slowly than we expect, if we fail to successfully convert new growth opportunities or if the number of individual partners that use our solutions declines or fails to increase as we expect, our revenue, results of operations, financial condition, business and prospects could be harmed.

If we are unable to offer new and innovative products and services or our products and services fail to keep pace with advances in industry standards, technology and our partners' needs, our partners may terminate or fail to renew their relationships with us and our revenue and results of operations may suffer.

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Our success depends on providing high-quality products and services that health care providers use to improve clinical, financial and operational performance. If we cannot adapt to rapidly evolving industry standards, technology, including AI, and increasingly sophisticated and varied partner needs, our existing technology could become undesirable or obsolete, which could harm our reputation. We must continue to invest significant resources in our personnel and technology, including AI, in a timely and cost-effective manner in order to enhance our existing products and services and introduce new high-quality products and services that existing partners and potential new partners will want. Our operating results would also suffer if our innovations are not responsive to the needs of our existing partners or potential new partners, are not appropriately timed with market opportunity, are not effectively brought to market or significantly increase our operating costs. If our new or modified product and service innovations are not responsive to partner preferences, emerging industry standards or regulatory changes, are not appropriately timed with market opportunity or are not effectively brought to market, we may lose existing partners or be unable to obtain new partners and our results of operations may suffer. In addition, should any of our partners terminate their relationship with us after implementation has begun, we would not only lose our time, effort and resources invested in that implementation, but we would also have lost the opportunity to leverage those resources to build a relationship with other partners over that same period of time. In some cases, we price our services based on expectations of long-term relationships with our partners. When a partner terminates the relationship earlier than we had expected, we lose the resources invested in that relationship as well as the upside benefits we had anticipated.

We also engage third-party vendors to develop, maintain and enhance the technology we use in our solutions, and our ability to develop and implement new technologies is therefore dependent on our ability to engage suitable vendors. We may also need to license software or technology from third parties in order to maintain, expand or modify our technology-enabled services platform. However, there is no guarantee we will be able to enter into such agreements on acceptable terms or at all. The functionality of our services platforms depends, in part, on our ability to integrate with third-party applications and data management systems that our partners use and from which they obtain data. These third parties may terminate their relationships with us, change the features of their applications and platforms, restrict our access to their applications and platforms or alter the terms governing use of their applications, data management systems and application programming interfaces and access to those applications and platforms in an adverse manner.

If we are not able to maintain and enhance our reputation and brand recognition, our business and results of operations will be harmed.

We believe that maintaining and enhancing our reputation and brand recognition is critical to our relationships with existing partners and to our ability to attract new partners. The promotion of our brands may require us to make substantial investments and we anticipate that, as our market becomes increasingly competitive, these marketing initiatives may become increasingly difficult and expensive. Our marketing activities may not be successful or yield increased revenue, and to the extent that these activities yield increased revenue, the increased revenue may not offset the expenses we incur and our results of operations could be harmed. In addition, any factor that diminishes our reputation or that of our management, including failing to meet the expectations of our partners, or any adverse publicity or litigation involving or surrounding the Company or one of our joint venture partners, investors or strategic alliance partners could make it substantially more difficult for us to attract new partners. Similarly, because our existing partners often act as references for us with prospective new partners, any existing partner that questions the quality of our work or that of our employees could impair our ability to secure additional new partners. Therefore, financial adversity of our partners' affiliated health plans may adversely affect our reputation. In addition, negative publicity resulting from any adverse government payer audit could injure our reputation. More broadly, we and our partners may also suffer negative reputational impact as a result of our involvement in utilization management, adverse determinations, prior authorizations, clinical decision support and similar matters. If we do not successfully maintain and enhance our reputation and brand recognition, our business may not grow and we could lose our relationships with partners, which would harm our business, results of operations and financial condition.

If we lose key members of our management team or employees or are unable to attract and retain the employees we need, our compensation costs will increase and our business and operating results will be adversely affected.

Our success depends largely upon the continued services of our key executive officers and recruitment of additional highly-skilled employees. From time to time, there may be changes in our senior management team resulting from the hiring or departure of executives, which could disrupt our business. Hiring executives with needed skills or the replacement of one or more of our executive officers or other key employees would likely involve significant time and costs and may significantly delay or prevent the achievement of our business objectives. In addition, competition for qualified talent in our industry is intense, particularly in the last several years. The market to build, retain and replace talent has become even more highly competitive, and many of the companies with which we compete for personnel have greater financial and other resources than we do. Recent and increasing threats to the safety of corporate officers, particularly in the healthcare industry, may put additional pressure on our ability to recruit and retain top talent, as well as the costs related thereto.

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We have faced and may continue to face difficulties attracting, hiring and retaining highly-skilled personnel with appropriate qualifications and may not be able to fill positions. To attract top talent, we have had to offer, and believe we will need to continue to offer, competitive compensation and benefits packages before we can validate the productivity of those employees. We have increased, and expect to continue to increase, our employee compensation levels in response to our competition, as necessary. In addition, the pressures of inflation have increased our costs of labor and may continue to do so.

In addition, we believe our corporate culture has been a key contributor to our success to date. With many of our employees working remotely, we may find it difficult to maintain important aspects of our culture, which could negatively affect our ability to retain and recruit personnel who are essential to our future success and could ultimately have a negative impact on our business and our ability to execute on our strategy. In order to successfully expand our business, we must effectively recruit, integrate and motivate new and retain existing employees, while maintaining the beneficial aspects of our corporate culture. All of our employees are "at-will" employees, and their employment can be terminated by us or them at any time, for any reason and without notice. We may not be able to hire new employees quickly enough to meet our needs. If we fail to effectively manage our hiring needs and successfully integrate new employees, our efficiency and ability to meet our forecasts and our employee morale, productivity and retention could suffer, and our business and results of operations could be harmed. In addition, volatility or lack of performance in our stock price may affect our ability to attract replacements should key personnel depart.

We have made and entered into, and may in the future make and enter into, acquisitions, investments, alliances and joint ventures, which may be difficult to integrate, divert management resources, result in unanticipated costs or dilute our stockholders.

As our business continues to grow, we may continue to acquire or invest in companies, businesses, products or technologies that complement our current products and services, enhance our market coverage or technical capabilities or offer growth opportunities. This may include acquiring or investing in companies, businesses, products or technologies that are tangential to our current business and in which we have limited or no prior operating experience. That, and other acquisitions, investments, alliances or joint ventures, have resulted and could result in new, material risks to our results of operations, financial condition, business and prospects. These new risks could include increased variability in revenues and prospects associated with various risk sharing arrangements. In addition, the market price for our Class A common stock could also be affected, following the consummation of any other transaction, by factors that have not historically affected the market price for our Class A common stock.

We continuously evaluate potential acquisition targets and investments as well as opportunities to divest of non-core assets. However, there can be no assurance that any of these potential acquisitions, investments or divestitures will be consummated. Acquisitions, investments and alliances, including our acquisitions of Machinify, NIA, Vital Decisions, and IPG, could result in numerous risks to our business which could negatively impact our financial condition and results of operations, including:

- difficulty converting platforms or integrating the purchased operations, products or technologies;
- substantial unanticipated integration costs, delays and challenges that may arise in integration;
- the loss of key customers who are in turn subject to risks and financial dislocation in their businesses;
- the loss of key employees, particularly those of the acquired operations;
- difficulty retaining or developing the acquired business' customers;
- adverse effects on our existing business relationships with customers, suppliers, other partners, standing with regulators;
- challenges related to the integration and operation of businesses that operate in new geographic areas and new markets or lines of business;
- unanticipated financial losses in the acquired business, including the risk of higher-than-expected health care costs;
- failure to realize the potential cost savings or other financial benefits or the strategic benefits of the acquisitions, including failure to consummate any proposed or contemplated transaction; and
- liabilities, including acquired litigation, and expenses from the acquired businesses for contractual disputes with customers and other third parties, infringement of intellectual property rights, data privacy violations or other claims and failure to obtain indemnification for such liabilities or claims, and distraction of our personnel in connection with any related proceedings.

We may be unable to integrate the operations, products, technologies or personnel gained through acquisitions or investments or integrate or complete any other such transaction without a material adverse effect on our business, financial condition and results of operations. Transaction agreements may impose limitations on our ability, or the ability of the business to be acquired, to conduct business. Events outside our control, including operating changes or regulatory changes, could also adversely affect our ability to realize anticipated revenues, synergies, benefits and cost savings. In addition, revenues of acquired businesses or companies, prior to and after consummation of a transaction, may be less than expected. Counterparties in transactions may have contracts with customers and other business partners which may require consents from these parties in connection with a transaction. If these consents cannot be obtained, the Company may suffer a loss of potential future revenue and may lose rights that are material to its business and the business of any combined company. Any such disruptions could limit our ability to achieve the anticipated benefits of the transaction.

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Any integration may be unpredictable, or subject to delays or changed circumstances, and we and any targets may not perform in accordance with our expectations.

We have also entered into a number of joint ventures, some of which include put or call features under which we could be forced to extend purchase or buy interest from our joint venture partner. For example, one of our investments includes a put option that may be exercised by our joint venture partner in the first half of 2025 which, if exercised, would require us to acquire the interests in the joint venture that we do not own for a price of approximately \$52 million. Conflicts or disagreements between us and any joint venture partner may negatively impact the benefits expected to be achieved by the joint venture or may ultimately threaten the ability of such joint venture to continue. We are also subject to additional costs, risks and uncertainties because we may be dependent upon and subject to the liability, losses or reputational damage relating to joint venture partners that are not entirely under our control. We may be required to, or may determine to, make capital contributions or incur expenses related to our joint venture investments that we do not anticipate or that may not deliver the level of returns that we expect, in lieu of a put requirement or otherwise.

In connection with these acquisitions, investments, alliances or joint ventures, we could incur significant costs, debt, amortization expenses related to intangible assets or large and immediate write-offs or other impairments or charges, assume liabilities or issue stock (as we have done in prior transactions, including the acquisition of NIA) that would dilute our current stockholders' ownership.

If we fail to effectively manage our growth and cost structure, our business and results of operations could be harmed.

We have expanded our operations and the number of lives on our platform has grown significantly since our inception, organically as well as through acquisitions. If we do not effectively manage our growth and maintain an efficient cost structure as we continue to expand, the quality of our solutions could suffer. Our growth to date, including as a result of our acquisition of NIA, has increased the significant demands on our management, our operational and financial systems and infrastructure and other resources. We must also continue to improve our existing systems for operational and financial management, including our reporting systems, procedures and controls. These improvements require significant capital expenditures and place increasing demands on our management. We may not be successful in managing or expanding our operations or in maintaining adequate financial and operating systems and controls. For example, as we expand into and across jurisdictions, if we do not comply with local clinical licensure laws in the provision of our services, our results of operations and reputation could be harmed. If we do not successfully manage these processes, including the timely management of providers and processing of claims on behalf of our partners, care could be delayed, we could suffer reputational harm and our business and results of operations could be harmed including as a result of potential penalties under partner contracts.

Exclusivity and right of first refusal clauses in some of our partner and founder contracts may prohibit us from partnering with certain other providers in the future, and as a result may limit our growth.

Some of our partner and founder contracts include exclusivity clauses. Any founder contracts with exclusivity, right of first refusal or other restrictive provisions may limit our ability to conduct business with certain potential partners, including competitors of our founders. For example, in connection with its formation, Evolent Health LLC entered into an IP Agreement with UPMC (the "UPMC IP Agreement"), pursuant to which if we were to conduct business with certain precluded providers, it would result in the loss of the license thereunder. Partner contracts with exclusivity or other restrictive provisions may limit our ability to partner with or provide services to other providers or purchase services from other vendors within certain time periods. These exclusivity or other restrictive provisions often apply to specific competitors of our partners or specific geographic areas within a particular state or an entire state. Accordingly, these exclusivity clauses may prevent us from entering into relationships with potential partners and could cause our business, financial condition and results of operations to be harmed.

We have also entered into a reseller, services and non-competition agreement with an affiliate of UPMC, pursuant to which we are prohibited from providing products or services to certain third parties and in certain territories. These restrictions could cause our business, financial condition and results of operations to be harmed if we found it advantageous to provide products or services to such third parties or in such territories during the restricted period.

Our offshore support and professional services may prove difficult to manage or may not allow us to realize our cost reduction goals.

We use certain offshore resources to provide certain support and professional services, which requires technical and logistical coordination. If we are unable to maintain acceptable standards of quality in support and professional services, our attempts to reduce costs and drive growth through margin improvements in technical support and professional services may be negatively impacted, which would adversely affect our results of operations. Our offshore resources, and their ability to provide support and professional services to our domestic operations, are subject to domestic regulation at the federal, state and local levels. In certain cases, those regulations restrict or prohibit us from using our offshore resources. In addition, our ability to use offshore resources is limited by or subject to approval pursuant to certain partner contracts. As a result, we may not be able to reduce costs for our domestic operations or fully realize our margin improvement goals, which could adversely affect our results of operations.

Risks Relating to Our Industry and Market

The market for value-based health care in the United States is rapidly evolving. Our future financial performance will depend in part on growth in this market and on our ability to adapt to emerging demands of this market. It is difficult to predict with any precision the future growth rate and size of our target markets.

The rapidly evolving nature of the markets in which we operate, as well as other factors that are beyond our control, reduce our ability to accurately evaluate our long-term outlook and forecast annual performance. Widespread acceptance of the value-based care model is critical to our future growth and success. A reduction in demand for our solutions caused by lack of acceptance, technological challenges, competing offerings or other factors would result in a lower revenue growth rate or decreased revenue, either of which could negatively impact our business and results of operations. For example, a significant portion of our revenue is derived from partners in the managed care industry, including risk bearing providers and national and regional managed care payers. Changes in this industry's business practices could negatively impact our financial results. For example, if our managed care partners seek to provide services directly to their subscribers instead of contracting with us for such services, we could be adversely affected.

If the estimates and assumptions we use to determine the size of the target markets for our services are inaccurate, our future growth rate may be impacted and our business would be harmed.

Market opportunity estimates and growth forecasts are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. Our estimates and forecasts relating to the size and expected growth of the markets for our services may prove to be inaccurate. Even if the markets in which we compete meet our size estimates and forecasted growth, our business could fail to grow at similar rates, if at all.

Our estimates of the market opportunities for our solutions are based on the assumption that the strategic approaches we offer will be attractive to potential partners. Potential partners may pursue different strategic options, or none at all. In addition, our assumptions could be impacted by changes to health care laws and regulations as a result of the new administration or otherwise. If our assumptions prove inaccurate, our business, financial condition and results of operations could be adversely affected.

Consolidation in the health care industry could have a material adverse effect on our business, financial condition and results of operations.

Many health care industry participants and payers are consolidating to create larger and more integrated health care delivery systems with greater market power. We expect regulatory and economic conditions to result in additional consolidation in the health care industry in the future. As consolidation accelerates, the economies of scale of our partners' organizations may grow. If a partner experiences sizable growth following consolidation, it may determine that it no longer needs to rely on us and may reduce its demand for our products and services. In addition, as health care providers consolidate to create larger and more integrated health care delivery systems with greater market power, these providers may try to use their market power to negotiate fee reductions for our solutions. Consolidation may also result in the acquisition or future development by our partners of products and services that compete with our solutions. Finally, if any of our partners were to be acquired or otherwise change ownership, we cannot assure you that the new owner would not seek to renegotiate or terminate their agreements with us. Any of these potential results of consolidation could have a material adverse effect on our business, financial condition and results of operations.

We face intense competition, which could limit our ability to maintain or expand market share within our industry, and if we do not maintain or expand our market share our business and operating results will be harmed.

The market for our solutions is fragmented, competitive and characterized by rapidly evolving technology standards, customer needs and the frequent introduction of new products and services. Our competitors range from smaller niche companies to large, well-financed and technologically-sophisticated entities.

Our services solutions compete based on several factors, including breadth, depth and quality of product and service offerings, ability to deliver clinical, financial and operational performance improvement using products and services, quality and reliability of services, ease of use and convenience, brand recognition and the ability to integrate services with existing technology. Some of our competitors are more established, benefit from greater brand recognition, have larger client bases and have substantially greater financial, technical and marketing resources. The entrance or expansion of these larger companies in the managed healthcare industry (including our customers who have in-sourced or who may choose to in-source healthcare services) could increase the competitive pressures we face and could limit our ability to maintain or increase our rates. If this happens, our profitability could be adversely affected. In addition, if we do not adequately respond to these competitive pressures, it could cause us to be unable to maintain our current contracts or obtain

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new contracts. Other competitors have proprietary technology that differentiates their product and service offerings from ours. Our competitors are constantly developing products and services that may become more efficient or appealing to our existing partners and potential partners. Additionally, some health care information technology providers have begun to incorporate enhanced analytical tools and functionality into their core product and service offerings used by health care providers, including with the use of AI or machine learning. As a result of these competitive advantages, our competitors and potential competitors may be able to respond more quickly to market forces, take advantage of acquisitions and other opportunities more readily, undertake more extensive marketing campaigns for their brands, products and services, more successfully utilize developing technology, including data analytics, AI and machine learning, and make more attractive offers to our existing partners and potential partners.

We also compete on the basis of price. We are subject to pricing pressures as a result of, among other things, competition within the industry, consolidation of health care industry participants, practices of managed care organizations, government action and financial stress experienced by our partners. If our pricing experiences significant downward pressure, our business will be less profitable and our results of operations will be adversely affected.

We cannot be certain that we will be able to retain our current partners or expand our partner base in this competitive environment. If we do not retain current partners or expand our partner base, or if we have to renegotiate existing contracts, our business, financial condition and results of operations will be harmed. Moreover, we expect that competition will continue to increase as a result of consolidation in both the health care information technology and health care industries. If one or more of our competitors or potential competitors were to merge or partner with another of our competitors, the change in the competitive landscape could also adversely affect our ability to compete effectively and could harm our business, financial condition and results of operations.

Our offerings could be subject to audits by CMS and other governmental payers and whistleblower claims under the False Claims Act.

We support health plans with Medicare Advantage, Medicaid and exchange products, as well as health systems and provider groups participating in payer-delegated risk arrangements or in various programs sponsored by CMS, including the Medicare Shared Savings Program. We anticipate that CMS and other governmental payers will continue to review and audit the results of our services including risk adjustment offerings, with a focus on identifying possible false claims.

In addition, aspects of our review process and coding procedures could be subject to claims under the False Claims Act or Anti-Kickback Statute. Negative results of any such audit or claim could have a material adverse effect on our business, financial condition, results of operations or prospects and could damage our reputation.

The health care regulatory and political framework is uncertain and evolving.

Health care laws and regulations are rapidly evolving and may change significantly in the future, including as a result of the Trump administration, which could adversely affect our financial condition and results of operations. We are subject to regulation by both CMS and state agencies with respect to certain services we provide relating to Medicaid, Medicare, and ACA programs and to our payers. Medicare is a federal program that provides hospital and medical insurance benefits to persons aged 65 and over, as well as certain other individuals. More than half of Medicare beneficiaries are enrolled in private MA plans that offer an alternative to traditional Medicare and are regulated by CMS and financed through Medicare and beneficiary premiums and cost-sharing Medicaid programs are jointly funded by federal and state governments and are administered by states under an approved plan that provides hospital and other health care benefits to qualifying individuals. Roughly three quarters of Medicaid beneficiaries are served by private Medicare MCOs. As we increase our exposure to Medicare and Medicaid businesses through new and existing partners, we increase our exposure to changes in government policy with respect to and regulation of the Medicaid and Medicare programs in which we and our partners participate.

Because some of our partners are participants in governmental programs, our services have in the past and may again in the future be subject to periodic surveys and audits by governmental entities or contractors for compliance with Medicare and other standards and requirements. As a result of surveys or audits, we may incur fines and penalties and

could be excluded from participating in one or more programs or institute other sanctions against us if we fail to comply with CMS regulations or Medicare and Medicaid contractual requirements.

The regulations and requirements applicable to us and other participants in Medicaid and Medicare programs are complex and subject to change. In particular, prior authorization standards and requirements, including Medicaid and Medicare programs, have come under increased scrutiny at the state and federal level. Many states have proposed, and some have passed, bills which prescribe how providers and services which meet certain approval rates become exempt from prior authorization for a period of time, widely known as "gold carding". Most recently, the state of Illinois passed a law requiring guidance on gold carding to be adopted; the new law would exempt qualifying providers from prior authorization on all services subject to review for the year in which they qualify. MAOs utilization management practices have been the focus of a 2022 report by the Department of Health and Human Services Office of Inspector General as well as new final rules by (CMS-4201-F and CMS-0057-F). CMS-4201-F, effective calendar year 2024, imposes

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several requirements on MAOs with respect to their use of prior authorization. CMS-0057-F further imposes stricter medical necessity decision timeframes on federal managed care programs, effective CY 2026, as well as complex technical interface requirements, effective CY 2027, for Medicare, Medicaid, CHIP and QHPs offered on the ACA Federally Facilitated Exchange. These are intended to facilitate increased data sharing between managed care plans, enrollees and providers and streamline the prior authorization process.

Congress and state and local legislatures and regulators may propose and adopt legislation or policy changes or implementations effecting additional fundamental changes with respect to Medicare, Medicaid, and exchange programs. Such changes in the law, or new interpretations of existing laws, may have a significant impact on our methods and costs of doing business. Additionally, expansion of enforcement activity could adversely affect our business and financial condition. Going forward, we expect CMS, Congress, and state agencies to continue to closely scrutinize each component of the Medicare, Medicaid, and exchange programs, as well as modify the terms and requirements of the programs. Further, since taking office in January 2025, the Trump administration has taken dramatic steps to freeze some federal funding and reduce the size of the federal workforce. It is not possible to predict the outcome of this congressional, executive regulatory activity, either of which could adversely affect us. Similarly, we cannot predict whether pending or future federal or state legislation or court proceedings will change various aspects of these programs, nor can we predict the impact those changes will have on our business operations or financial results, but the effects could be materially adverse.

In addition, CMS, Congress, state legislatures and third-party payers may continue to review and assess alternative health care delivery and payment systems and may in the future propose and adopt legislation or policy changes or implementations effecting additional fundamental changes in the health care delivery system, including with respect to Medicare, Medicaid, and exchange programs.

Additionally, expansion of enforcement activity could adversely affect our business and financial condition. Going forward, we expect CMS and Congress to continue to closely scrutinize each component of the Medicare program as well as modify the terms and requirements of the program. It is not possible to predict the outcome of this congressional or regulatory activity, either of which could adversely affect us. Similarly, we cannot predict whether pending or future federal or state legislation or court proceedings will change various aspects of the health care delivery system, including Medicaid and Medicare programs, nor can we predict the impact those changes will have on our business operations or financial results, but the effects could be materially adverse.

Medicaid and exchange enrollment is impacted, and may fluctuate, based on a variety of factors. These include continuous enrollment requirements instituted during the COVID-19 PHE in 2021 under which Medicaid enrollment grew, and the resumption of Medicaid eligibility redeterminations, or "unwinding," that began in 2023 at the PHE's conclusion which reduced enrolled lives for some Medicaid MCOs. State may also take varying approaches to streamlining or discouraging enrollment, and income levels for eligibility may vary (particularly in non-expansion vs. expansion states). The 119th Congress and Trump Administration have been exploring potential changes to Medicaid which could include cuts to federal matching payments, work requirements, or other eligibility and enrollment changes, as well as potential changes to ACA enrollment. Enrollment decreases for our partners may decrease the number of lives on our platform and impact the revenues derived from such partners.

Additional legislative and regulatory developments which may impact our business directly or indirectly through our partners include:

- Health IT interoperability efforts beginning with the Health Information Technology for Economic and Clinical Health (HITECH) Act in 2009 and 21st Century Cures Act in 2016, from which we have seen an array of regulations on topics including electronic data exchange and the move to HL7 FHIR application programming interface (API) methods; prohibitions on electronic health records vendor and provider information blocking; the move to electronic or digital all-payer quality measurement; and the move to electronic prior authorization methods.
- Health care price transparency efforts including No Surprises Act provisions enacted as part of the Consolidated Appropriations Act in 2020, effective as of 2022.
- Efforts to reduce prescription drug costs including the Inflation Reduction Act of 2022 which created a negotiation program for Medicare Part D and Part B drugs; redesigned the Medicare Part D drug benefit to lower patient cost sharing; and instituted other changes designed to improve patient access. While these policies may or may not have a direct impact on our business, they can change market dynamics such as Medicare Advantage growth vs. standalone Part D plans, national health expenditures and trend factors that play into benchmarks for MA and Medicare accountable care organizations (ACOs), and drug formulary and rebate negotiations.

An emerging trend is intensified scrutiny by state and federal authorities with respect to the use of AI, particularly any AI systems used in utilization management. At least 40 states introduced or enacted AI legislation in 2024, more than half of which touching upon health care, and we see this trend continuing in 2025. For example, California Governor Newsom signed Senate Bill 1120 into law, which aims to safeguard patients and maintain oversight when payers use AI. A new Colorado law and guidance from the New Jersey Attorney General seek to ensure AI does not introduce discrimination or algorithmic bias. The use of AI has also been the focus of congressional inquiries and federal guidance documents. The Trump administration has rescinded the Biden administration's EO on

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AI and replaced it with a new EO that directs Administration leaders to solicit stakeholder input and produce a new AI Action Plan in 2025 designed to promote AI innovation primarily. It may also begin to introduce some regulatory frameworks and guardrails.

We are unable to predict how these changes and other health care reform initiatives from new legislation, regulation, judicial action and/or executive action, including those described above, will ultimately impact the health care industry and what the potential impact may be on our business, financial condition, operating results and prospects.

In addition to these health care laws and regulations, we are subject to various other laws and regulations, including, among others, other aspects of state insurance laws, the Stark Law relating to self-referrals, the whistleblower provisions of the False Claims Act, anti-kickback laws, antitrust laws and the privacy and data protection laws.

Investigating and prosecuting healthcare fraud, waste and abuse continues to be a top priority for state and federal law enforcement entities. The focus of these efforts has been directed at Medicare, Medicaid, Health Insurance Marketplace and commercial products. Compliance with these laws may require substantial resources. We are constantly looking for ways to improve our fraud, waste and abuse detection methods. The fraud, waste and abuse laws include In the United States, there are federal and state anti-kickback laws that generally prohibit the payment or receipt of kickbacks, bribes or other remuneration in exchange for the referral of patients or other health-related business. The federal civil False Claims Act imposes liability on any person or entity who, among other things, knowingly presents, or causes to be presented, a false or fraudulent claim for payment by a federal health care program. The "qui tam" or "whistleblower" provisions of the False Claims Act allow a private individual to bring actions on behalf of the federal government alleging that the defendant has submitted a false claim to the federal government, and to share in any monetary recovery. Our activities relating to the way we sell and market our services, including our risk adjustment solution, may be subject to scrutiny under these laws. The Stark Law is relevant to our business because we frequently organize arrangements of various kinds under which (a) providers and hospitals jointly invest in and own ACOs, clinically integrated networks and other entities that engage in value-based contracting with third-party payers or (b) providers are paid by hospitals or hospital affiliates for care management, medical or other services related to value-based contracts. We evaluate when these investment and compensation arrangements create financial relationships under the Stark Law and design structures that are intended to satisfy exceptions under the Stark Law or Medicare Shared Savings Program waiver. We have identified instances of noncompliance in the past and cannot guarantee that we will not identify other instances in the future, or the outcome of any regulatory investigation into any non-compliance. If we were to become subject to litigation, liabilities or penalties under these or other laws or as part of a governmental review or audit, our business could be adversely affected.

Risks Related to Data Protection Privacy, Cybersecurity, Intellectual Property and Technology

We are subject to data privacy and protection laws governing the collection, use, disclosure and security of health information, which may impose restrictions on the manner in which we access personal data and subject us to penalties if we are unable to fully comply with such laws.

As described below, we are required to comply with numerous federal and state laws and regulations that regulate health information that we may obtain, process or access in connection with the provision of our services. These laws and regulations, including their interpretation by governmental agencies, are subject to frequent change and could have a negative impact on our business.

- HIPAA protects the privacy and security of protected health information and requires covered organizations adopt standards for the exchange of electronic protected health information. Further, the privacy regulations under HIPAA also provide patients with rights related to understanding and controlling how their protected health information is used and disclosed. As a provider of services to entities subject to HIPAA, we are directly subject to certain provisions of the regulations as a "Business Associate." If we are unable to satisfy privacy and security obligations under HIPAA regulations, we could be found to have breached our contracts with our customers. Moreover, we may be subject to investigation by the U.S. Department of Health and Human Services Office for Civil Rights ("OCR") or other regulators or government bodies for potential HIPAA noncompliance. Penalties for HIPAA noncompliance include civil and criminal penalties that could have a material adverse effect on us. In addition, OCR performs compliance audits of Business Associates in order to proactively enforce the HIPAA privacy and security standards. OCR has become an increasingly active regulator and has signaled its intention to continue this trend. OCR has the discretion to impose penalties without being required to attempt to resolve violations through informal means; further, OCR may require companies to enter into resolution agreements and corrective action plans which impose ongoing compliance requirements. OCR enforcement activity can result in financial liability and reputational harm, and responses to such enforcement activity can consume significant internal resources.
- The HITECH Act, enacted as part of the American Recovery and Reinvestment Act of 2009, also known as the "Stimulus Bill," effective February 22, 2010, set forth health information security breach notification requirements and increased penalties for violation of HIPAA. The HITECH Act requires individual notification for all breaches, media notification of breaches for over 500 individuals and at least annual reporting of all breaches to the

Department of Health and Human Services. Failure to comply with the HITECH Act could result in fines and penalties that could have a material adverse effect on us.

- Numerous other federal and state laws that may apply to us restrict the use of and protect the privacy and security of personal information, as well as employee personal information. These include state medical privacy laws, state social security number protection laws and federal and state consumer protection laws. These various laws in many cases are not preempted by HIPAA and may be subject to varying interpretations by the courts and government agencies, creating complex compliance issues for us and our partners and potentially exposing us to additional expense, adverse publicity and liability, any of which could adversely affect our business.
- Federal and state consumer protection laws are increasingly being applied by the FTC and states' attorneys general to regulate the collection, use, storage and disclosure of personal information, through websites or otherwise, and to regulate the presentation of website content. The FTC in particular is increasingly

scrutinizing the collection, use, and disclosure of health information and any corresponding marketing and advertising efforts, as well as any other uses that attempt to monetize health information.

There is ongoing concern from privacy advocates, regulators and others regarding data protection and privacy issues, and the number of jurisdictions with data protection and privacy laws has been increasing. Also, there are ongoing public policy discussions regarding whether the standards for de-identified, anonymous or pseudonymized health information are sufficient to adequately protect patient privacy. These discussions may lead to further restrictions on the use or disclosure of such information. There can be no assurance that these initiatives or future initiatives will not adversely affect our ability to access and use data or to develop or market current or future services.

The security measures that we and our third-party vendors and subcontractors have in place to address privacy and data protection laws may not protect our facilities and systems from security breaches, acts of vandalism or theft, computer viruses, misplaced or lost data, programming and human errors or other similar events. As the cyber threat landscape continues to evolve, third-party threat actors have become increasingly sophisticated and adept at evading cybersecurity protections, and the frequency and scope of security incidents has increased. Under the HITECH Act, as a business associate, we may also be liable for privacy and security breaches and failures of our subcontractors. Even though we provide for protections through our agreements with our subcontractors, we still have limited control over their actions and practices. A breach of privacy or security of protected health information by a subcontractor may result in an enforcement action, including criminal and civil liability, against us, and/or may qualify as a breach of our client contracts. Enforcement actions against us could be costly and could interrupt regular operations, which may adversely affect our business.

Data loss or corruption due to failures or errors in our systems or service disruptions at our data centers may adversely affect our reputation and relationships with existing partners, which could have a negative impact on our business, financial condition and results of operations.

Because of the large amount of data that we collect and manage, it is possible that hardware failures or errors in our systems could result in data loss or corruption or cause the information that we collect to be incomplete or contain inaccuracies that our partners regard as significant. Complex software such as ours may contain errors or failures that are not detected until after the software is introduced or updates and new versions are released. We continually introduce new software and updates and enhancements to our existing software. Despite testing by us, we may discover defects or errors in our software. In addition, we may encounter defects or errors in connection with the integration of software and technology we acquire. Any defects or errors could expose us to risk of liability to partners and the government and could cause delays in the introduction of new products and services, result in increased costs and diversion of development resources, require design modifications, decrease market acceptance or partner satisfaction with our products and services or cause harm to our reputation.

Furthermore, our partners might use our software together with products from other companies. As a result, when problems occur, it might be difficult to identify the source of the problem. Even when our software does not cause these problems, the existence of these errors might cause us to incur significant costs, divert the attention of our technical personnel from our product development efforts, impact our reputation and lead to significant partner relations problems.

Our business is subject to online security risks, and if we are unable to safeguard the security and privacy of confidential data, we may face significant liabilities and our reputation and business will be harmed.

Our services involve the collection, storage and analysis of confidential information, including intellectual property and personal information of employees, health providers and others, as well as protected health information of our partners' patients. Because of the extreme sensitivity of this information, the security and privacy features of our computer, network, and communications systems infrastructure are very important. In certain cases, we provide such information to third parties, for example, to the service providers who provide hosting services for our technology platform, and we may be unable to control the use of such information or the security and privacy protections employed by such third parties. We may be required to expend significant capital and other resources to

protect against security breaches and/or privacy incidents or to alleviate problems caused by security breaches and/or privacy incidents. Despite our implementation of security and privacy measures designed to help ensure data security and compliance with applicable laws and rules, our facilities and systems, and those of our third-party vendors, are vulnerable to threats. Furthermore, our increased use of mobile and cloud technologies, including as a result of the shift to work-from-home arrangements as a result of the COVID-19 pandemic, and the conflict between Russia and Ukraine, have heightened these cybersecurity and privacy risks, including risks from cyber-attacks such as phishing, spam emails, hacking, social engineering, and malicious software including harmful malware and ransomware. Threat actors regularly attempt to gain access to our information and infrastructure through various techniques. These threats include cyber-attacks, the use of harmful malware or ransomware, security breaches, acts of vandalism or theft (including by employees), computer viruses, misplaced or lost data, programming and/or human errors, power outages, protected health information leakage from implementing third-party technology to process and share data, hardware failures or other similar events. To date we have not experienced a cybersecurity incident that has resulted in any material impact on our business strategy, results of operations, financial condition or on our ability to service our partners or run our business. However, past and future incidents, including if we are unable to effectively resolve breaches in a timely manner, could result in damage to the market perception of the effectiveness of our security and privacy measures and we could lose sales and partners, which could have a material adverse effect on our business, operations, and financial results. A cyber-attack that bypasses our, or our third-party vendors', security systems successfully could require us to expend significant resources to remediate any damage, and prevent future occurrences, interrupt our operations, damage our reputation and our relationship with our partners, expose us or other third parties to a risk of loss or misuse of confidential information, reduce demand for our products and services or subject us to significant liability through litigation as well as regulatory action.

Cyber-attacks continue to evolve in sophistication and volume and may remain undetected for an extended period. In addition, techniques used to obtain unauthorized access to information or to sabotage information technology systems change frequently, including as a result of emerging technologies, such as AI and machine learning. Cybersecurity threat actors are increasingly targeting employees, contractors, service providers and third parties through various techniques that involve social engineering and/or misrepresentation. We have also seen, and will continue to see, industry-wide vulnerabilities, such as the Log4j vulnerability reported in December 2021, which have and could in the future affect our or other parties' systems. We expect to continue to experience such vulnerabilities in the future.

The costs of attempting to protect against cybersecurity risks and the costs of responding to cyber-attacks are significant. This could require us to expend significant resources to continue to modify or enhance our protective measures and to remediate any damage. While we maintain insurance covering certain security and privacy damages and claim expenses, we may not carry insurance or maintain coverage sufficient to compensate for all liability and such insurance may not be available for renewal on acceptable terms or at all, and in any event, insurance coverage would not address the reputational damage that could result from a security incident.

New data security and privacy laws and regulations are being enacted rapidly. The scope and applicability of these laws are inconsistent, uncertain, and subject to evolving court and regulatory interpretation. As such, we may not be able to timely comply with such requirements, and such requirements may not be compatible with our current processes. For example, the FTC began enforcing the Health Breach Notification Rule in 2023, resulting in multi-year consent orders that imposed strict reporting and compliance obligations in addition to fines. Additionally, many states (including California, Utah, Colorado, Virginia, Connecticut, Washington, and several others) have passed laws that regulate how covered businesses collect, use, and disclose personal information. These laws impose data minimization and retention requirements and grant consumers broad rights with respect to their personal information, including opt out and deletion rights. Evaluating and updating our processes in light of these laws could be time consuming and expensive, and the failure to timely implement required changes could subject us to liability for noncompliance, including potential liability in the form of consumer class action lawsuits in certain states.

If we are unable to obtain, maintain and enforce intellectual property protection for our technology and products or if the scope of our intellectual property protection is not sufficiently broad, others may be able to develop and commercialize technology and products substantially similar to ours, and our ability to successfully commercialize our technology and products may be adversely affected.

Our business depends on proprietary technology and content, including software, databases, confidential information and know-how, the protection of which is crucial to the success of our business. We rely on a combination of trademark, trade-secret and copyright laws and confidentiality procedures and contractual provisions to protect our intellectual property rights in our proprietary technology and content. We may, over time, increase our investment in protecting our intellectual property through additional trademark, patent and other intellectual property filings that could be expensive and time-consuming. Effective trademark, trade-secret and copyright protection is expensive to develop and maintain, both in terms of initial and ongoing registration requirements and the costs of defending our rights. These measures, however, may not be sufficient to offer us meaningful protection. If we are unable to protect our intellectual property and other proprietary rights, our competitive position and our business could be harmed, as third parties may be able to commercialize and use technologies and software products that are substantially the same as ours without incurring the development and licensing costs that we have incurred. Any of our owned or licensed intellectual property rights could be challenged, invalidated, circumvented, infringed or misappropriated, our trade secrets and other confidential information could be disclosed in an

unauthorized manner to third parties, or our intellectual property rights may not be sufficient to permit us to take advantage of current market trends or otherwise to provide us with competitive advantages, which could result in costly redesign efforts, discontinuance of certain offerings or other competitive harm.

Monitoring unauthorized use of our intellectual property is difficult and costly. From time to time, we seek to analyze our competitors' products and services and may in the future seek to enforce our rights against potential infringement. However, the steps we have taken to protect our proprietary rights may not be adequate to prevent infringement or misappropriation of our intellectual property. We may not be able to detect unauthorized use of, or take appropriate steps to enforce, our intellectual property rights. Any inability to meaningfully protect our intellectual property rights could result in harm to our ability to compete and reduce demand for our technology and products. Moreover, our failure to develop and properly manage new intellectual property could adversely affect our market positions and business opportunities. Also, some of our products and services rely on technologies and software developed by or licensed from third parties, and we may not be able to maintain our relationships with such third parties or enter into similar relationships in the future on reasonable terms or at all.

We may also be required to protect our proprietary technology and content in an increasing number of jurisdictions, a process that is expensive and may not be successful, or which we may not pursue in every location. In addition, effective intellectual property protection may not be available to us in every country, and the laws of some foreign countries may not be as protective of intellectual property rights as those in the United States. Additional uncertainty may result from changes to intellectual property legislation enacted in the United States and elsewhere, and from interpretations of intellectual property laws by applicable courts and agencies. Accordingly, despite our efforts, we may be unable to obtain and maintain the intellectual property rights necessary to provide us with a competitive advantage. Our failure to obtain, maintain and enforce our intellectual property rights could therefore have a material adverse effect on our business, financial condition and results of operations.

If our trademarks and trade names are not adequately protected, we may not be able to build name recognition in our markets of interest and our business may be adversely affected.

The registered or unregistered trademarks or trade names that we own or license may be challenged, infringed, circumvented, declared generic, lapsed or determined to be infringing on or dilutive of other marks. We may not be able to protect our rights in these trademarks and trade names, which we need in order to build name recognition with potential partners. In addition, third parties may in the future file for registration of trademarks similar or identical to our trademarks. If they succeed in registering or developing common law rights in such trademarks, and if we are not successful in challenging such third-party rights, we may not be able to use these trademarks to commercialize our technologies or products in certain relevant countries. If we are unable to establish name recognition based on our trademarks and trade names, we may not be able to compete effectively, and our business may be adversely affected.

Third parties may initiate legal proceedings alleging that we are infringing or otherwise violating their intellectual property rights, the outcome of which would be uncertain and could have a material adverse effect on our business, financial condition and results of operations.

Our commercial success depends on our ability to develop and commercialize our services and use our proprietary technology without infringing the intellectual property or proprietary rights of third parties. Intellectual property disputes can be costly to defend and may cause our business, operating results and financial condition to suffer. As the market for health care in the United States expands and more patents are issued, the risk increases that there may be patents issued to third parties that relate to our solutions of which we are not aware or that we must challenge to continue our operations as currently contemplated. Whether merited or not, we may face allegations that we, our partners, our licensees

or parties indemnified by us have infringed or otherwise violated the patents, trademarks, copyrights or other intellectual property rights of third parties. Such claims may be made by competitors seeking to obtain a competitive advantage or by other parties. Additionally, in recent years, individuals and groups have begun purchasing intellectual property assets for the purpose of making claims of infringement and attempting to extract settlements from companies like ours. We may also face allegations that our employees have misappropriated the intellectual property or proprietary rights of their former employers or other third parties. It may be necessary for us to initiate litigation to defend ourselves in order to determine the scope, enforceability and validity of third-party intellectual property or proprietary rights, or to establish our respective rights. Regardless of whether claims that we are infringing patents or other intellectual property rights have merit, such claims can be time-consuming, divert management's attention and financial resources and can be costly to evaluate and defend. Results of any such litigation are difficult to predict and may require us to stop commercializing or using our products or technology, obtain licenses, modify our services and technology while we develop non-infringing substitutes or incur substantial damages, settlement costs or face a temporary or permanent injunction prohibiting us from marketing or providing the affected products and services. If we require a third-party license, it may not be available on reasonable terms or at all, and we may have to pay substantial royalties, upfront fees or grant cross-licenses to intellectual property rights for our products and services. We may also have to redesign our products or services so they do not infringe third-party intellectual property rights, which may not be possible or may require substantial monetary expenditures and time, during which our solutions may not be available for commercialization or use. Even if we have an agreement to indemnify us

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against such costs, the indemnifying party may be unable to uphold its contractual obligations. If we cannot or do not obtain a third-party license to the infringed technology on reasonable terms or at all, or obtain similar technology from another source, our revenue and earnings could be adversely impacted.

From time to time, we have been and may be subject to legal proceedings and claims in the ordinary course of business with respect to intellectual property. We are not currently subject to any claims from third parties asserting infringement of their intellectual property rights. Some third parties may be able to sustain the costs of complex litigation more effectively than we can because they have substantially greater resources. Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses and could distract our technical and management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of our Class A common stock. Moreover, any uncertainties resulting from the initiation and continuation of any legal proceedings could have a material adverse effect on our ability to raise the funds necessary to continue our operations. Assertions by third parties that we violate their intellectual property rights could therefore have a material adverse effect on our business, financial condition and results of operations.

If we are unable to protect the confidentiality of our trade secrets, know-how and other proprietary information, the value of our technology and products could be adversely affected.

We may not be able to protect our trade secrets, know-how and other proprietary information adequately. Our employees, consultants and other parties may unintentionally or willfully disclose our information or technology to competitors. Enforcing a claim that a third party illegally obtained and is using any of our proprietary information or technology is expensive and time-consuming, and the outcome is unpredictable. In addition, courts outside the United States are sometimes less willing to protect trade secrets, know-how and other proprietary information. We rely, in part, on non-disclosure, confidentiality and invention assignment agreements with our employees, consultants and other parties to protect our trade secrets, know-how and other intellectual property and proprietary information. These agreements may not be self-executing, or they may be breached, and we may not have adequate remedies for such breach. Moreover, third parties may independently develop similar or equivalent proprietary information or otherwise gain access to our trade secrets, know-how and other proprietary information.

We depend on certain technologies that are licensed to us. We do not control the intellectual property rights covering these technologies and any loss of our rights to these technologies or the rights licensed to us could prevent us from developing and/or commercializing our products.

We are a party to a number of license agreements under which we are granted rights to intellectual property that is important to our business, and we expect that we may need to enter into additional license agreements in the future. We are party to an intellectual property and development services license agreement between Evolent and UPMC, or the UPMC IP Agreement, and a technology license agreement with UPMC (the "UPMC Technology Agreement"). Under the UPMC IP Agreement, certain of UPMC's proprietary analytics models and know-how are licensed to Evolent on a nonexclusive basis from UPMC; pursuant to the UPMC Technology Agreement, UPMC's proprietary technology platform, associated know-how and the Identifi® trademark are licensed to Evolent on an irrevocable, non-exclusive basis from UPMC; in each case, subject to certain ongoing territorial, time and use restrictions. Evolent's rights to use these technologies and know-how and employ the software claimed in the licensed technologies are subject to the continuation of and our compliance with the terms of those licenses. Our existing license agreements impose, and we expect that future license agreements will impose on us, various exclusivity obligations. If we fail to comply with our obligations under these agreements, the applicable licensor may have the right to terminate our license, in which case we may not be able to develop or commercialize the products or technologies covered by the license.

Disputes may arise between us and our licensors regarding intellectual property rights subject to a license agreement, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- whether and the extent to which our technology and processes infringe on intellectual property of the licensor that is not subject to the license agreement;
- our obligations with respect to the use of the licensed technology in relation to our services and technologies, and which activities satisfy those obligations;
- whether our activities are in compliance with the restrictions placed upon our rights to use the licensed technology by our licensors; and
- the ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our partners.

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If disputes over intellectual property rights that we have licensed prevent or impair our ability to maintain our current licensing arrangements on acceptable terms, we may be unable to obtain equivalent replacement licensing arrangements or to successfully develop and commercialize the affected products and technologies.

The risks described elsewhere pertaining to our intellectual property rights also apply to the intellectual property rights that we license, and any failure by us or our licensors to obtain, maintain and enforce these rights could have a material adverse effect on our business. In some cases, we do not have control over the prosecution, maintenance or enforcement of the intellectual property rights that we license, and may not have sufficient ability to consult and input into the prosecution and maintenance process with respect to such intellectual property, and our licensors may fail to take the steps we feel are necessary or desirable in order to obtain, maintain and enforce the licensed intellectual property rights and, as a result, our ability to retain our competitive advantage with respect to our products and technologies may be materially affected.

We face risks associated with our use of artificial intelligence and machine learning models.

Our business utilizes AI and machine learning technologies to add AI-based applications to our offerings and to drive efficiencies in our business, and our capabilities have been enhanced by our acquisition of Machinify. In addition, some of our third-party vendors utilize AI and machine learning technologies in providing services to us. As with many technological innovations, AI presents risks and challenges that could affect its adoption, and therefore our business. Our offerings utilize, and we plan to further examine, develop and introduce, machine learning algorithms, predictive analytics, and other AI technologies to offer new applications, upgrade our solutions and enhance our capabilities, among other things, to automate approvals, identify trends, anomalies and correlations, and initiate business processes. If these AI or machine learning models are incorrectly designed, the performance of our products, services, and business, as well as our reputation, could suffer or we could incur liability through the violation of laws or contracts to which we are a party. In addition, some of our customers may not consent to our desired uses of AI or machine learning, which would undermine the investments we have made in this area and potentially have an adverse impact on our effectiveness.

Additionally, we may make future investments in adopting AI and machine learning technologies across our business, including introducing generative AI capabilities within our Performance Suite. AI and machine learning technologies are complex and rapidly evolving, and we face significant competition from other companies in our industry as well as an evolving regulatory landscape. Our efforts in developing AI and machine learning technology may not succeed and our competitors may be able to deploy the technology faster. We may further be exposed to competitive risks related to the adoption and application of new technologies by established market participants or new entrants, and others. The speed of technological development may prove disruptive to some of our markets if we are unable to maintain the pace of innovation.

In addition, market acceptance of AI and machine learning technologies is uncertain. These efforts, including the introduction of new products or changes to existing products, may result in new or enhanced governmental or regulatory scrutiny, litigation, ethical concerns, or other complications that could adversely affect our business, reputation, or financial results. Changes to existing regulations, their interpretation or implementation or new regulations could impede our use of AI and machine learning technology and also may increase our estimated costs in this area. In addition, market acceptance of AI and machine learning technologies is uncertain, and we may be unsuccessful in our product development efforts. Any of these factors could adversely affect our business, financial condition, and results of operations. To compete effectively we must also be responsive to technological change, potential regulatory developments, and public scrutiny.

Our use of "open-source" software could adversely affect our ability to offer our services and subject us to possible litigation.

We use open-source software in connection with our solutions. Companies that incorporate open-source software into their products have, from time to time, faced claims challenging the use of open-source software and/or compliance with open-source license terms. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open-source software or claiming noncompliance with open-source licensing terms. Some open-source software licenses require users who distribute software containing open-source software to publicly disclose all or part of the source code to such software and/or make available any derivative works of the open-source code, which could include valuable proprietary code of the user, on unfavorable terms or at no cost. While we monitor the use of open-source software and try to ensure that none is used in a manner that would require us to disclose our proprietary source code or that would otherwise breach the terms of an open-source agreement, such use could inadvertently occur, in part because open-source license terms are often ambiguous. Any requirement to disclose our proprietary source code or pay damages for breach of contract could have a material adverse effect on our business, financial condition and results of operations and could help our competitors develop products and services that are similar to or better than ours.

Additionally, some open-source software may include generative AI software or other software that incorporates or relies on generative AI. The use of such software may expose us to risks as the intellectual property ownership and license rights, including copyright, of generative AI software and tools has not been fully interpreted by U.S. courts or been fully addressed by federal, state or international regulations. There is a risk that open-source software licenses, including those that incorporate or rely on generative AI,

could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide or distribute our products or services.

We rely on third-party vendors to host and maintain our technology platform.

We rely on third-party vendors to host and maintain our technology platforms, including Identifi® and CarePro™. Our ability to offer our services and operate our business is therefore dependent on maintaining our relationships with third-party vendors and entering into new relationships to meet the changing needs of our business. Any deterioration in our relationships with such vendors or our failure to enter into agreements with vendors in the future could harm our business, results of operations and financial condition. Despite precautions taken at our vendors' facilities, the occurrence of a natural disaster, a decision to close the facilities without adequate notice or other unanticipated problems, including relating to the public health emergencies, could result in lengthy interruptions in our service. These service interruption events could cause our platform to be unavailable to our partners and impair our ability to deliver services and to manage our relationships with new and existing partners, which in turn could materially affect our results of operations.

If our vendors are unable or unwilling to provide the services necessary to support our business, or if our agreements with such vendors are terminated, our operations could be significantly disrupted. Certain vendor agreements may be unilaterally terminated by the licensor for convenience, and if such agreements are terminated, we may not be able to

enter into similar relationships in the future on reasonable terms or at all. We may also incur substantial costs, delays and disruptions to our business in transitioning such services to ourselves or other third-party vendors. In addition, third-party vendors may not be able to provide the services required in order to meet the changing needs of our business.

Any restrictions on our use of, or ability to license, data, or our failure to license data and integrate third-party technologies, could have a material adverse effect on our business, financial condition and results of operations.

We depend upon licenses from third parties for some of the technology and data used in our applications, and for some of the technology platforms upon which these applications are built and operate, including under the UPMC IP Agreement and the UPMC Technology Agreement. We expect that we may need to obtain additional licenses from third parties in the future in connection with the development of our products and services. In addition, we obtain a portion of the data that we use from government entities, public records and from our partners for specific partner engagements. We believe that we have all rights necessary to use the data that is incorporated into our products and services. However, we cannot assure you that our licenses for information will allow us to use that information for all potential or contemplated applications and products. In addition, certain of our services depend on maintaining our data and analytics platform, which is populated with data disclosed to us by our partners with their consent. If these partners revoke their consent for us to maintain, use, de-identify and share this data, consistent with applicable law, our data assets could be degraded.

In the future, data providers could withdraw their data from us or restrict our usage for any reason, including if there is a competitive reason to do so, if legislation is passed restricting the use of the data or if judicial interpretations are issued restricting use of the data that we currently use in our products and services. In addition, data providers could fail to adhere to our quality control standards in the future, causing us to incur additional expense to appropriately utilize the data. If a substantial number of data providers were to withdraw or restrict their data, or if they fail to adhere to our quality control standards, and if we are unable to identify and contract with suitable alternative data suppliers and integrate these data sources into our service offerings, our ability to provide products and services to our partners would be materially adversely impacted, which could have a material adverse effect on our business, financial condition and results of operations.

We also integrate into our proprietary applications and use third-party software to maintain and enhance, among other things, content generation and delivery, and to support our technology infrastructure. Some of this software is proprietary and some is open-source software. These technologies may not be available to us in the future on commercially reasonable terms or at all and could be difficult to replace once integrated into our own proprietary applications. Most of these licenses can be renewed only by mutual consent and may be terminated if we breach the terms of the license and fail to cure the breach within a specified period of time. Our inability to obtain, maintain or comply with any of these licenses could delay development until equivalent technology can be identified, licensed and integrated, which would harm our business, financial condition and results of operations.

Most of our third-party licenses are non-exclusive and our competitors may obtain the right to use any of the technology covered by these licenses to compete directly with us. Our use of third-party technologies exposes us to increased risks, including, but not limited to, risks associated with the integration of new technology into our solutions, the diversion of our resources from development of our own proprietary technology and our inability to generate revenue from licensed technology sufficient to offset associated acquisition and maintenance costs. In addition, if our data suppliers choose to discontinue support of the licensed technology in the future, we might not be able to modify or adapt our own solutions.

We rely on Internet infrastructure, bandwidth providers, data center providers, other third parties and our own systems for providing services to our partners and operating our business, and any failure or interruption in the services provided by these third parties or our own systems could expose us to litigation, negatively impact our relationships with partners, and adversely affect our brand and our business.

Our ability to deliver our solutions, particularly our cloud-based solutions, is dependent on the development and maintenance of the infrastructure of the Internet and other telecommunications services by third parties. This includes maintenance of a reliable network connection with the necessary speed, data capacity and security for providing reliable Internet access and services and reliable telephone and facsimile services. As a result, our information systems require an ongoing commitment of significant resources to maintain and enhance existing systems and develop new systems in order to keep pace with continuing changes in information technology, cybersecurity risks and threats, evolving industry and regulatory standards and changing preferences of our partners.

Our services are designed to operate without interruption in accordance with our service level commitments. However, we have experienced limited interruptions in these systems in the past, including server failures that temporarily slow down the performance of our services, and we may experience more significant interruptions in the future. We rely on internal systems as well as third parties, including bandwidth and telecommunications equipment providers, to provide our services and operate our business. We do not maintain redundant systems or facilities for some of these services. Interruptions in these systems, whether due to system failures, computer viruses, physical or electronic break-ins or other catastrophic events, could affect the security or availability of our services and prevent or inhibit the ability of our partners to access our services. These systems may be at greater risk of interruption as a result of increased use of mobile and cloud technologies, including as a result of the shift to work from home arrangements as a result of the COVID-19 pandemic.

In the event of a catastrophic event with respect to one or more of these systems or facilities, we may experience an extended period of system unavailability, which could result in substantial costs to remedy those problems or negatively impact our relationship with our partners, our business, results of operations and financial condition. To operate without interruption, both we and our service providers must guard against:

- damage from fire, power loss and other natural disasters;
- telecommunications failures;
- software and hardware errors, failures and crashes;
- security breaches, computer viruses and similar disruptive problems; and

• other potential interruptions.

Any disruption in the network access, telecommunications or co-location services provided by third-party vendors or any failure of or by third-party vendors' systems or our own systems to handle current or higher volume of use could significantly harm our business. Similarly, disruptions of service to other third parties or to our customers can negatively impact our ability to serve our clients and run our business. For example, in February 2024, Change Healthcare, a subsidiary of UnitedHealth Group and the largest clearinghouse for medical claims in the U.S., was the subject of a cyberattack that required it to take offline its computer systems that handled electronic payments and insurance claims. As a result of the outage, we had reduced visibility into setting our claims reserve for the year ended December 31, 2024. Similar events could occur in the future, and the impact to our business could be material.

We exercise limited control over third parties, which increases our vulnerability to problems with services they provide. Any errors, failures, interruptions or delays experienced in connection with these third-party technologies and information services or our own systems could negatively impact our relationships with partners and adversely affect our business and could expose us to third-party liabilities. Although we maintain insurance for our business, the coverage under our policies may not be adequate to compensate us for all losses that may occur. In addition, we cannot provide assurance that we will continue to be able to obtain adequate insurance coverage at an acceptable cost.

The reliability and performance of our Internet connection may be harmed by increased usage or by denial-of-service attacks. The Internet has experienced a variety of outages and other delays as a result of damages to portions of its infrastructure, and it could face outages and delays in the future. These outages and delays could reduce the level of Internet usage as well as the availability of the Internet to us for delivery of our Internet-based services.

Risks Relating to Internal Control Over Financial Reporting and Other Financial Matters

If we identify material weaknesses in the future, we and our auditor may conclude that our internal control over financial reporting is not effective and we may be unable to produce timely and accurate financial statements, any of which could adversely impact our investors' confidence and our stock price.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting includes policies and procedures that provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that a reasonable possibility exists that a material misstatement of our annual or interim financial statements would not be prevented or detected on a timely basis.

Our efforts to design and implement an effective control environment may not be sufficient to identify or prevent future material weaknesses or significant deficiencies from occurring. Any newly identified material weakness could result in a misstatement of our financial statements or disclosures that would result in a material misstatement of our annual or interim consolidated financial statements that would not be prevented or detected. A control system, no matter how well designed and operated, can provide only reasonable assurance that the control system's objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and all instances of fraud will be detected. In addition, if we identify future material weaknesses in our internal controls over financial reporting or if we are unable to comply with the demands that are placed upon us as a public company, including the requirements of Section 404 of the Sarbanes-Oxley Act, in a timely manner, we may be unable to accurately report our financial results, or report them within the timeframes required by the SEC. We also could become subject to investigations by the NYSE, the SEC or other regulatory authorities.

In addition, our continuing growth and expansion in dispersed markets, such as our acquisitions of IPG during the third quarter of 2022, NIA in the first quarter of 2023, Machinify in the third quarter of 2024 and other businesses we may acquire in the future, may place significant additional pressure on our system of internal control over financial reporting and require us to update our internal control over financial reporting to integrate such acquisitions.

We have experienced net losses in the past and we may not achieve profitability in the future.

We have incurred significant net losses in the past and our operating expenses may increase in the future as we continue to invest to grow our business and build relationships with partners, develop our platforms and develop new solutions. These efforts may prove to be more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently to offset these higher expenses. In addition, as we continue to increase our partner base, we could incur increased losses due to mis-forecasted underwriting in performance-based contracts or because significant costs associated with entering into partner agreements are generally incurred upfront, while revenue under certain of our partner agreements is recognized each period in the month in which the services are delivered. As a result, we may need to raise additional capital through equity and debt financings in order to fund our operations. We may also fail to improve the gross margins of our business as anticipated. If we are unable to effectively manage these risks and difficulties as we encounter them, our business, financial condition and results of operations may suffer.

We have recorded a significant amount of goodwill, and we may never realize the full value of our intangible assets, causing us to record impairments that may negatively affect our results of operations.

The Company has one reporting unit. Our total assets include substantial goodwill and intangible assets. As of December 31, 2024, we had \$1.1 billion and \$0.7 billion recorded as goodwill and intangible assets on our balance sheet, respectively. Goodwill is not amortized, but is reviewed at least annually for indications of impairment, with consideration given to financial performance and other relevant factors.

While our annual goodwill impairment test is conducted annually on October 31, we have processes in place to monitor for interim triggering events. Under GAAP, we review our goodwill for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Intangible assets with finite lives are assessed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that may be considered a change in circumstances indicating that the carrying value of our goodwill may not be recoverable include macroeconomic conditions, industry and market considerations, our overall financial performance including an analysis of our current and projected cash flows, revenue and earnings, a sustained decrease in our share price and other relevant entity-specific events including changes in strategy, partners or litigation. A significant change to the estimates and assumptions we use as part of the discounted cash flow analyses and market multiple analyses we use to estimate reporting unit fair values could cause the estimated fair value of our reporting unit and intangible assets to decline and increase the risk of an impairment charge to earnings. A detailed discussion of our impairment testing is included in "Part II—Item 8. Financial Statements and Supplementary Data—Note 8."

The Company proceeded to perform a quantitative goodwill impairment test as of October 31, 2024. The concluded fair value under the income approach exceeded carrying value of consolidated total assets by approximately \$336.0 million, or 13.6%, as of October

31, 2024. As fair value was greater than carrying value under the income approach, goodwill was not impaired as of October 31, 2024. As of December 31, 2024, Evolent assessed whether there were events or changes in circumstances that would more likely than not reduce the fair value of its goodwill below its carrying amount and require an additional impairment test. The Company determined there had been no such indicators. Therefore, it was unnecessary to perform an additional goodwill impairment assessment as of December 31, 2024. Though we determined that fair value was greater than carrying value and goodwill was not impaired as of December 31, 2024, if our Class A common stock price continues to decline or if other indications of impairment exist, we may be required to further assess on an interim basis whether our goodwill is impaired which may result in additional impairments in the future as a due to market conditions or other factors related to our performance, including changes in our forecasted results, investment strategy, interest rates or assumptions used as part of the goodwill impairment analysis. Any further impairment charges that we may record in the future could be material to our results of operations.

Risks Relating to Our Former Up-C Structure

We are required to pay certain of our pre-IPO investors for certain tax benefits we may claim in the future, and these amounts are expected to be material.

Under an exchange agreement we entered into at the time of our IPO, in connection with our implementation of an "Up-C" structure (which was collapsed on December 26, 2019), we granted TPG, The Advisory Board and Ptolemy Capital (together, the "Investor Stockholders") an exchange right that allowed for receipt of newly-issued shares of the Company's Class A common stock in exchange (a "Class B Exchange") for an equal number of shares of the Company's Class B common stock (which were subsequently canceled) and an equal number of Evolent Health LLC's Class B common units. Class B common units received by the Company from relevant Investor Stockholders were simultaneously exchanged for an equivalent number of Class A common units of Evolent Health LLC, and Evolent Health LLC cancelled the Class B common units it received in the Class B Exchanges, resulting in an increase in the Company's economic interest in Evolent Health LLC.

As of December 31, 2019, all of the Class B common units held by the Investor Stockholders and certain other stockholders had been exchanged (together with an equal number of shares) for our Class A common stock. These exchanges resulted in increases in the tax basis of our share of the assets of Evolent Health LLC that otherwise would not have been available to the Company. In addition, we expect that certain net operating losses ("NOLs") will be available to us as a result of the transactions as described in "Part II—Item 8. Financial Statements and Supplementary Data—Note 15." These increases in tax basis and NOLs may reduce the amount of tax that we may otherwise be required to pay in the future, although the Internal Revenue Service ("IRS") may challenge all or a part of the tax basis increases and NOLs, and a court could sustain such a challenge.

We have entered into the TRA, related to the tax basis step-up of the assets of Evolent Health LLC and certain NOLs of the former members of Evolent Health LLC, with the Investor Stockholders and certain of our other investors (the "TRA Holders"). Pursuant to the TRA, we will pay the TRA Holders 85% of the amount of the cash savings, if any, in U.S. federal, state and local and non-U.S. income tax that we realize as a result of increases in tax basis resulting from exchanges of Class B common units for shares of our Class A common stock (calculated assuming that any post-IPO transfer of Class B common units (other than the exchanges) had not occurred) as well as certain other benefits attributable to payments under the TRA itself.

The TRA also requires us to pay 85% of the amount of the cash savings, if any, in U.S. federal, state and local and non-U.S. income tax that we realize as a result of the utilization of the NOLs of Evolent Health Holdings and an affiliate of TPG attributable to periods prior to our IPO and the deduction of any imputed interest attributable to our payment obligations under the TRA.

The payments that we make under the TRA could be substantial. As of December 31, 2024, we recorded a TRA liability of \$108.1 million including \$17.6 million of potential future payments under the TRA related to the future utilization of the pre-IPO NOLs described above and \$90.5 million of potential future payments related to the tax basis step-up of the assets of Evolent Health LLC in connection with the exchanges that occurred with our completed secondary offerings and private sales. The actual amount we will be required to pay under the TRA may be materially greater than these amounts, as potential future payments will vary as a consequence of our tax position, the relevant tax basis analysis, our ability to generate sufficient future taxable income in order to be able to benefit from the aforementioned tax attributes, the character and timing of our taxable income and the income tax rates applicable at the time we realize cash savings attributable to our recognition and utilization of the aforementioned tax attributes. Payments under the TRA are not conditioned on our existing investors' continued ownership of any of our equity.

We will not be reimbursed for any payments made under the TRA in the event that any tax benefits are disallowed.

If the IRS successfully challenges the tax basis increases resulting from the Class B Exchanges or the existence or amount of the pre-IPO NOLs at any point in the future after payments are made under the TRA, we will not be reimbursed for any payments we had made under the TRA (although future payments under the TRA, if any, would be netted against any unreimbursed payments to reflect

the result of any such successful challenge by the IRS). As a result, in certain circumstances, we could be required to make payments under the TRA in excess of our cash tax savings.

We may not be able to realize all or a portion of the tax benefits that resulted from the exchanges of Class B common units for our Class A common stock or from the utilization of NOLs previously held by Evolent Health Holdings and an affiliate of TPG and from payments made under the TRA.

Our ability to realize the tax benefits that we expect to be available as a result of the increases in tax basis created by the Class B Exchanges and by the payments made pursuant to the TRA, and our ability to utilize the pre-IPO NOLs of Evolent Health Holdings and an affiliate of TPG and the interest deductions imputed under the TRA all depend on a number of assumptions, including that we earn sufficient taxable income each year during the period over which such deductions are available and that there are no adverse changes in applicable law or regulations. If our actual taxable income is insufficient or there are adverse changes in applicable law or regulations, we may be unable to realize all or a portion of these expected benefits and our cash flows and stockholders' equity could be negatively affected. Please refer to the discussion in "Part II—Item 8. Financial Statements and Supplementary Data—Note 15" for additional information.

In certain cases, payments by us under the TRA may be accelerated or significantly exceed the tax benefits we realize in respect of the tax attributes subject to the TRA.

The TRA provides that upon certain changes of control, or if, at any time, we elect an early termination of the TRA or are in material breach of our obligations under the TRA, we would be required to make an immediate payment equal to the present value of the anticipated future tax benefits to certain current or former shareholders. Such payment would be based on certain valuation assumptions and deemed events set forth in the TRA, including the assumption that we have sufficient taxable income to fully utilize such tax benefits. The benefits would be payable even though, in certain circumstances, no tax basis step-up deductions and no NOLs are actually used at the time of the accelerated payment under the TRA. Accordingly, payments under the TRA may be made years in advance of the actual realization, if any, of the anticipated future tax benefits and may be significantly greater than the benefits we realize in respect of the tax attributes subject to the TRA. In these situations, our obligations under the TRA could have a substantial negative impact on our liquidity. We may not be able to finance our obligations under the TRA and any indebtedness we incur may limit our subsidiaries' ability to make distributions to us to pay these obligations. In addition, our obligations under the TRA could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control that could be in the best interests of holders of our Class A common stock.

The agreements between us and certain of our pre-IPO investors were made in the context of an affiliated relationship and may contain different terms than comparable agreements with unaffiliated third parties.

The contractual agreements that we have with certain of our pre-IPO investors were negotiated in the context of an affiliated relationship in which representatives of such pre-IPO investors and their affiliates comprised a significant portion of our board of directors. As a result, the financial provisions, and the other terms of these agreements, such as covenants, contractual obligations on our part and on the part of such pre-IPO investors and termination and default provisions, may be less favorable to us than terms that we might have obtained in negotiations with unaffiliated third parties in similar circumstances, which could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to Indebtedness and our Series A Preferred Stock

We may need to obtain additional financing which may not be available or, if it is available, may result in a reduction in the ownership of our stockholders.

We may need to raise additional funds in order to:

- finance unanticipated working capital requirements;
- develop or enhance our technological infrastructure and our existing solutions;
- fund strategic relationships, including joint ventures and co-investments, including the exercise by our joint venture partners of any put features;
- fund additional implementation engagements;
- acquire complementary businesses, technologies, products or services; or
- refinance and/or payoff existing debt.

Additional financing may not be available on terms favorable to us, or at all. If adequate funds are unavailable or are unavailable on acceptable terms, our ability to fund our expansion strategy, take advantage of unanticipated opportunities, develop or enhance technology or services or otherwise respond to competitive pressures could be significantly limited. If we raise additional funds by

issuing equity or convertible debt securities, the ownership of our then-existing stockholders may be reduced, and holders of these securities may have rights, preferences or privileges senior to those of our then-existing stockholders. In addition, any indebtedness we incur and restrictive covenants contained in the agreements related thereto could:

- make it difficult for us to satisfy our obligations, including interest payments on any debt obligations;
- limit our ability to obtain additional financing to operate our business;

- require us to dedicate a substantial portion of our cash flow to payments on our debt, reducing our ability to use our cash flow to fund capital expenditures and working capital and other general operational requirements;
- limit our flexibility to plan for and react to changes in our business and the health care industry;
- place us at a competitive disadvantage relative to our competitors;
- limit our ability to pursue acquisitions; and
- increase our vulnerability to general adverse economic and industry conditions, including changes in interest rates or a downturn in our business or the economy.

The occurrence of any one of these events could cause a significant decrease in our liquidity and impair our ability to pay amounts due on any indebtedness and could have a material adverse effect on our business, financial condition and results of operations.

The conditional conversion feature of the 2025 Notes and 2029 Notes, if triggered, may adversely affect our financial condition and operating results.

In October 2018, the Company issued \$172.5 million aggregate principal amount of its 1.50% Convertible Senior Notes due 2025 (the "2025 Notes"), and in December 2023, the Company issued \$402.5 million aggregate principal amount of its 3.50% Convertible Senior Notes due 2029 (the "2029 Notes"). In the event the conditional conversion feature of the 2025 Notes or 2029 Notes is triggered, holders of such notes will be entitled to convert such notes during specified periods at their option. If one or more holders elect to convert their notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our Class A common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the 2025 Notes or 2029 Notes, as applicable, as a current rather than long-term liability, which would result in a material reduction of our net working capital.

We may not have the ability to raise the funds necessary to settle conversions of our notes in cash, to repurchase our notes for cash upon a fundamental change or to pay the redemption price for any notes we redeem, and our future debt may contain limitations on our ability to pay cash upon conversion or repurchase of the notes.

Holders of our notes have the right to require us to repurchase all or a portion of their notes upon the occurrence of a fundamental change (as defined in the indentures governing the notes) at a fundamental change repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest, if any. In addition, upon conversion of the notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our Class A common stock (other than paying cash in lieu of delivering any fractional shares), we would be required to settle a portion or all of our conversion obligation through the payment of cash. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of notes surrendered therefore or notes that are being redeemed or converted.

In addition, our ability to repurchase the notes or to pay cash upon redemptions or conversions of the notes may be limited by law, by regulatory authority, or by other agreements governing our future indebtedness. Our failure to repurchase notes at a time when the repurchase is required by the applicable indenture or to pay any cash payable on future conversions of the notes as required by the applicable indenture would constitute a default under the applicable indenture. A default under either of the indentures or the occurrence of a fundamental change itself could also lead to a default under agreements governing our existing and future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the notes or make cash payments upon conversions thereof.

Changes in the accounting treatment for convertible debt securities that may be settled in cash, such as the 2025 Notes and the 2029 Notes, could have a material effect on our reported financial results.

In August 2020, the Financial Accounting Standards Board published an Accounting Standards Update ("ASU 2020-06"), which amends the accounting standards for convertible debt instruments that may be settled entirely or partially in cash upon conversion. ASU 2020-06 eliminates requirements to separately account for liability and equity components of such convertible debt instruments and eliminates the ability to use the treasury stock method for calculating diluted earnings per share for convertible instruments whose principal amount may be settled using shares. Instead, ASU 2020-06 requires (i) the entire amount of the security to be presented as a liability on the balance sheet and (ii) application of the "if-converted" method for calculating diluted earnings per share. Under the "if-

converted" method, diluted earnings per share will generally be calculated assuming that the 2025 Notes and the 2029 Notes were converted solely into shares of Class A common stock at the beginning of the reporting period, unless the result would be anti-dilutive, which could adversely affect our diluted earnings per share. However, if the principal amount of the convertible debt security being converted is required to be paid in cash and only the excess is permitted to be settled in shares, the if-converted method will produce a similar result as the "treasury stock" method prior to the adoption of ASU 2020-06 for such convertible debt security. Because we will be permitted to settle conversions of the notes in cash, shares of common stock, or a combination thereof, the "if-converted" method for calculating diluted earnings per share is expected to be required with respect to the 2025 Notes and 2029 Notes. Further amendments to these accounting standards may require us to reflect the notes in a manner that adversely affects our reported diluted earnings per share.

We are exposed to interest rate risk under the Credit Agreement and the terms of our Series A Preferred Stock, which could cause the Company's debt service obligations to increase significantly.

We are exposed to market risk from changes in interest rates. Interest under all Credit Facilities under our Credit Agreement (including the Credit Facilities) and under the terms of our Series A Preferred Stock is based on the Secured Overnight Funding Rate ("SOFR"), a floating rate, subject to a minimum rate. The Federal Reserve has raised, and may in the future further raise, interest rates to combat the effects of recent high inflation. Any further increase in the SOFR will increase the Company's debt service obligations, which could have a negative impact on the Company's cash flow, financial position or operating results, including cash available for servicing the Company's indebtedness, or result in increased borrowing costs in the future.

We have significant debt and other obligations, which could adversely affect our financial health and our ability to obtain financing in the future, and to react to changes in our business.

We have \$675.0 million of principal amount of indebtedness outstanding as of December 31, 2024. In addition, we have 175,000 shares of Series A Preferred Stock outstanding.

This significant amount of debt, preferred stock and other cash needs could have important consequences to us, including:

- requiring a substantial portion of our cash flow from operations to make payments on this debt, thereby limiting the cash we have available to fund future growth opportunities, such as capital expenditures and acquisitions;
- restrictive covenants in our debt arrangements and the arrangements governing our Series A Preferred Stock, which could limit our operations and borrowing;
- increasing our vulnerability to general adverse economic and industry conditions and limiting our flexibility in planning for, or reacting to, changes in our business and industry, due to the need to use our cash to service our outstanding debt and Series A Preferred Stock;
- placing us at a competitive disadvantage relative to our competitors that are not as highly leveraged and that may therefore be more able to invest in their business or use their available cash to pursue other opportunities, including acquisitions; and
- limiting our ability to borrow additional funds as needed or take advantage of business opportunities as they arise.

Servicing our debt and paying dividends on our Series A Preferred Stock requires a significant amount of cash, and we may not have sufficient cash flow from our business to service our debt and make necessary capital expenditures.

Our ability to make scheduled payments of the principal of, to pay interest or dividends on or to refinance our indebtedness or our Series A Preferred Stock depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate cash flow from operations in the future sufficient to service our debt and our Series A Preferred Stock and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive to our stockholders. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our obligations and have a material adverse effect on our results of operations and financial condition.

Restrictive covenants in our Credit Agreement and in the Investors Rights Agreement may interfere with our ability to access the revolving credit facility under the Credit Agreement, or to obtain new financing or to engage in other business activities.

Our Credit Agreement and the Investors Rights Agreement impose significant operating and financial restrictions on us. These restrictions limit our ability and/or the ability of certain of our subsidiaries to, among other things:

- incur or guarantee additional debt;
- incur certain liens;

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- merge or consolidate;
- transfer or sell assets;
- make certain investments;
- pay dividends and make other distributions on, or redeem or repurchase, capital stock; and
- enter into transactions with affiliates.

In addition, pursuant to our Credit Agreement and Investors Rights Agreement, we are required to comply with certain financial covenants consisting of a minimum liquidity test, and a total secured leverage test. As a result of these restrictions, we will be limited as to how we conduct our business, and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. The terms of any future indebtedness we may incur could include more restrictive covenants. We cannot assure you that the Company will be able to maintain compliance with these covenants in the future and, if it fails to do so, that it will be able to obtain waivers from the lenders and/or amend the covenants. The Company's failure to comply with the restrictive covenants described above as well as the terms of any future indebtedness could result in an event of default, which, if not cured or waived, could result in it being required to repay these borrowings before their due date and the lenders would be entitled to foreclose on collateral. If the Company is forced to refinance these borrowings on less favorable terms or cannot refinance these borrowings, our results of operations and financial condition could be adversely affected. In addition, we may be unable to access future borrowings under our revolving facility if we are unable to satisfy the applicable conditions precedent.

Risks Relating to Ownership of Our Class A Common Stock

We expect that our stock price will be volatile and may fluctuate or decline significantly.

The trading price of our Class A common stock has been and may continue to be volatile and subject to wide price fluctuations in response to various factors, including:

- actual or anticipated fluctuations in our quarterly financial reports and results of operations, including as a result of our failure to meet our financial outlook or analyst consensus, which was the case for our third quarter results in 2024;
- economic and political conditions or events;

- market conditions in the broader stock market in general, or in our industry in particular, including as a result of public health emergencies, inflationary pressures, and an uncertain macroeconomic environment due in part to the conflict between Russia and Ukraine and the war between Israel and Hamas;
- our ability to satisfy our ongoing capital needs and unanticipated cash requirements;
- indebtedness incurred in the future;
- introduction of new products and services by us or our competitors;
- business developments of our partners;
- issuance of new or changed securities analysts' reports or recommendations;
- sales of large blocks of our stock;
- additions or departures of key personnel;
- regulatory developments; and
- litigation and governmental investigations.

These and other factors have and may cause the market price and demand for our Class A common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of Class A common stock, including any shares of Class A common stock they receive upon conversion of our convertible notes, and may otherwise negatively affect the liquidity of our Class A common stock. High volatility levels in the market price of our stock can lead to short seller attacks, particularly if retail investors or others holding "long" positions in our Class A common stock seek to counter short selling activity by purchasing additional shares, thus making it more difficult and more expensive for short sellers to profit. No assurances can be made that declines in the market price of our common stock will not occur in the future in connection with such activity. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have instituted securities class action litigation against the company that issued the stock. We have been, and from time to time may become, subject to such litigation, and we could incur substantial costs defending a lawsuit. Such a lawsuit could also divert the time and attention of our management from our business.

The trading market for our Class A common stock will also be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of the analysts who cover us downgrades our stock, or if our results of operations do not meet their expectations, our stock price could decline.

Our Series A Preferred Stock has rights, preferences and privileges that are not held by, and are preferential to, the rights of holders of our Class A common stock, which could adversely affect our liquidity and financial condition, and could in the future substantially dilute the ownership interest of holders of our Class A common stock.

In connection with the consummation of the NIA acquisition, we issued 175,000 shares of Series A Preferred Stock to Ares (through one or more of its funds and managed accounts).

The Series A Preferred Stock ranks senior to the Company's Class A common stock and all future series of the Company's preferred stock with respect to dividends and distributions on liquidation. Regular dividends on the Series A Preferred Stock will be paid quarterly in cash in arrears at a rate per annum equal to Adjusted Term SOFR (as defined in the Certificate of Designation of the Series A Preferred Stock filed by the Company with the Delaware Secretary of State on January 19, 2023 (the "Certificate of Designation")) plus 6.00%. The liquidation preference of the Series A Preferred Stock will increase on the last day of each calendar quarter by the amount of any accrued and unpaid regular dividends that have not been paid in cash on the relevant dividend payment date. The regular dividend rate will also increase by 2.00% per annum upon the occurrence and during the continuance of certain triggering events, including a breach of the protective covenants contained in the Investors Rights Agreement or the Company's failure to pay any regular dividends in cash. Holders of Series A Preferred Stock are also entitled to participate in and receive any dividends declared or paid on the Class A common stock on an as-converted basis.

Under various circumstances defined in the Certificate of Designation, (a) holders of shares of the Series A Preferred Stock may be entitled to convert such shares into shares of our Class A common stock, or (b) we may require all holders of such shares to convert such shares to shares of our Class A common stock. In addition, upon the occurrence of a refinancing or replacement of the entirety of the indebtedness under the Credit Agreement prior to its maturity that is provided solely by lenders who are not affiliates or approved funds of Ares Capital Management LLC, we will be required to redeem all shares of Series A Preferred Stock then outstanding for cash at a redemption price per share equal to 165.00% of the then-current liquidation preference of the Series A Preferred Stock, plus all accrued and unpaid dividends on the Series A Preferred Stock being redeemed, plus, solely in the event such refinancing or replacement is consummated prior to January 20, 2025, the aggregate amount of regular dividends per share which would have otherwise been payable on the Series A Preferred Stock from the date of redemption until January 20, 2025. If the Company undergoes a Change of Control (as defined in the Credit Agreement), the Company will be required to redeem all shares of Series A Preferred Stock then outstanding for cash at a price per share equal to the greater of (x) 150.00% of the then-current liquidation preference per share of the Series A Preferred Stock, if such redemption occurs prior to January 20, 2025, and 135.00% of the then-current liquidation preference per share of the Series A Preferred Stock, if such redemption occurs on or after January 20, 2025, and (y) the value of the Class A common stock issuable upon conversion of a share of Series A Preferred Stock, which value shall be determined based on the value attributed to the Class A common stock in connection with such Change of Control.

The share repurchase obligations could adversely affect our liquidity and reduce the amount of cash available for working capital, capital expenditures, growth opportunities, acquisitions, and other general corporate purposes. Our obligations to the holders of Series A Preferred Stock could also limit our ability to obtain additional financing and increase our borrowing costs, which could have an adverse effect on our financial condition. The preferential rights could also result in divergent interests between the holders of Series A Preferred Stock and holders of shares of our Class A common stock. Any conversion of Series A Preferred Stock into Class A common stock would dilute the ownership interest of existing holders of our Class A common stock, and any sales in the public market of the Class A common stock issuable upon such conversion could adversely affect prevailing market prices of our Class A common stock.

The market price of our Class A common stock could decline due to the large number of shares of Class A common stock issuable upon conversion of our convertible notes or the Series A Preferred Stock, or by sales or issuances of substantial amounts of our Class A common stock.

The market price of our Class A common stock could decline as a result of sales of a large number of the shares of our Class A common stock issuable upon the conversion of our convertible notes or the Series A Preferred Stock, or the perception that such conversions and sales could occur. These sales, or the possibility that these sales may occur, may also make it more difficult for us to raise additional capital by selling equity or equity-linked securities in the future, at a time and price that we deem appropriate. As of February 14, 2025, 116,591,148 shares of our Class A common stock were outstanding. Up to a maximum of 15.8 million shares of our Class A common stock is reserved for issuance upon the conversion of our convertible notes and 4.4 million shares are reserved for issuance upon the conversion of our Series A Preferred Stock. Similarly, sales or issuances of substantial amounts of our Class A common stock in the public market by us or by our stockholders into the public market could cause the market price of our Class A common stock to decrease significantly.

Some provisions of Delaware law, our second amended and restated certificate of incorporation, as amended and our third amended and restated by-laws and certain of our contracts may deter third parties from acquiring us.

Among other things, our second amended and restated certificate of incorporation, as amended, and our third amended and restated by-laws:

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- prohibit stockholder action by written consent;
- authorize the issuance of "blank check" preferred stock that could be issued by our board of directors to increase the number of outstanding shares of capital stock, making a takeover more difficult and expensive;
- prohibit cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates;
- provide that special meetings of the stockholders may be called only by or at the direction of the board of directors, the chairman of our board or the chief executive officer; and
- require advance notice to be given by stockholders for any stockholder proposals or director nominees.

In addition, Section 203 of the DGCL may affect the ability of an "interested stockholder" to engage in certain business combinations, for a period of three years following the time that the stockholder becomes an "interested stockholder." We have elected in our second amended and restated certificate of incorporation, as amended, not to be subject to Section 203 of the DGCL. Nevertheless, our second amended and restated certificate of incorporation, as amended, contains provisions that have the same effect as Section 203 of the DGCL, except that they provide that each of TPG, UPMC and The Advisory Board and their transferees will not be deemed to be "interested stockholders," and accordingly are not subject to such restrictions.

These and other provisions could have the effect of discouraging, delaying or preventing a transaction involving a change in control of our company or could make it more difficult for stockholders to elect directors of their choosing or to cause us to take other corporate actions that they desire. Provisions in certain of our contracts may also deter third parties from acquiring us. In addition, certain partners would have the right to terminate if we are acquired by certain competitors.

Our second amended and restated certificate of incorporation, as amended, designates courts in the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our second amended and restated certificate of incorporation, as amended, provides that, subject to limited exceptions, the Court of Chancery of the State of Delaware is the sole and exclusive forum for (a) any derivative action or proceeding brought on our behalf, (b) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (c) any action asserting a claim against us arising pursuant to any provision of the DGCL, our second amended and restated certificate of incorporation, as amended, or our third amended and restated by-laws, (d) any action to interpret, apply, enforce or determine the validity of our second amended and restated certificate of incorporation, as amended, or third amended and restated by-laws or (e) any other action asserting a claim against us that is governed by the internal affairs doctrine. We refer to each of these proceedings as a covered proceeding. In addition, our second amended and restated certificate of incorporation, as amended, provides that if any action the subject matter of which is a covered proceeding is filed in a court other than the specified Delaware courts without the approval of our board of directors, which we refer to as a foreign action, the claiming party will be deemed to have consented to (1) the personal jurisdiction of the specified Delaware courts in connection with any action brought in any such courts to enforce the exclusive forum provision described above and (2) having service of process made upon such claiming party in any such enforcement action by service upon such claiming party's counsel in the foreign action as agent for such claiming party. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of and to have consented to these provisions. These provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find these provisions of our second amended and restated certificate of incorporation, as amended, inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition.

We do not anticipate paying any cash dividends on our Class A common stock in the foreseeable future.

We currently intend to retain our future earnings, if any, for the foreseeable future to fund the development and growth of our business. We do not intend to pay any dividends to holders of our Class A common stock. As a result, capital appreciation in the price of our Class A common stock, if any, will be your only source of gain on an investment in our Class A common stock. See "Part II-Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities - Dividends" for a discussion of our dividend policy.

General Risk Factors

We are and may become subject to litigation, proceedings, government inquiries, reviews, audits or investigations which could have a material adverse effect on our business, financial condition and results of operations.

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We are and may become subject to litigation, proceedings, government inquiries, reviews, audits or investigations in the future, including potential claims against us by our partners, with or without merit. Some of these matters and claims may result in significant defense costs and potentially significant judgments against us, some of which we are not, or cannot be, insured against. We generally intend to defend ourselves vigorously; however, we cannot be certain of the ultimate outcomes of any claims or other matters that may arise in the future. Resolution of these types of matters against us may result in us having to pay significant fines, judgments or settlements, which, if uninsured, or if the fines, judgments and settlements exceed insured levels, could adversely impact our earnings and cash flows, thereby having a material adverse effect on our business, financial condition, results of operations, cash flow and per share trading price of our Class A common stock. Certain litigation, proceedings, government inquiries, reviews, audits or investigations or the resolution of such matters may affect the availability or cost of some of our insurance coverage, which could adversely impact our results of operations and cash flows, expose us to increased risks that would be uninsured and adversely impact our ability to attract directors and officers.

The failure of any bank in which we deposit our funds could reduce the amount of cash we have available to pay distributions and make additional investments.

The Federal Deposit Insurance Corporation ("FDIC") only insures amounts up to \$250,000 per depositor. It is likely that we will have cash and cash equivalents and restricted cash deposited in certain financial institutions in excess of federally insured levels. Recently, we have seen the abrupt failure of more than one regional bank. Although we did not experience any loss related to these failures, if any of the banking institutions in which we deposit funds ultimately fails, we may lose any amounts of our deposits over federally insured levels. The loss of our deposits could reduce the amount of cash we have available to distribute or invest and could result in a decline in our value.

Public health emergencies or outbreaks of epidemics, pandemics, or contagious diseases have adversely affected, and could in the future, adversely affect our business and the business of our partners.

An epidemic, pandemic or similar serious public health issue, and the measures undertaken by governmental authorities to address it, could significantly disrupt or prevent us from operating our business in the ordinary course for an extended period, and thereby, and/or along with any associated economic and/or social instability or distress, adversely affect our business and the business of our partners. The extent to which an epidemic, pandemic or similar serious public health issue could impact our business, results of operations, financial condition and liquidity or the business of our partners will depend on numerous evolving factors, known and unknown, that we cannot predict, including the duration and scope of the epidemic, pandemic or similar public health issue; government, business and individual actions that taken in response; the impact of the public health issue on national and global economic activity; disruption of the financial and labor markets, including the possibility of a national or global economic recession or depression; limitations on operations requiring employees to perform their duties in-person; and disruptions in the healthcare markets, including state Medicaid agencies. Additionally, the increased number of employees who work remotely during a public health emergency or outbreak could introduce additional operational risk, such as an increased vulnerability to cyber-attacks, and harm productivity and collaboration. In addition, the risks and uncertainties described elsewhere in this "Risk Factors" section may be exacerbated by an epidemic, pandemic or similar serious public health issue.

The costs of compliance with sustainability or other environmental, social responsibility or governance laws, regulations, or policies, including investor and client-driven policies and standards, could adversely affect our business.

As a non-manufacturing service business, we have to date been less impacted from laws and regulations related to sustainability concerns or other environmental, social responsibility or governance ("ESG") laws, regulations, or policies. However, we may need to incur ESG related costs indirectly in response to our customers or shareholders. Increasingly our customers and shareholders expect that we meet environmental, social responsibility, sustainability or other business policies or standards, which may be more restrictive than current laws and regulations, before they commence, or continue, doing business with us or investing in our common stock. Our compliance with these policies and related requirements could be costly, and our failure to comply could adversely affect our business relationships or reputation.

Inflationary pressures, rising consumer costs and the current economic environment may have a negative effect on our margins, profitability and results of operations.

The broader U.S. economy experienced higher than expected inflationary pressures throughout 2022 related to continued supply chain disruptions, labor shortages and geopolitical instability. Inflation levels remained at elevated level through 2024. Increasing inflationary pressures may have a negative effect on our profit margins and earnings due to associated costs increases, including as a result of their impact on our customers' and other third parties' ability to pay. Additionally, we face an increasingly competitive labor market due to sustained labor shortages in part from the COVID-19 pandemic and are subject to inflationary pressures on employee wages and salaries which may increase labor costs. Failure to retain highly skilled employees due to wage inflation could have a material adverse impact on our business, results of operations or financial condition. See the risk factor captioned "Risk Factors—

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Risks Relating to Our Business and Strategy—If we lose key members of our management team or employees or are unable to attract and retain the employees we need, our compensation costs will increase and our business and operating results will be adversely affected." While we are unable to predict the direction of the economy or if inflation will

increase or revert to normal levels, if inflation levels remain elevated for a sustained period of time, our margins, profitability and results of operations could be adversely affected. In addition, the U.S. government has recently imposed, or is currently considering imposing, tariffs on certain trade partners. Tariffs, economic sanctions and other changes in U.S. trade policy have in the past and could in the future trigger retaliatory actions by affected countries, and certain foreign governments have instituted or are considering imposing retaliatory measures on certain U.S. goods. The cost of care could increase as a result of tariffs, sanctions or other changes in U.S. policy that negatively impact the import of certain medical devices, which could negatively impact our results of operations.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 1C. Cybersecurity

Risk Management and strategy

We have developed processes for assessing, identifying and managing material risks from cybersecurity threats. We maintain an enterprise risk management program, which includes management of material risks from cybersecurity threats alongside other Company risks as part of our overall risk assessment process. Our cybersecurity strategy includes defense in depth and zero trust based controls intended to protect our information technology systems. We maintain an enterprise information and cybersecurity program. As part of this program, we employ a range of tools and services to inform our assessment, identification and management of material risks from cybersecurity threats, which include, from time to time, monitoring emerging data protection laws and implementing responsive changes to our processes; undertaking periodic reviews of our partner facing policies and statements related to cybersecurity; conducting cybersecurity management and incident training for employees involved in our systems and processes that handle sensitive data; conducting phishing email simulations for employees and contractors with access to corporate email systems; requiring employees, as well as third-parties who provide services on our behalf, to treat information and data with care; and employing a cyber risk management and quantification system customized to our environment.

We maintain an incident response plan that includes processes to triage, assess severity for, escalate, contain, investigate and remediate material cybersecurity incidents, as well as to comply with potentially applicable legal obligations. As part of the above processes, we periodically engage with assessors, consultants, auditors, and other third-parties, including by periodically annually having a third-party/an independent Qualified Security Assessor review our cybersecurity program to help identify areas for improvement and/or compliance. Our risk management processes also address cybersecurity threat risks associated with our use of third-party service providers.

For a discussion of whether and how any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect the Company, including our business strategy and results of operations, see "Risk Factors – Risks Related to Data Protection Privacy, Cybersecurity, Intellectual Property and Technology" which is incorporated by reference into this Item 1C.

In the three most recently completed fiscal years, we have not experienced any material cybersecurity incidents and the expenses we have incurred from cybersecurity incidents were immaterial. This includes penalties and settlements, of which there were none.

Governance

The Compliance and Regulatory Affairs Committee of the Board (the "Compliance and Regulatory Affairs Committee") provides oversight of risks from cybersecurity threats. The Compliance and Regulatory Affairs Committee receives updates from our Chief Information Security Officer ("CISO") and other members of management to, among other items, review material cybersecurity incidents, review key metrics on our cybersecurity program and related risk management programs, and discuss our cybersecurity programs and goals. The Compliance and Regulatory Affairs Committee updates the full Board on matters relating to cybersecurity. The Audit Committee of the Board provides an additional layer of cybersecurity oversight on specific financial matters.

Our management disclosure and compliance committees, which include representatives from our legal, financial and accounting and information technology ("IT") teams, meet at least quarterly to monitor potential risks and review procedures and controls relating to cybersecurity. Management periodically assesses such risks and assists in the implementation of policies and procedures related to cybersecurity risk oversight in conjunction with the Compliance and Regulatory Affairs Committee.

Our CISO is responsible for assessing and managing the Company's material risks from cybersecurity threats. Our CISO has served in this role for the past five years, has more than 25 years of experience in the aggregate in various roles involving managing information security, technology infrastructure, IT operations and developing cybersecurity strategy, and is a Certified Information Systems Security Professional ("CISSP").

Our CISO is informed about and monitors the prevention, detection, mitigation and remediation of cybersecurity incidents through the management of and participation in the cybersecurity risk management and strategy process described above, including the operation of our incident response plan. As discussed above, our CISO reports to the Compliance and Regulatory Affairs Committee, about the risks from cybersecurity threats among other cybersecurity related matters and meets regularly with our Chief Technology Officer.

Item 2. Properties

Our corporate headquarters and executive officers are located in Arlington, Virginia, where we occupy approximately 8,500 square feet of office space effective January 1, 2024 with a seven-year lease. We also lease offices throughout the United States, in Pune, India and Manila, Philippines. We lease all of our facilities and we do not own any real property. As

provided in "Part II – Item 8. Financial Statements and Supplementary Data - Note 11" the total rental expense on operating leases, net of sublease income, was \$8.3 million for the year ended December 31, 2024.

Item 3. Legal Proceedings

The discussion of legal proceedings included within "Part II – Item 8. Financial Statements - Note 10."

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market and Dividend Information

Market Information

Our Class A common stock is traded on the NYSE under the symbol "EVH."

Holders

As of February 14, 2025, there were 77 holders of record of our Class A common stock. The number of record holders does not include individuals or entities who beneficially own shares and whose shares are held of record by a broker, bank, or other nominee, but does include each such broker, bank, or other nominee as one record holder.

Dividends

Series A Preferred Stock

For the year ended December 31, 2024, the Series A Preferred stockholders were paid dividends in the amount of \$20.1 million. We expect to continue to pay dividends to the Series A Preferred stockholders pursuant to the terms of the Certificate of Designation of Cumulative Series A Convertible Preferred Shares.

Common Stock

We have not declared or paid any cash dividends on our common stock. We do not anticipate paying any cash dividends on our Class A common stock for the foreseeable future. The timing and amount of future cash dividends on our Class A common stock, if any, is periodically evaluated by our board of directors and would depend on, among other factors, our current and expected earnings, financial condition, projected cash flows and anticipated financing needs.

Performance Graph

The following graph compares the cumulative total stockholder return on our Class A common stock for the 5-years ended December 31, 2024, to the cumulative total returns of the NASDAQ Health Care Index and the NYSE Composite Index over the same period. This graph assumes an investment of \$100 at the closing price of the markets on December 31, 2019, in our Class A common stock, the NASDAQ Health Care Index and the NYSE Composite Index, and assumes the reinvestment of dividends, if any.

The comparisons shown in the following graph are based upon historical data. We caution that the stock price performance shown in the graph below is not necessarily indicative of, nor is it intended to forecast, the potential future performance of our Class A common stock.

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Recent Sales of Unregistered Securities, Purchases of Equity Securities by the Issuer or Affiliated Purchases or Other Stockholder Matters

None.

Item 6. Reserved

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand the Company's financial condition and results of operations. The MD&A is provided as a supplement to, and should be read in conjunction with our consolidated financial statements and the accompanying notes to our consolidated financial statements presented in "Part II – Item 8. Financial Statements and Supplementary Data" as well as "Part I - Item 1A. Risk Factors.

INTRODUCTION

Business Overview

We are a market leader in connecting care for people with complex conditions like cancer, cardiovascular disease, and musculoskeletal diagnoses. We work on behalf of health plans and other risk-bearing entities and payers (our customers) to support physicians and other healthcare providers (our users) in providing high quality evidence-based care to

their patients. We believe adherence to evidence-based clinical pathways supports better outcomes for patients, a better experience for physicians, and lower costs for the healthcare system overall.

Specialty care represents a significant and fast-growing portion of healthcare costs in the United States, driven in part by the pace of development of new therapies and treatments. To manage these increasing costs, some health plans and other risk-bearing entities historically deployed cost containment strategies that can limit access to care and operate in narrow silos (for example, prior authorization for radiological studies being considered independently from a comprehensive chemotherapy regimen). We believe Evolent can bring an integrated approach to a patient's condition across multiple specialties, using technology to recommend our evidence-based clinical pathways in a way that provides rapid feedback to the provider, seeks to remove barriers to care, and aligns financial incentives with the best evidence.

We were an early innovator in value-based care, founded in 2011 by members of our management team, UPMC, an integrated delivery system based in Pittsburgh, Pennsylvania, and The Advisory Board Company.

All of our revenue is recognized in the United States and substantially all of our long-lived assets are located in the United States.

Recent Events

Transactions

The Company has undertaken several transactions, some of which may impact year-to-year comparisons. The following is a discussion of certain of those transactions.

Acquisitions

On August 1, 2024, the Company completed its acquisition of certain assets of Machinify, Inc. and the exclusive, perpetual and royalty-free license of Machinify Auth. The acquisition consideration was \$28.5 million which included \$19.5 million of cash, \$11.0 million which was paid upon closing and \$8.5 million which was paid on November 1, 2024, as well as an earn-out consisting of additional consideration of up to \$12.5 million payable in cash or shares of the Company's Class A common stock at the election of the Company in the second quarter of 2025.

On January 20, 2023, we consummated the acquisition of NIA for \$387.8 million in cash consideration, which was financed in part with \$265.0 million in debt borrowed from affiliates of Ares and the proceeds from the sale of an aggregate 175,000 shares of the Company's Series A Preferred Stock, resulting in gross proceeds of \$168.0 million, and stock consideration of 8.5 million shares of Class A common stock issued to the seller. NIA is part of Evolent's Specialty Technology and Services Suite.

Credit Agreement Activity

On December 6, 2024 (the "Amendment No. 3 Effective Date"), the Company entered into Amendment No. 3 ("Amendment No. 3") to the Credit Agreement (as defined below) that provides new secured debt financing in the form of (i) additional commitments under the Company's existing asset-based revolving credit facility in an aggregate principal amount equal to \$50.0 million (the "2024 Revolver Increase", and together with the Initial Revolving Facility (as defined below) and the 2023 Revolver Increase (as defined below, the "Revolving Facility"), (ii) a new delayed draw term loan facility in an aggregate principal amount equal to \$125.0 million (the "2024-A Delayed Draw Term Loan Facility"), and (iii) a new delayed draw term loan facility in an aggregate principal amount equal to \$75.0 million (the "2024-B Delayed Draw Term Loan Facility" and together with the 2024 Revolver Increase and the 2024-A Delayed Draw Term Loan Facility, the "2024 Incremental Facilities"; the Initial Term Loan Facility (as defined below), the 2023 Additional Term Loans (as defined below), the 2024-A Delayed Draw Term Loan Facility and the 2024-B Delayed Draw Term Loan Facility are collectively referred to herein as the "Term Loan Facility"; the Revolving Facility and the Term Loan Facility are collectively referred to herein as the "Credit Facilities"). The Borrowers borrowed the full amount under the Incremental Term Loan Facility and the Incremental Revolving Facility on the NIA Closing Date to finance, together with the proceeds from the sale of the Series A Preferred Stock, the cash consideration payable in connection with the NIA acquisition on the NIA Closing Date and pay transaction fees and expenses. A closing fee of (a) 3.00% of the aggregate amount of the commitments in respect of the Incremental Term Loan Facility and (b) 3.00% of the aggregate amount of the commitments in respect of the Incremental Revolving Facility was paid as of the NIA Closing Date. Refer to "Part II - Item 8. Financial Statements and Supplementary Data - Note 10." 9 for a discussion of Amendment No. 3.

On January 29, 2025, the Company borrowed \$125.0 million under its 2024-A Delayed Draw Term Loan and \$75.0 million under its 2024-B Delayed Draw Term Loan. As of February 14, 2025, there was \$262.5 million outstanding under the Company's Credit Facilities, consisting of \$125.0 million outstanding under 2024-A Delayed Draw Term Loan, \$75.0 million outstanding under its 2024-B Delayed Draw Term Loan and \$62.5 million outstanding under its Revolving Facility.

Series A Preferred Stock

In connection with the consummation of the acquisition of NIA, on January 20, 2023, we entered into a Securities Purchase Agreement pursuant to which the Company offered and sold an aggregate 175,000 shares of Series A Preferred Stock, at a purchase price of \$960.00 per share, resulting in total gross proceeds to us of \$168.0 million. The proceeds from the offer and sale of the Series A Preferred Stock were used, together with the proceeds from the Incremental Revolving Facility and Incremental Term Loan Facility, to finance the cash consideration payable for the acquisition of NIA and pay transaction fees and expenses. Refer to "Part II - Item 8. Financial Statements and Supplementary Data - Note 13" 12 for additional discussion regarding the sale of Series A Preferred Stock.

Redemption of 2024 Notes

On August 2, 2023, the Company issued a notice of redemption to the holders of its outstanding 3.50% Convertible Senior Notes due 2024 (the "2024 Notes"), pursuant to which it redeemed the outstanding 2024 Notes for cash at a price of 100% of the principal amount of the 2024 Notes, plus accrued and unpaid interest, if any, on October 13, 2023 (the "Redemption Date"). Prior to the

Redemption Date, holders of the 2024 Notes were entitled to convert to shares of the Company's Class A Common Stock common stock at a rate of 55.6153 shares per \$1,000 principal amount of 2024 Notes.

During the year ended December 31, 2023, holders of the 2024 Notes converted \$23.3 million in aggregate principal amount of such notes to 1.3 million shares of the Company's Class A common stock and repaid the remaining \$1.0 million balance in cash, satisfying all of the Company's remaining obligations under the 2024 Notes on the Redemption Date.

Issuance of 2029 Notes

In December 2023, the Company issued \$402.5 million aggregate principal amount of its 2029 Notes in a private placement to qualified institutional buyers within the meaning of Rule 144A of the Securities Act. The 2029 Notes were issued at an issue price of 100.00% of par for net proceeds of approximately \$390.2 million, after deducting fees and expenses. We incurred \$11.6 million of debt issuance costs in connection with the 2029 Notes. The Company used the net proceeds to prepay interest and prepayment premiums on outstanding borrowings and pay interest and prepayment premiums under its Term Loan Facility. Refer to "Part II – Item 8. Financial Statements and Supplementary Data – Note 10" 9" for additional discussion regarding the 2029 Notes.

Repayment of Credit Agreement Industry Climate

During Our results as of and for the year ended December 31, 2023, December 31, 2024 were impacted by higher-than-expected medical costs in our specialty Performance Suite business versus our previous expectations. This included two key components:

- Some of our partners submitted new claims data to us that we received and processed during the Company prepaid \$37.5 million under second half of 2024. These data files included higher expenses for claims paid during the Revolving Facility first two quarters of 2024 than what these partners had previously submitted to us.
- The second half of 2024 saw an increase in specialty pharmacy costs industry-wide, particularly in oncology.

We believe high medical cost inflation in the second half of 2024 in our Performance Suite was driven by a confluence of factors, including significant increases in disease prevalence, Medicaid redetermination-based adverse selection, rapid increases in unit costs, post-COVID acuity increases and \$415.0 million provider coding intensity. We are unable to predict how these broader dynamics will impact our business and results of operations in the future, but they could continue to impact our financial condition and results of operations and such future impacts could be material.

Impact of Inflation

We experience pricing pressures in the form of competitive prices in addition to rising costs for certain inflation-sensitive operating expenses such as labor, employee benefits and facility leases. We do not believe these impacts were material to our revenues or net income during the year ended December 31, 2024. However, significant sustained inflation driven by the macroeconomic environment or other factors could negatively impact our margins, profitability and results of operations in future periods.

Customers

The following table summarizes those partners who represented at least 10.0% of our consolidated revenue:

	For the Year Ended December 31,		
	2024	2023	2022
Cook County Health and Hospitals System	11.5%	15.7%	22.4%
Florida Blue Medicare, Inc.	12.9%	10.4%	11.5%
Humana Insurance Company	19.3%	12.0%	*
Molina Healthcare, Inc.	13.7%	13.5%	*

* Represents less than 10.0% of the Term Loan Facility that was utilized to acquire IPG and NIA. The total amount paid to Ares under the Credit Agreement in connection with the prepayment was \$434.8 million, which included \$415.0 million of principal, \$9.1 million in accrued interest and \$10.7 million in prepayment premium. As of December 31, 2023, there is \$37.5 million outstanding under the Company's Revolving Facility, respective balance.

Repositioning Costs

During the second quarter of 2023, the Company implemented a broad set of repositioning initiatives designed to further align the Company's assets and talent towards the value-based specialty care opportunity, with the intent of streamlining its operations and supporting the goal of realizing long-term sustainable earnings growth (the "2023 Repositioning Plan" Plan"). These initiatives include making organizational changes across the business that resulted in severance, terminated termination benefits and related payroll taxes and dedicated employee costs associated with recent acquisitions as well as third-party professional fees. Dedicated employee costs primarily include project management and technology staff costs needed to migrate acquired businesses to Evolent's integrated technology platform and costs related to the consolidation of brands, internal operations, strategies, processes and platforms. Dedicated employee costs are limited to employees that will have no role in ongoing operations and have no planned role at Evolent once the repositioning activities are completed. Professional services costs primarily relate to services provided by a third-party vendor to review our operating model and organizational design in order to improve our profitability, create value through our solutions and invest in strategic opportunities in future periods. Office space consolidation includes early termination penalties and associated expenses.

As of December 31, 2023, the Company estimates total repositioning charges of \$45.0 million to be incurred during the life of Costs associated with the 2023 Repositioning Plan which will be were recorded in selling, general and administrative expenses on the consolidated statements of operations and comprehensive income (loss). The repositioning program is anticipated to be substantially complete by 2023 Repositioning Plan was completed during the first half second quarter of 2024.

The following table provides a summary of our total costs associated with our repositioning plans for the years ended December 31, 2023, December 31, 2024 and 2021, 2023, respectively, by major type of cost (in thousands):

	For the Year Ended December 31, 2023	Total Amount Expected to be Incurred in the 2023 Repositioning Plan
	For the Year Ended December 31, For the Year Ended December 31,	
	For the Year Ended December 31, 2024	Cumulative Amount Incurred Through December 31, 2024
Severance and termination benefits		
Severance and termination benefits		
Severance and termination benefits		
Dedicated employee costs		
Professional services		
Office space consolidation		
Total		

Segment Update

The Company made organizational changes, including re-evaluating its reportable segments, as a result of growth in our value-based specialty care business, both organically and through acquisitions. Effective during the three months ended March 31, 2023, the Company changed its reportable segments to reflect changes in the way its chief operating decision maker ("CODM") evaluates the performance of its operations, develops strategy and allocates capital resources. Specifically, the Company collapsed its previous two segments, Evolent Health Services and Clinical Solutions into one segment.

We have one operating segment and one reportable segment as our CODM, who is our Chief Executive Officer, reviews financial information on a consolidated basis for purposes of evaluating financial performance and allocating resources.

Critical Accounting Policies and Estimates

We have identified the accounting policies below as critical to the understanding of our results of operations and our financial condition. In applying these critical accounting policies in preparing our consolidated financial statements, management must use critical assumptions, estimates and judgments concerning future results or other developments, including the likelihood, timing or amount of one or more future events. Actual results may differ from these estimates under different assumptions or conditions. On an ongoing basis, we evaluate our assumptions, estimates and judgments based upon historical experience and various other information that we believe to be reasonable under the circumstances. For a detailed discussion of other significant accounting policies, see "Part II - Item 8. Financial Statements and Supplementary Data - Note 2."

Goodwill

We recognize the excess of the purchase price plus the fair value of any non-controlling interests in the acquiree over the fair value of identifiable net assets acquired as goodwill. Goodwill is not amortized, but is reviewed at least annually for indications of impairment, with consideration given to financial performance and other relevant factors. We perform impairment tests of goodwill at a reporting unit level. We perform impairment tests between annual tests if an event occurs, or circumstances change, that we believe would more likely than not reduce the fair value of a reporting unit below its carrying amount.

Our goodwill impairment analysis first assesses qualitative factors to determine whether events or circumstances existed that would lead the Company to conclude it is more likely than not that the fair value of our reporting unit is below its carrying amount. Qualitative factors include macroeconomic, industry and market considerations, overall financial performance, industry, legal and other relevant events and factors affecting the reporting unit. Additionally, as part of this assessment, we may perform a quantitative analysis to support the qualitative factors above by applying sensitivities to assumptions and inputs used in measuring our reporting unit's fair value.

If the Company determines that it is more likely than not that the fair value of our reporting unit is below the carrying amount, a quantitative goodwill assessment is required. In the quantitative evaluation, the fair value is determined and compared to the carrying value. If the fair value is greater than the carrying value, then the carrying value is deemed to be recoverable and no further action is required. If the fair value estimate is less than the carrying value, goodwill is considered impaired for the amount by which the carrying amount exceeds the reporting unit's fair value and a charge is reported in goodwill impairment on our consolidated statements of operations and comprehensive income (loss). We use both a discounted cash flow analysis and market multiple analysis in order to estimate the fair value of our reporting units fair value. unit. The discounted cash flow analysis relies on significant judgement and assumptions about expected future cash flows, weighted-average cost of capital, discount rates, expected long-term growth rates and operating margins. These assumptions are based on estimates of future revenue and earnings after considering such factors as general economic and market conditions which drive key assumptions of revenue growth rates, operating margins, capital expenditures and working capital requirements. The weighted average cost of capital is based on market-based factors/inputs but also considers the specific risk characteristics of the reporting unit's cash flow forecast. A significant change to these estimates and assumptions could cause the estimated fair values of our reporting unit and intangible assets to decline and increase the risk of an impairment charge to earnings. Intangible assets with finite lives are assessed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

On October 31, 2023, See "Part II - Item 8. Financial Statements and Supplementary Data - Note 8" in this Form 10-K for more information related to the Company performed its annual 2024 goodwill impairment review for fiscal year 2023. In addition, the Company underwent organizational changes which required a reassessment of reporting units. As a result, the Company determined it has one reporting unit due to the economic similarity of the services provided to our partners. Based on our qualitative assessment, we did not identify sufficient indicators of impairment that would suggest the fair value of our reporting unit was below its respective carrying values. As a result, a quantitative goodwill impairment analysis was not required.

test.

Revenue Recognition

Contracts with Multiple Performance Obligations

Our contracts with customers may contain multiple performance obligations, primarily when the partner has requested both administrative services and other services such as our specialty care management or total cost of care management services as these services are distinct from one another. When a contract has multiple performance obligations, we allocate the transaction price to each performance obligation based on the relative standalone selling price using the expected cost margin approach. This approach requires estimates regarding both the level of effort it will take to satisfy the performance obligation as well as fees that will be received under the variable pricing model. We also take into consideration customer demographics, current market conditions, the scope of services and our overall pricing strategy and objectives when determining the standalone selling price.

Principal vs Agent

We use third parties to assist in satisfying our performance obligations. In order to determine whether we are the principal or agent in the arrangement, we review each third-party relationship on a contract-by-contract basis. As we integrate goods and services provided by third parties into our overall service, we control the services provided to the customer prior to its delivery. As such, we are the principal and we will recognize revenue on a gross basis. In certain cases, we do not control the services from third parties before it is delivered to the customer, thereby recognizing revenue on a net basis.

Income Taxes

Significant management judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. We estimate our actual current tax expense, including permanent charges and benefits, and temporary differences resulting from differing treatment of items, such as deferred revenue for tax and book accounting purposes. These temporary differences result in deferred tax assets and liabilities, which are included within our consolidated balance sheets.

We assess the likelihood that our deferred tax assets will be recovered from future taxable income by considering both positive and negative evidence relating to their recoverability. If we believe that it is more likely than not that these deferred tax assets will not be recovered, we establish a valuation allowance. To the extent that we increase a valuation allowance in a period, we include an expense in the consolidated statement of operations in the period in which such determination is made.

In assessing the need for a valuation allowance, we considered all available evidence, including recent operating results, projections of future taxable income, our ability to utilize loss and credit carryforwards, and the feasibility of tax planning strategies. A significant piece of objective negative evidence evaluated for jurisdictions in a net deferred tax asset position was cumulative pre-tax losses over the three years ended December 31, 2023.

We account for uncertainty in income taxes by recognizing a tax position only when it is more likely than not that the tax position, based on its technical merits, will be sustained upon ultimate settlement with the applicable tax authority. The tax benefit to be recognized is the largest amount of tax benefit that is greater than fifty percent likely of being realized upon ultimate settlement with the applicable tax authority that has full knowledge of all relevant information.

Our gross unrecognized benefits are \$2.6 million as of December 31, 2023 December 31, 2024. Our evaluation of uncertain tax positions is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit, and new audit activity. If actual settlements differ from these estimates, or we adjust these estimates in future periods, we may need to recognize additional tax benefits or charges that could materially impact our financial position and results of operations.

Reserve for Claims and Performance-based Arrangements

Reserves for performance-based arrangements and claims reflect actual payments under performance-based arrangements and the ultimate cost of claims that have been incurred but not reported, including expected development on reported claims, those that have been reported but not yet paid (reported claims in process), and other medical care expenses and services payable that are primarily composed of accruals for incentives and other amounts payable to health care professionals and facilities. The Company uses actuarial principles and assumptions that are consistently applied in each reporting period and recognizes the actuarial best estimate of the ultimate liability along with a margin for adverse deviation. This approach is consistent with actuarial standards of practice that the liabilities be adequate under moderately adverse conditions.

The process of estimating reserves involves a considerable degree of judgment by the Company and, as of any given date, is inherently uncertain. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and adjustments are reflected in current results of operations in the period in which they are identified as experience develops or new information becomes known.

Business Combinations

Companies acquired during each reporting period are reflected in the results of the Company effective from their respective dates of acquisition through the end of the reporting period. The Company allocates the fair value of purchase consideration to the assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. Our estimates of fair value are based upon assumptions believed to be reasonable but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. Critical estimates used to value certain identifiable assets include, but are not limited to, expected long-term revenues, future expected operating expenses, cost of capital, and appropriate discount rates.

The excess of the fair value of purchase consideration over the fair value of the assets acquired and liabilities assumed in the acquired entity is recorded as goodwill. If the Company obtains new information about facts and circumstances that existed as of the acquisition date during the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the Company's consolidated statements of operations and comprehensive income (loss).

For contingent consideration recorded as a liability, the Company initially measures the amount at fair value as of the acquisition date and adjusts the liability, if needed, to fair value each reporting period. Changes in the fair value of contingent consideration, other than measurement period adjustments, are recognized as a change in fair value of contingent consideration on the Company's consolidated statements of operations and comprehensive income (loss). Acquisition-related expenses and post-acquisition restructuring costs are recognized separately from the business combination and are expensed as incurred.

Adoption of New Accounting Standards

In August 2020, November 2023, the Financial Accounting Standards Board (the "FASB") FASB issued ASU 2020-06, *Accounting 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures"* ("ASU 2023-07"), which enhances the disclosures required for *Convertible Instruments* operating segments in the Company's annual and *Contracts in an Entity's Own Equity* interim consolidated financial statements, including those companies with a single operating segment. ASU 2023-07 is effective retrospectively for fiscal years beginning after December 15, 2023 and for interim periods within fiscal years beginning after December 15, 2024. The Company adopted ASU *simplifies* 2023-07 for the *accounting* year ended December 31, 2024. See "Part II - Item 8. Financial Statements and Supplementary Data - Note 21" in this Form 10-K for more information related our segments.

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures* ("ASU 2023-09"). ASU 2023-09 includes requirements that an entity disclose specific categories in the rate reconciliation and provide additional information for reconciling items that are greater than five percent of the amount computed by multiplying pretax income (or loss) by the applicable statutory income tax rate. The standard also requires that entities disclose income (or loss) from continuing operations before income tax expense (or benefit) and income tax expense (or benefit) each disaggregated between domestic and foreign. ASU 2023-09 is effective for annual periods beginning after December 15, 2024. The Company is currently assessing the impact of ASU 2023-09, but does not expect the adoption to have a significant impact to our income tax disclosures.

In November 2024, the FASB issued ASU 2024-03, *"Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses"* ("ASU 2024-03"). ASU 2024-03 requires additional disclosure of specific types of expenses included in the expense captions presented on the face of the income statement as well as disclosures about selling expenses. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim periods beginning after December 15, 2027, with early adoption permitted. ASU 2024-03 may be applied prospectively with the option for retrospective application for all prior periods presented. The Company is currently evaluating the impact of adopting this guidance on the Company's current financial position, results of operations or financial statement disclosures.

In November 2024, the FASB issued ASU 2024-04, *Debt with Conversion and Other Options (Subtopic 470-20) "Induced Conversions of Convertible Debt Instruments"* to clarify the requirements for determining whether certain financial instruments with characteristics settlements of liabilities and equity, including convertible instruments and contracts in an entity's own equity. Specifically, the ASU removes the separation models for convertible debt with instruments should be accounted for as an induced conversion. Under the amendments, to account for a cash conversion feature or convertible instruments with a beneficial conversion feature and no longer permits the use settlement of the treasury stock method from calculating earnings per share. As a result, after adopting the ASU's guidance, we will not separately present in equity an embedded conversion feature of such debt. Instead, we will account for a convertible debt instrument wholly as an induced conversion, an inducement offer is required to provide the debt unless (i) holder with, at a minimum, the consideration (in form and amount) issuable under the conversion privileges provided in the terms of the instrument. An entity should assess whether this criterion is satisfied as of the date the inducement offer is accepted by the holder. If, when applying this criterion, the convertible debt instrument contains features had been exchanged or modified (without being deemed substantially different) within the one-year period leading up to the offer acceptance date, an entity should compare the terms provided in the inducement offer with the terms that require bifurcation as a derivative or (ii) existed one year before the offer acceptance date. The amendments in this Update also clarify that the induced conversion guidance applies to a convertible debt instrument was issued at that is not currently convertible as long as it had a substantial premium. Additionally, substantive conversion feature as of both its issuance date and the ASU removes certain conditions date the inducement offer is accepted. The amendments are effective for equity classification related to contracts in an entity's own equity (e.g. all entities for annual reporting periods beginning after December 15, 2025, warrants) and amends certain guidance related to the computation of earnings per share for convertible instruments and contracts on an entity's own equity, interim reporting periods within those annual reporting periods. The Company adopted is examining the standard using a modified retrospective method as of January 1, 2022, with adjustments which reduced additional paid-in capital by \$106.2 million and increased retained earnings by \$39.8 million and increased impact this pronouncement may have on the net carrying amount of the 2024 Notes and 2025 Notes by \$25.1 million and \$41.3 million, respectively.

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. This ASU clarifies that an acquirer of a business should recognize and measure contract assets and contract liabilities in a business combination in accordance with ASC Topic 606, *Revenue from Contracts with Customers*. The Company adopted this standard starting in the first quarter of 2023, which did not have a material impact on our Company's consolidated financial statements.

RESULTS OF OPERATIONS

Evolent Health, Inc. is a holding company and its principal asset is all of the Class A common units in Evolent Health LLC, which has owned all of our operating assets and substantially all of our business since inception. The financial results of Evolent Health LLC are consolidated in the financial statements of Evolent Health, Inc.

Key Components of our Results of Operations

Revenue

Our revenue contracts are typically multi-year arrangements with customers to provide solutions designed to lower the medical expenses of our partners and include our total cost of care management and specialty care management services solutions, provide comprehensive health plan operations and claims processing services, and also include transition or run-out services to customers.

Our performance obligation in these arrangements is to provide an integrated suite of services, including access to our platform that is customized to meet the specialized needs of our partners and providers. Generally, we will apply the series guidance to the performance obligation as we have determined that each time increment is distinct. We primarily utilize a variable fee structure for these services that typically includes a monthly payment that is calculated based on a specified per member per month rate, multiplied by the number of members that our partners are managing under a value-based care arrangement or a percentage of plan premiums. Our arrangements may also include other variable fees related to service level agreements, shared medical savings arrangements and other performance measures. Variable consideration is estimated using the most likely amount based on our historical experience and best judgment at the time.

We also deploy our services in capitation arrangements under our specialty care management solution and total cost of care solution, which we call the "Performance Suite." Capitation arrangements under the Performance Suite may include performance-based arrangements and/or gainshare features. We occasionally use third parties to assist in satisfying our performance obligations. In order to determine whether we are the principal or agent in the arrangement, we review each third-party relationship on a contract-by-contract basis. As we integrate goods and services provided by third parties into our overall service, we control the services provided to the customer prior to its delivery. As such, we are the principal and we will recognize revenue on a gross basis. In certain cases, we act as an agent and do not control the services from third parties before it is delivered to the customer, thereby recognizing revenue on a net basis.

Due to the nature of our arrangements, certain estimates may be constrained if it is probable that a significant reversal of revenue will occur when the uncertainty is resolved. We recognize revenue from services over time using the time elapsed output method. Fixed consideration is recognized ratably over the contract term. In accordance with the series guidance, we allocate variable consideration to the period to which the fees relate.

Contracts with Multiple Performance Obligations

Our contracts with customers may contain multiple performance obligations, primarily when the partner has requested both administrative services and other services such as our specialty care management or total cost of care management services as these services are distinct from one another. When a contract has multiple performance obligations, we allocate the transaction price to each performance obligation based on the relative standalone selling price using the expected cost margin approach. This approach requires estimates regarding both the level of effort it will take to satisfy the performance obligation as well as fees that will be received under the variable pricing model. We also take into consideration customer demographics, current market conditions, the scope of services and our overall pricing strategy and objectives when determining the standalone selling price.

Cost of Revenue (exclusive of depreciation and amortization)

Our cost of revenue includes direct expenses and shared resources that perform services in direct support of our partners. Costs consist primarily of claims expense, employee-related expenses (including compensation, benefits and stock-based compensation), expenses for TPA support recorded as part of a Medicare shared savings program and other services, as well as other professional fees. In certain cases, our cost of revenue also includes claims and capitation payments to providers and payments for pharmaceutical treatments and other health care expenditures through performance-based arrangements.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses consist of employee-related expenses (including compensation, benefits and stock-based compensation) for selling and marketing, corporate development, finance, legal, human resources, corporate information technology, professional fees and other corporate expenses associated with these functional areas. Selling, general and administrative expenses also include transition services agreements ("TSA") fees associated with our acquisitions, costs associated with our centralized infrastructure and research and development activities to support our network development capabilities, claims processing services, including PBM administration, technology infrastructure, clinical program development and data analytics.

Depreciation and Amortization Expense

Depreciation and amortization expenses consist of the amortization of intangible assets associated with the step up in fair value of Evolent Health LLC's assets and liabilities for the Offering Reorganization, amortization of intangible assets recorded as part of our various business combinations and asset acquisitions and depreciation of property and equipment, including the amortization of capitalized software, internal-use software development costs.

Lives on Platform and PMPM Fees

Performance Suite Lives on Platform are calculated by summing monthly members covered for specialty care services for contracts not under ASO arrangements, plus members managed by Complex Care in risk capitation arrangements and divided by the number of months in the period. Specialty Technology and Services Suite Lives on Platform are calculated by summing monthly members covered for oncology, cardiology, musculoskeletal, advanced imaging and other diagnostics specialty care services for contracts under ASO arrangements divided by the number of months in the period. Administrative Services Lives on Platform are calculated by summing monthly members covered for administrative services implementation and core performance services divided by the number of months in the period. Cases are calculated by summing the number of individuals receiving services through our surgery management and advanced care planning programs in a given period. Members covered for more than one category are counted in each category.

Performance Suite Average PMPM fee is defined as revenue pertaining to our Performance Suite during the period reported divided by Performance Suite Lives on Platform for the period divided by the number of months in the period. Specialty Technology and Services Suite Average PMPM fee is defined as revenue pertaining to the Specialty Technology and Services Suite during the period reported divided by Specialty Technology and Services Suite Lives on Platform for the period divided by the number of months in the period. Administrative Services Average PMPM fee is defined as revenue pertaining to the Administrative Services during the period reported divided by the Administrative Services Lives on Platform for the period divided by the number of months in the period. Revenue per Case is calculated by the revenue pertaining to surgery management and advanced care planning programs divided by the number of cases for a given period.

Average Unique Members are calculated by summing members covered by our Performance Suite, Specialty Technology and Services Suite and Administrative Services. In cases where partners cross between multiple solutions, we only capture members from the solution with the maximum number of members.

Management uses Lives on Platform, PMPM fees, Cases, Revenue per Case and Average Unique Members because we believe that they provide insight into the unit economics of our services. We believe that these measures are also useful to investors because they allow further insight into the period over period operational performance.

Due to our change in segments during the first quarter of 2023, the Company changed its presentation of Lives on Platform to reflect the membership that corresponds to quarterly revenue. The Company recast periods prior to the first quarter of 2023 to reflect the current presentation of Lives on Platform, PMPM fees and Revenue per Case. The current Performance Suite maps to the prior disclosure of the Clinical Solutions Performance Suite. The current Specialty Technology and Services Suite maps to the prior disclosure of the Clinical Solutions New Century Health Technology and Services Suite. The current Administrative Services maps to the prior disclosure of Evolent Health Services segment. There has been no change in the presentation of Cases from prior period.

Consolidated Results

(in thousands, except percentages)	For the Year Ended December 31,		Change Over Prior Period		For the Year Ended December 31,		Change Over Prior Period	
	2023	2022	\$	%	2022	2021	\$	%
Revenue	\$ 1,963,896	\$ 1,352,013	\$ 611,883	45.3%	\$ 1,352,013	\$ 907,957	\$ 444,056	48.9%
Expenses								
Cost of revenue	1,503,426	1,035,429	467,997	45.2%	1,035,429	657,551	377,878	57.5%
Selling, general and administrative expenses	358,110	269,269	88,841	33.0%	269,269	219,499	49,770	22.7%
Depreciation and amortization expenses	123,415	67,195	56,220	83.7%	67,195	60,037	7,158	11.9%
Loss on disposal of non-strategic assets	8,107	—	8,107	100.0%	—	—	—	—%
Right-of-use assets impairment	24,065	—	24,065	100.0%	—	—	—	—%
Change in fair value of contingent consideration	17,984	(23,522)	41,506	176.5%	(23,522)	13,281	(36,803)	(277.1)%
Total operating expenses	2,035,107	1,348,371	686,736	50.9%	1,348,371	950,368	398,003	41.9%
Operating income (loss)	\$ (71,211)	\$ 3,642	\$ (74,853)	(2,055.3)%	\$ 3,642	\$ (42,411)	\$ 46,053	108.6%
Cost of revenue as a % of revenue	76.6 %	76.6 %			76.6 %	72.4 %		
Selling, general and administrative expenses as a % of revenue	18.2 %	19.9 %			19.9 %	24.2 %		

(in thousands, except percentages)	For the Year Ended December 31,		Change Over Prior Period		For the Year Ended December 31,		Change Over Prior Period	
	2024	2023	\$	%	2023	2022	\$	%
Revenue	\$ 2,554,741	\$ 1,963,896	\$ 590,845	30.1 %	\$ 1,963,896	\$ 1,352,013	\$ 611,883	45.3%
Expenses								
Cost of revenue	2,187,388	1,503,426	683,962	45.5 %	1,503,426	1,035,429	467,997	45.2%
Selling, general and administrative expenses	263,050	358,110	(95,060)	(26.5) %	358,110	269,269	88,841	33.0%
Depreciation and amortization expenses	118,370	123,415	(5,045)	(4.1) %	123,415	67,195	56,220	83.7%
Loss on disposal of non-strategic assets	—	8,107	(8,107)	(100.0) %	8,107	—	8,107	100.0%
Right-of-use assets impairment	2,588	24,065	(21,477)	(89.2) %	24,065	—	24,065	100.0%
Loss on lease termination	18,922	—	18,922	— %	—	—	—	100.0%
Change in fair value of contingent consideration	4,908	17,984	(13,076)	(72.7) %	17,984	(23,522)	41,506	176.5%
Total operating expenses	2,595,226	2,035,107	560,119	27.5%	2,035,107	1,348,371	686,736	50.9%
Operating income (loss)	\$ (40,485)	\$ (71,211)	\$30,726	43.1%	\$ (71,211)	\$ 3,642	\$ (74,853)	(2,055.3)%
Cost of revenue as a % of revenue	85.6 %	76.6 %			76.6 %	76.6 %		

Selling, general and administrative expenses as a % of revenue	10.3 %	18.2 %	18.2 %	19.9 %
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We have elected to omit discussion on the earliest of the three years covered by the consolidated financial statements presented. A discussion of our results of operations and changes in financial condition for fiscal 2023 compared to fiscal 2022 can be found in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" located in our Form 10-K for the fiscal year ended December 31, 2023.

Comparison of the Results for Year Ended December 31, 2023 December 31, 2024 to 2022 2023

Revenue

Total revenue increased by \$611.9 million \$590.8 million, or 45.3% 30.1%, to \$1,963.9 million \$2,554.7 million for the year ended December 31, 2023 December 31, 2024, as compared to 2022. This 2023. The increase includes \$318.0 million in revenue is primarily from our acquisitions of \$512.1 million from new and launches of new integrated products with NIA and IPG. Total growth in the existing Performance Suite and contracts, \$97.7 million from transitioning a customer from Specialty Technology and Services Suite to the Performance Suite and \$42.1 million from new Specialty Technology and Services Suite contracts. Growth was \$406.0 million also offset in part by a \$39.8 million reduction in revenue from the addition of new partners run out of an Administrative Services contract, and expansion with existing partners, partially offset by a reduction in nationwide Medicaid members membership nationwide as a result of the end of the public health emergency. Growth was also offset in part by a \$111.3 million decline in Administrative Services revenue. PHE.

The following table represents Evolent's revenue disaggregated by end-market line of business (in thousands):

		For the Year Ended December 31,	
		2023	2022
		2024	2023
Medicaid			
Medicare			
Commercial and other			
Total			

The following table represents the Company's Lives on Platform, Cases, Average PMPM fees, Revenue per Case and Average Unique Members for the year ended December 31, 2023 December 31, 2024 and 2022 (Lives 2023 (Average Lives on Platform Platform/Cases in thousands):

	Average Lives on Platform/ Cases		Average PMPM Fees / Revenue per Case	
	For the Year Ended December 31,		For the Year Ended December 31,	
	2023	2022	2023	2022
Performance Suite	4,236	2,363	\$ 23.90	\$ 38.02
Specialty Technology and Services Suite	69,494	14,860	0.36	0.39
Administrative Services	1,831	2,100	13.48	21.56
Cases	61	39	2,575	2,133
Average Unique Members	41,340	16,223		

Changes in average PMPM fees for the year ending December 31, 2023 as compared to 2022 were driven primarily by Medicaid redeterminations in the second half of 2023, changes in the mix of services provided, including a higher percentage of services in the Medicaid line of business, and the launch in 2023 of the Performance Suite for advanced imaging with a lower average PMPM fee.

	Average Lives on Platform/ Cases		Average PMPM Fees / Revenue per Case	
	For the Year Ended December 31,		For the Year Ended December 31,	
	2024	2023	2024	2023
Performance Suite	7,003	4,236	\$ 21.44	\$ 23.90
Specialty Technology and Services Suite	73,339	69,494	0.38	0.36
Administrative Services	1,246	1,831	15.92	13.48
Cases	60	61	2,967	2,575
Average Unique Members	40,475	41,430		

Cost of Revenue

Cost of revenue increased by \$468.0 million \$684.0 million, or 45.2% 45.5%, to \$1,503.4 million \$2,187.4 million for the year ended December 31, 2023 December 31, 2024, as compared to 2022, 2023, principally as a result of the 45.3% 30.1% growth in our revenue compared to the year ended December 31, 2022 December 31, 2023. The increase included approximately \$344.1 million from \$685.6 million of higher claims cost from acquisitions compared to the prior year period, which is attributable to higher medical expenses in certain Performance Suite markets relating to higher disease prevalence and transition from ASO acuity of certain populations inclusive of \$105.0 million related to risk based contracts for transitioning certain customers. This claims cost Specialty and Technology Service Suite customers to Performance Suite. The growth in medical expenses was offset attributable in part to an increase in the prevalence of cancer and cardiovascular disease in the populations we manage, as well as an increase in the cost per active patient under treatment. We believe the increase in cost per active patient under treatment was driven principally by lower claims cost for contracts that are less than three years old, which we refer growth in high-cost therapies, including immune checkpoint inhibitors. Overall, the company faced higher medical costs but managed to as the maturation of our Performance Suite. Cost of revenue also included \$91.0 million of higher personnel costs due to increased headcount from our acquisitions, employee benefit, bonus accruals for employees and severance payments to former employees and \$58.3 million of surgical management costs at IPG, reduce some expenses through strategic measures. These increases were offset in part by a decrease of \$8.9 million in professional fees due primarily to the termination of external staffing contracts \$7.8 million from lower personnel costs.

Approximately \$4.6 million and other customer focused services and a decrease of \$13.8 million from a decrease in TPA fees from the wind down of contracts. Approximately \$1.7 million and \$4.4 million of total personnel costs in costs cost of revenue was attributable to stock-based compensation expense for the year ended December 31, 2023 December 31, 2024, and 2022, 2023, respectively. Cost of revenue represented 85.6% and 76.6% of total revenue for both the year ended December 31, 2023 December 31, 2024, and 2022, 2023 respectively. Our cost of revenue increased as a percentage of our total revenue due to a change in the mix of our service offerings higher medical costs with the rapid growth of our Performance Suite solutions. solution, which has a lower gross margin and longer maturation profile than our other product types and acceleration in specialty oncology pharmacy costs. We expect our anticipate continued growth in the cost of revenue treatment for cancer and cardiovascular patients over time, which we expect to decrease as a percentage of total revenue over be offset in part by contractual protections within our Performance Suite and the longer-term subject to the composition impact of our growth, clinical interventions.

Selling, General and Administrative Expenses

Selling, general, and administrative expenses increased decreased by \$88.8 million \$95.1 million, or 33.0% 26.5%, to \$358.1 million \$263.1 million for the year ended December 31, 2023 December 31, 2024, as compared to 2022, principally 2023. The decrease was primarily driven by lower TSA fees related to our NIA acquisition of \$13.5 million recorded in 2023, \$24.6 million of lower professional fees as a result of our IPG the 2023 Repositioning Plan, a \$25.8 million decrease in personnel costs as a result of lower headcount and NIA acquisitions bonus accruals and increased employee costs across the organization. The increase was primarily driven by the NIA transition services administration fee lower bad debt expense of \$30.0 million, higher personnel fees \$7.0 million due to increased headcount collection timing from the acquisition of NIA and expected benefit accruals to employees of \$22.7 million, higher our customers, lower stock compensation of \$9.2 million \$3.7 million due to the achievement and change in projected achievement of certain performance measurements higher bad debt and lower lease expense of \$2.3 million \$5.3 million due to collection timing from our customers, technology services due to higher headcount the termination of \$3.9 million, \$1.5 million of severance costs and acquisition costs of \$15.1 million. certain leases.

Approximately \$38.8 million \$35.2 million and \$29.6 million \$38.8 million of total personnel costs selling, general and administrative expenses were attributable to stock-based compensation expense for the year ended December 31, 2023 December 31, 2024 and 2022, 2023, respectively. Acquisition and severance costs accounted for approximately \$16.6 million \$5.8 million and \$24.9 million \$16.6 million of total selling, general and administrative expenses for the year ended December 31, 2023, December 31, 2024 and 2022, 2023, respectively. Selling, general and administrative expenses represented 18.2% 10.3% and 19.9% 18.2% of total revenue for the year ended December 31, 2023 December 31, 2024, as compared to 2022, respectively. While our selling, general and administrative expenses are expected to grow as our business continues to grow, we expect them to decrease as a percentage 2023, respectively, driven in part by the Company's 2023 Repositioning Plan which concluded in the second quarter of our total revenue over the long-term due to fixed cost leverage and the scalability of our enterprise. 2024.

Depreciation and Amortization Expenses

Depreciation and amortization expenses increased \$56.2 million decreased \$5.0 million, or 83.7% 4.1%, to \$123.4 million \$118.4 million for the year ended December 31, 2023 December 31, 2024, as compared to 2022 due 2023 primarily to \$51.5 million of fully amortizing our NCH technology intangible and provider network contracts in 2023 resulting in lower amortization of intangible assets acquired through our acquisitions \$4.1 million and \$6.4 million \$1.4 million, respectively, offset, in part by \$1.1 million of accelerated amortization of on our retired trade name intangibles due to our consolidation of trade names under Evolent. We expect depreciation names. Depreciation and amortization expenses to increase in future periods as we continue to capitalize internal-use software include \$68.9 million and amortize \$74.8 million for the year ended December 31, 2024 and 2023, respectively, of amortization expense on intangible assets resulting from assets such as corporate trade names, customer, relationships, provider network contracts and existing technology related to acquisitions and business combinations.

Right-of-Use Asset Impairment

During the year ended December 31, 2024, the Company decommissioned its Alpharetta, GA and Brea, CA leases and wrote off the associated right-of-use asset, recognizing an impairment charge of \$2.6 million in right-of-use assets impairment on the consolidated statements of operations and comprehensive income (loss).

During the year ended December 31, 2023, the Company decommissioned its Chicago, IL lease and wrote off the associated right-of-use asset, recognizing an impairment charge of \$24.1 million in right-of-use assets impairment on the consolidated statements of operations and comprehensive income (loss). There were no such impairments in 2022.

Change in Fair Value of Contingent Consideration Loss on Lease Termination

We recorded a loss (gain) on change in fair value of contingent consideration of \$18.0 million for During the year ended December 31, 2023 December 31, 2024, related the Company terminated its Chicago, IL lease effective October 31, 2024 and recognized the impact of a \$39.8 million termination penalty in its operating lease liability - current and

operating lease liability - noncurrent on its consolidated balance sheet. The termination payment will consist of payments of \$1.7 million, \$23.0 million and \$15.0 million to the liabilities acquired as a result of the acquisitions of NIA be paid in January 2023 2024, 2025 and IPG in August 2022 combined with \$7.9 million related to Evolent Care Partners earn out, and \$(23.5) million for the year ended December 31, 2022, primarily related to liabilities acquired as a result of the acquisition of Vital Decisions and IPG. See "Part II - Item 8. Financial Statements and Supplementary Data - Note 19" in this Form 10-K for more information related to changes in the fair value of contingent consideration.

Comparison of the Results for Year Ended December 31, 2022 to 2021

Revenue

Total revenue increased by \$444.1 million, or 48.9%, to \$1,352.0 million for the year ended December 31, 2022, as compared to 2021. This increase is primarily due to \$79.3 million from our acquisitions of IPG and Vital Decisions and \$364.8 million from the addition of new partners and expansion with existing partners.

The following table represents Evolent's revenue disaggregated by end-market (in thousands):

	For the Year Ended December 31,	
	2022	2021
Medicaid	\$ 559,362	\$ 421,069
Medicare	458,413	407,331
Commercial and other	334,238	79,557
Total	<u>\$ 1,352,013</u>	<u>\$ 907,957</u>

The following table represents the Company's Lives on Platform, Cases, PMPM fees, Revenue per Case and Average Unique Members for the year ended December 31, 2022 and 2021 (Lives on Platform in thousands):

	Average Lives on Platform/ Cases		Average PMPM Fees / Revenue per Case	
	For the Year Ended December 31,		For the Year Ended December 31,	
	2022	2021	2022	2021
Performance Suite	2,363	1,441	\$ 38.02	\$ 31.87
Specialty Technology and Services Suite	14,860	10,837	0.39	0.33
Administrative Services	2,100	1,649	21.56	15.66
Cases	39	4	2,133	1,057
Average Unique Members	16,223	12,313		

Cost of Revenue

Cost of revenue increased by \$377.9 million, or 57.5%, to \$1,035.4 million for the year ended December 31, 2022, as compared to 2021, principally as a result of the growth in our revenue generating services. The increase included approximately \$253.8 million from higher claims cost from acquisitions and transition from ASO to risk based contracts for certain customers, \$33.6 million of higher personnel costs due to increased headcount, employee benefits and bonus accruals for employees, \$22.1 million in higher professional fees primarily due to costs incurred for contracts that went live during the year and third-party service fees for existing customers, \$40.9 million of surgical management costs at IPG and \$12.3 million of severance costs. Approximately \$4.4 million and \$2.3 million of total personnel costs in costs of revenue was attributable to stock-based compensation expense for the year ended December 31, 2022 and 2021, 2026, respectively. Cost of revenue represented 76.6% and 72.4% of total revenue for the year ended December 31, 2022 and 2021, respectively. Our cost of revenue increased as a percentage of our total revenue due to a change in the mix of our service offerings with the rapid growth of our Performance Suite solutions. We expect our cost of revenue to decrease as a percentage of total revenue over the longer-term subject to the composition of our growth.

Selling, General and Administrative Expenses

Selling, general, and administrative expenses increased by \$49.8 million, or 22.7%, to \$269.3 million for the year ended December 31, 2022, as compared to 2021, principally as a result of acquisitions and employee costs across all business units. The increase was primarily driven by higher personnel fees due to increased headcount and expected benefit accruals to employees of \$33.1 million, higher stock compensation of \$15.2 million due to the achievement and change in projected achievement of certain performance measurements, technology services due to higher headcount of \$9.1 million, \$1.5 million of severance costs and acquisition costs of \$7.5 million, offset, in part by lower professional fees from cost savings initiatives of \$9.6 million and the termination of certain leases of \$3.9 million. Approximately \$29.6 million and \$14.4 million of total personnel costs were attributable to stock-based compensation expense for the years ended December 31, 2022 and 2021, respectively. Acquisition and severance costs accounted for approximately \$24.9 million and \$4.4 million of total selling, general and administrative expenses for the year ended December 31, 2022 and 2021, respectively. Selling, general and administrative expenses represented 19.9% and 24.2% of total revenue for the year ended December 31, 2022, as compared to 2021, respectively. While our selling, general and administrative expenses are expected to grow as we integrate IPG operations, we expect them to decrease as a percentage of our total revenue over the long-term due to cost saving initiatives completed in the fourth quarter of 2021 and higher operating performance.

Depreciation and Amortization Expenses

Depreciation and amortization expenses increased \$7.2 million, or 11.9%, to \$67.2 million for the year ended December 31, 2022, as compared to 2021 due primarily to amortization of intangible assets acquired through our asset acquisitions and business combinations. We expect depreciation and amortization expenses to increase in future periods as we continue to capitalize internal-use software and amortize intangible assets resulting from asset acquisitions and business combinations.

Change in Fair Value of Contingent Consideration

We recorded a loss on change in fair value of contingent consideration of \$(23.5) million \$4.9 million for the year ended December 31, 2022, December 31, 2024 primarily related to the final payment of \$88.8 million on our NIA earnout in April 2024 and annual incentive payments of \$3.1 million to Evolent Care Partners providers based on membership attribution, offset in part by \$7.1 million reduction on our Machinify earnout. We recorded \$18.0 million for the year ended December 31, 2023 related to the liabilities acquired as a result of the acquisitions of Vital Decisions in October 2021 NIA and IPG in August 2022, 2022. See "Part II - Item 8. Financial Statements and \$13.3 million Supplementary Data - Note 18" in this Form 10-K for the twelve months ended December 31, 2021, more information related to liabilities acquired as a result changes in the fair value of the acquisition of Vital Decisions in 2021, contingent consideration.

Discussion of Non-Operating Results

Interest Expense

Our interest expense in for the year ended December 31, 2023 December 31, 2024 is primarily attributable to our Credit Agreement with Ares as well as the 2024 Notes and 2025 Notes. We recorded interest expense (including amortization of deferred financing costs) of approximately \$54.2 million \$24.7 million, \$15.6 million \$54.2 million and \$25.4 million \$15.6 million for the years ended December 31, 2023 December 31, 2024, 2023 and 2022, and 2021, respectively. The decrease in interest expense for the year ended December 31, 2024 compared to 2023 is driven by the repayment of our Ares Term Loan Facility in December 2023, offset by the increase in interest expense as a result of the issuance of our 2029 Notes.

The increase in interest expense for the year ended December 31, 2023 compared to 2022 and 2021, is driven primarily by interest expense incurred on our Loans to fund the NIA and IPG acquisitions, offset by decreases of \$8.7 million and \$2.8 million during the years ended December 31, 2022 and 2023 due to the exchange of our 2024 Notes in August 2022 and September 2023 and \$8.7 million during the year ended December 31, 2022 due to the exchange of our 2025 Notes in December 2021, acquisitions. We expect interest expense to decrease increase in future periods after we repaid borrowed additional amounts under our floating rate Term Loan Facility offset by issuance of our 2029 Notes. In addition, we are focused on deleveraging the balance sheet in the long-term thereby decreasing interest expense, Committed Facilities. See "Part II - Item 8. Financial Statements and Supplementary Data - Note 10" 9" and "Part II - Item 8. Financial Statements and Supplementary Data - Note 25" in this Form 10-K for more information related to interest expense by debt issuance.

Gain from Equity Method Investees

The Company allocated its proportional share of the investees' earnings and losses each reporting period. The Company's proportional share of the gain (loss) from these investments was approximately \$(3.4) million, \$1.3 million, \$4.6 million and \$13.2 million \$4.6 million for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, respectively. The change in gain (loss) from equity method investees for the year ended December 31, 2023 December 31, 2024, compared to 2022 2023 and 2021 2022 is driven primarily by runoff loss recognition from a joint venture that could potentially be terminated through the sale exercise of our Florida equity investee's membership during a put option in the three months ended March 31, 2021, first half of 2025.

Gain from Transfer Loss on Extinguishment/Repayment of Membership Long-Term Debt, Net

During the year ended December 31, 2021 December 31, 2023, EVH Passport earned a cash payment from Molina in the amount of \$46.0 million based on the number of enrollees above a certain threshold in the dual eligible special needs plan business and Molina's Medicaid plan following the open enrollment period for plan year 2021. 50% Company repaid \$415.0 million of the payment Term Loan Facility that was received during the year ended December 31, 2021, utilized to acquire IPG and the remaining 50% was received NIA and recorded a loss on repayment/extinguishment of long-term debt of \$21.0 million comprised of \$10.7 million in the first quarter prepayment premium and \$10.3 million of 2022.

Loss on Repayment acceleration of Long-Term Debt, Net amortization of deferred financing costs.

On August 11, 2022, the Company entered into exchange agreements with certain holders of the 2024 Notes. Pursuant to the agreements, these holders exchanged \$92.8 million in aggregate principal amount of such notes for shares of the Company's Class A common stock. On August 17 and 18, 2022, the Company consummated the exchanges and issued an aggregate of 5,394,165 shares of Class A common stock to the holders. The August 2022 exchanges of the 2024 Notes resulted in a \$10.2 million loss on repayment of debt, net, on the consolidated statements of operations and comprehensive income (loss).

During the year ended December 31, 2023, the Company repaid \$415.0 million of the Term Loan Facility that was utilized to acquire IPG and NIA and recorded a loss on repayment/extinguishment of long-term debt of \$21.0 million comprised of \$10.7 million in prepayment premium and \$10.3 million of acceleration of amortization of deferred financing costs.

Change in Tax Receivables Agreement Liability

Due to the reduction in the Company's valuation allowance primarily resulting from deferred tax liabilities established as part of the NIA acquisition, the Company has recorded the remaining TRA liability of \$62.0 million for the year ended December 31, 2023, resulting in a total TRA liability of \$107.9 million as of December 31, 2023.

Benefit from Income Taxes

An A benefit from income tax provision for (benefit from) taxes of \$(89.4) million, \$(43.4) million \$1.4 million, \$89.4 million and \$0.5 million \$43.4 million was recognized for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, respectively, which resulted in effective tax rates of 44.2% 2.2%, 69.9% 44.2% and (1.6)% 69.9%, respectively.

Dividends and Accretion of Series A Preferred Stock

We pay quarterly regular cash dividends on the Series A Preferred Stock at a rate per annum equal to Adjusted Term SOFR (as defined in the Certificate of Designation) plus 6.00%. In addition, we accrete deferred financing costs and the redemption value in excess of par value in additional paid-in-capital on the consolidated balance sheets. The Company paid \$18.8 million of dividends and accreted \$10.4 million recorded accretion of deferred issuance costs and redemption value during related to the year ended December 31, 2023, Series A Preferred Stock as presented below (in thousands):

	For the Year Ended December 31,		
	2024	2023	2022
Cash dividends on Series A Preferred Stock	20,085	18,793	—
Accretion of deferred financing costs and redemption value in excess of par	\$ 11,746	\$ 10,427	\$ —
Total dividends and accretion of Series A Preferred Stock	\$ 31,831	\$ 29,220	\$ —

REVIEW OF CONSOLIDATED FINANCIAL CONDITION

Liquidity and Capital Resources

The Company reported net loss attributable to common shareholders of Evolent Health, Inc. of \$(142.3) million, \$(19.2) million \$93.5 million, \$142.3 million and \$(37.6) million \$19.2 million for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, respectively. As of December 31, 2023 December 31, 2024, the Company had \$192.8 million \$104.2 million of cash and cash equivalents and \$30.6 million \$74.3 million in restricted cash and restricted investments.

We believe our current cash and cash equivalents will be sufficient to meet our working capital and capital expenditure requirements for at least the next twelve months. months as of the date the financial statements were issued. Our future capital requirements will depend on many factors, including our rate of revenue growth, the expansion of our sales and marketing activities and the timing and extent of our spending to support our investment efforts and expansion into other markets. We may also seek to invest in, or acquire complementary businesses, applications or technologies, which may require us to seek sources of financing.

Cash Flows

The following summary of cash flows (in thousands) has been derived from our financial statements included in "Part II - Item 8. Financial Statements and Supplementary Data - Consolidated Statements of Cash Flows:" Flows":

	For the Year Ended December 31,		
	For the Year Ended December 31,		
	For the Year Ended December 31,		
	2024	2023	2022
Net cash and restricted cash provided by (used in) operating activities			
Net cash and restricted cash provided by (used in) operating activities			
Net cash and restricted cash provided by (used in) operating activities			
Net cash and restricted cash used in investing activities			
Net cash and restricted cash used in investing activities			
Net cash and restricted cash used in investing activities			
Net cash and restricted cash provided by (used in) financing activities			
Net cash and restricted cash provided by (used in) financing activities			
Net cash and restricted cash provided by (used in) financing activities			
Net cash and restricted cash (used in) provided by financing activities			

Operating Activities

Cash flows from operating activities primarily represent inflows and outflows associated with our operations. Primary activities include net income loss from operations adjusted for non-cash transactions, working capital changes and changes in other assets and liabilities.

Cash flows provided by operating activities of \$18.8 million for the year ended December 31, 2024 were affected by increases in accounts receivable of \$32.1 million from timing of our partner and vendor payments including higher cash receipts from certain performance-based customers, offset by a reduction reserve for claims and performance-based arrangements of \$85.3 million due to the timing of claims payments and a reduction in accrued compensation and benefits of \$22.7 million due to the timing of 2023 bonus payments, severance of \$2.9 million and payments for office lease consolidation and termination of \$8.4 million. Of the total \$88.8 million in NIA contingent consideration paid in the

period, \$22.2 million represented a change in fair value of NIA contingent consideration in excess of the initial fair value at the acquisition date through payment date, and is therefore presented in cash flows provided by operating activities under changes in accrued expenses.

Cash flows provided by operating activities of \$142.6 million for the year ended December 31, 2023 were affected by increases in accounts receivable from our acquisition of NIA of \$51.8 million and timing of our partner and vendor payments including lower cash receipts from certain performance-based customers including Cook County Health and Hospitals System totaling \$142.7 million, which is then offset by higher reserve for claims and performance-based arrangements of \$204.3 million. In addition, accrued liabilities were impacted by an increase in expected contingent consideration payments of \$18.0 million.

Cash flows used in operating activities of \$11.6 million for the year ended December 31, 2022 were primarily due to our net loss of \$19.2 million, non-cash items including depreciation and amortization expenses of \$67.2 million, stock-based compensation expense of \$34.0 million, deferred tax benefit of \$(45.6) million, amortization of contract cost assets of \$23.1 million, loss on extinguishment of debt of \$10.2 million, change in fair value of contingent consideration of \$(23.5) million and change in our tax receivable liability of \$46.0 million. Our operating cash outflows were affected by the timing of our customer and vendor payments primarily driven by increases in accounts receivables from Cook County Health and Hospitals System of approximately \$99.2 million, reduction of our accrued liabilities due to a decrease in expected IPG and Vital Decisions contingent consideration payments of \$25.7 million and an increase in reserves for liabilities related to payments to providers and pharmacies under performance-based arrangements related to its total cost of care and specialty care management services of \$28.4 million.

Cash flows from operating activities of \$38.7 million for the year ended December 31, 2021 were primarily due to our net loss of \$37.6 million, a loss on the repayment and termination of our Credit Agreement and 2021 Notes of \$21.3 million, a loss on discontinued operations of \$6.8 million, gain on the transfer of memberships of \$45.9 million, and non-cash items including depreciation and amortization expenses of \$60.0 million, stock-based compensation expense of \$16.7 million and change in fair value of contingent consideration and indemnification asset of \$13.3 million. Our operating cash inflows were affected by the timing of our customer and vendor payments. In addition to these non-cash items, increases in accounts receivables and contract cost assets and reductions in reserves for claims and performance-based arrangements contributed and accrued liabilities approximately \$28.9 million to our cash outflows. Those cash outflows were offset, in part by higher accounts payable and accrued compensation and employee benefits of approximately \$10.8 million.

Investing Activities

Cash flows used in investing activities of \$62.9 million in the year ended December 31, 2024 were primarily attributable to cash paid for asset acquisitions and business combinations of \$30.7 million which is inclusive of \$19.5 million for the purchase of Machinify and \$3.0 million for investment in future equity notes, and \$24.9 million of investments in internal-use software and purchases of property and equipment.

Cash flows used in investing activities of \$415.5 million in the year ended December 31, 2023 were primarily attributable to \$388.2 million paid for the acquisition of NIA and \$28.7 million of investments in internal-use software and purchases of property and equipment.

Cash flows used in investing activities of \$259.1 million in the year ended December 31, 2022 were primarily attributable to \$248.1 million paid for the acquisition of IPG, \$9.2 million paid for a purchase price adjustment related to our disposal of True Health and \$38.4 million of investments in internal-use software and purchases of property and equipment, offset in part, by \$31.0 million from the transfer of membership and release of EVH Passport escrow and \$5.6 million from returns from our equity method investments.

Financing Activities

Cash flows used in investing financing activities of \$15.8 million \$0.6 million in the year ended December 31, 2021 December 31, 2024 were primarily attributable related to \$20.1 million of preferred dividends paid on our Series A Preferred Stock and \$15.7 million from withholding taxes paid on of vested restricted stock units that were net settled. Additional cash flows used in financing activities include the portion of \$46.5 million for the NIA contingent consideration representing the fair value at the acquisition date of Vital Decisions and \$25.0 million of investments in internal-use software and purchases of property and equipment \$66.6 million, offset in part by \$43.0 million from \$62.5 million borrowed under the transfer of membership Revolving Facility and release of EVH Passport escrow and returns of investment on equity method investments of \$14.2 million.

Financing Activities \$43.5 million related to changes in working capital balances related to claims processing.

Cash flows provided by financing activities of \$281.3 million in the year ended December 31, 2023, were primarily related to \$647.5 million received from our Credit Facilities and 2029 Notes and \$168.0 million from the issuance of preferred equity, offset in part, by \$464.2 million of cash outflows related to the payment on our Credit Facilities, \$46.9 million from the payment of contingent consideration, \$18.8 million of preferred dividends paid on our Series A Preferred Stock and \$15.3 million from withholding taxes paid in respect of vested restricted stock units that were net settled.

Cash flows provided by financing activities of \$131.5 million in the year ended December 31, 2022, were primarily related to \$219.7 million received from our Credit Agreement, offset in part, by \$59.4 million of cash outflows related to claims processing services on behalf of partners and \$18.3 million from taxes withheld for restricted stock unit vesting.

Cash flows used in financing activities of \$29.5 million in the year ended December 31, 2021, were primarily related to the repayment and termination of our Credit Agreement and settlement of our outstanding warrant agreements with Ares of \$98.4 million, offset, in part, by a \$61.2 million increase in net working capital balances held on behalf of our partners for claims processing services and a \$13.3 million increase from cash proceeds from stock option exercises.

Contractual and Other Obligations

We believe that the amount of cash and cash equivalents on hand and cash flows from operations, plus borrowings under our credit facilities and if necessary, additional funding through other forms of financing, will be adequate for us to execute our business strategy and meet anticipated requirements for lease obligations, capital expenditures working capital and debt service for the next twelve months.

months and in the long-term. Our estimated known contractual and other obligations (in thousands) as of December 31, 2023 December 31, 2024, were as follows: follows (including as discussed in the narrative below):

	2024	2025-2026	2027-2028	2029+	Total
	2025	2026-2027	2028-2029	2030+	Total
Operating leases for facilities					
Purchase obligations related to vendor contracts					
Convertible notes interest payments (1)					
Convertible notes principal repayment					
Contingent consideration (2)					
Total known contractual obligations					

- (1) Refer to the discussion in "Part II - Item 8. Financial Statements and Supplementary Data - Note 9" for additional information on payment dates for our convertible notes interest.
- (2) Represents the fair value of earn-out consideration related to the Machinify transaction and annual incentive payments to Evolent Care Partners providers based on membership attribution. See "Part II - Item 8. Financial Statements and Supplementary Data - Note 18" for further details of the Company's contingent consideration obligations.

In addition, as As of December 31, 2023 December 31, 2024, we had \$37.5 million there was \$100.0 million outstanding under the Company's Revolving Facility. On January 29, 2025, the Company borrowed \$125.0 million under its 2024-A Delayed Draw Term Loan and \$75.0 million under its 2024-B Delayed Draw Term Loan. As of aggregate principal amount in a secured revolving credit facility which will mature in 2029, February 14, 2025, there was \$262.5 million outstanding under the Company's Credit Facilities, consisting of \$125.0 million outstanding under its 2024-A Delayed Draw Term Loan, \$75.0 million outstanding under its 2024-B Delayed Draw Term Loan and \$62.5 million outstanding under its Revolving Facility. The interest rate for the secured revolving credit facility all Loans will be calculated, at the option of the borrowers, (a) in the case of the Revolving Facility, at either the Adjusted Term SOFR Rate (as defined in the Credit Agreement) plus 4.00%, or the base rate plus 3.00%, and (b) in the case of the Term Loan Facility, at either the Adjusted Term SOFR plus 5.50% or the base rate plus 4.50%, subject to step downs based on a total secured leverage ratio. The Company expects to use the funds borrowed under its Committed Facilities for general corporate purposes, including working capital and management of future liabilities, potentially including the Company's 2025 Notes.

Also, In addition, as of December 31, 2023 December 31, 2024, we had 175,000 shares of the Series A Preferred Stock outstanding. Regular dividends on the Series A Preferred Stock are paid quarterly in cash in arrears at a rate per annum equal to Adjusted Term SOFR (as defined in the Certificate of Designation) plus 6.00%. The regular dividend rate will also increase by 2.0% per annum upon the occurrence and during the continuance of certain triggering events.

The Company holds ownership interests in joint ventures and other entities which are accounted for under the equity method. Our joint ventures and other investments from time to time may, and some do, include put or call features under which we could be contractually required to purchase interests from our joint venture partner at an exercise price determined in reference to a multiple of the dollar amount of our joint venture partner's total capital contributions, the performance of the joint venture, and other factors. One of our investments includes a put option that may be exercised by our joint venture partner in the first half of 2025 which, if exercised, would require us to acquire the interests in the joint venture that we do not own for a price of approximately \$52 million.

Accounts Receivable, net Net

Accounts receivable are recorded and carried at the original invoiced amount less an allowance for any potential uncollectible amounts. During the year ended December 31, 2023 December 31, 2024, accounts receivable, net, increased decreased primarily due to the timing of cash receipts from certain customers including an increase of \$101.4 million from Cook County Health and Hospitals System combined with \$28.1 million of receivables acquired as part of the NIA acquisition. customers.

Restricted Cash and Restricted Investments

Restricted cash and restricted investments of \$30.6 million \$74.3 million is carried at cost and includes cash held on behalf of other entities for pharmacy and claims management services of \$12.3 million \$55.8 million, collateral for letters of credit required as security deposits for facility leases of \$2.1 million \$1.9 million, amounts held with financial institutions for risk-sharing arrangements of \$16.2 million \$16.6 million as of December 31, 2023 December 31, 2024. See "Part II - Item 8. Financial Statements and Supplementary Data - Note 2" for further details of the Company's restricted cash balances.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets are carried at cost and includes prepaid expenses and non-trade accounts receivable. During the years year ended December 31, 2023 December 31, 2024, 2022 prepaid and 2021, prepaid insurance increased as a result other current assets decreased due to lower non-trade accounts receivable of higher premiums and the acquisition of NIA. \$1.0

Goodwill million, offset by trade receivables related to certain customers that have the legal right to net payment for amounts due from customers and Intangible Assets

We recognize the excess claims payable of the purchase price, plus the fair value of any non-controlling interests in the acquiree, over the fair value of identifiable net assets acquired as goodwill. Identified intangible assets are recorded at their estimated fair values at the date of acquisition and are amortized over their respective estimated useful lives using a method of amortization that reflects the pattern in which the economic benefits of the intangible assets are used. As part of our acquisition of NIA in January 2023 we added

\$404.0 million of intangible assets and \$395.2 million of goodwill. As part of our acquisition of IPG in August 2022, we added \$195.7 million of intangible assets and \$296.6 million of goodwill. See "Part II - Item 8. Financial Statements and Supplementary Data - Note 4" for further details of the Company's additions of goodwill and intangible assets.

Tax Receivables Agreement

In connection with the Offering Reorganization, we entered into the TRA with the holders of Class B common units. The agreement requires us to pay to such holders 85% of the cash savings, if any, in U.S. federal, state and local, and foreign income tax (as applicable) we realize as a result of any deductions attributable to the increase in tax basis following the Class B Exchanges or deductions attributable to imputed interest or future increases in tax basis following payments made under the TRA. Additionally, pursuant to the same agreement we will pay the former stockholders of Evolent Health Holdings 85% of the amount of the cash savings, if any, in U.S. federal, state and local, and foreign income tax that we realize as a result of the utilization of the NOLs of Evolent Health Holdings (and the affiliate of TPG) attributable to periods prior to the Offering Reorganization, approximately \$79.3 million, as well as deductions attributable to imputed interest on any payments made under the agreement. Payments under the TRA are due within 100 days of filing the Company's annual U.S. federal income tax return. The Company recorded a TRA liability of \$107.9 million as of December 31, 2023 \$5.4 million. See "Part II - Item 8. Financial Statements and Supplementary Data - Note 16" for further details of the Company's TRA.

Uses of Capital

Our principal uses of cash are in the operation and expansion of our business, payment of interest and other amounts payable on our convertible debt and secured borrowings and payment of preferred dividends. The Company does not anticipate paying a cash dividend on our Class A common stock in the foreseeable future.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates.

Interest Rate Risk

As of December 31, 2023 December 31, 2024, the Company had cash and cash equivalents and restricted cash and restricted investments of \$223.5 million \$178.5 million, which consisted of bank deposits with FDIC participating banks of \$220.3 million \$169.8 million and bank deposits in international banks of \$3.2 million \$8.7 million.

Changes in interest rates affect the interest earned on our cash and cash equivalents (including restricted cash). We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure.

As of December 31, 2023 December 31, 2024, we had \$575.0 million of aggregate principal amount of convertible notes outstanding, which are fixed rate instruments and not subject to fluctuations in interest rates. In addition, as of December 31, 2023 December 31, 2024, we have \$37.5 million of aggregate principal amount in a secured revolving credit facility and \$175.0 million of Series A Preferred Stock outstanding, all of which are floating rate instruments based on the SOFR and subject to fluctuations in interest rates. As of February 14, 2025, there was \$262.5 million outstanding under the Company's Credit Facilities, consisting of \$125.0 million outstanding under its 2024-A Delayed Draw Term Loan, \$75.0 million outstanding under its 2024-B Delayed Draw Term Loan and \$62.5 million outstanding under its Revolving Facility, all of which is subject to interest rates based on the SOFR. In the case of (a) the revolving loan, interest is calculated at either the Adjusted Term SOFR Rate (as defined in the Certificate of Designation) plus 4.00%, or the base rate plus 3.00% and, (b) the Series A Preferred Stock, dividends are to be paid quarterly in cash in arrears at a rate per annum equal to Adjusted Term SOFR (as defined in the Certificate of Designation) plus 6.00% and (c) the 2024-A Delayed Draw Term Loan and 2024-B Delayed Draw Term Loan, interest is calculated at either the Adjusted Term SOFR plus 5.50% or the base rate plus 4.50%. For every 1% increase in SOFR, the Company would record additional interest expense of \$0.4 million \$2.63 million per annum and preferred dividends of \$1.8 million \$1.75 million per annum.

Refer to the discussion in "Part II - Item 8. Financial Statements and Supplementary Data - Note 10" 9" for additional information on our long-term debt.

Foreign Currency Exchange Risk

We have de minimis foreign currency risks related to our operating expenses denominated in currencies other than the U.S. dollar, primarily the Indian Rupee and the Philippine Peso. In general, we are a net payer of currencies other than the U.S. dollar. Accordingly, changes in exchange rates, and in particular a strengthening of the U.S. dollar, may, in the future, negatively affect our operating results as expressed in U.S. dollars. At this time, we have not entered into, but in the future, we may enter into, derivatives or other financial instruments in an attempt to hedge our foreign currency exchange risk. It is difficult to predict the effect hedging activities would have on our results of operations. We recognized a foreign currency translation loss of \$0.1 million, \$0.8 million and \$0.1 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Item 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Evolent Health, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Evolent Health, Inc. and subsidiaries (the "Company") as of **December 31, 2023** **December 31, 2024** and **2022, 2023**, the related consolidated statements of operations and comprehensive income (loss), changes in mezzanine and shareholders' equity, and cash flows, for each of the three years in the period ended **December 31, 2023** **December 31, 2024**, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of **December 31, 2023** **December 31, 2024**, and **2022, 2023**, and the results of its operations and its cash flows for each of the three years in the period ended **December 31, 2023** **December 31, 2024**, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of **December 31, 2023** **December 31, 2024**, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated **February 22, 2024** **February 20, 2025**, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Reserve for Claims and Performance-Based Arrangements — Refer to Note 22 to the financial statements

Critical Audit Matter Description

The Company records Reserves for claims and performance-based arrangements includes reserves for the ultimate cost of claims that have been incurred but not reported including expected development on reported claims, those that have been reported but not yet paid (reported claims in process), and other medical care expenses and services payable that are primarily payable to healthcare professionals and facilities. (IBNR). The Company uses actuarial principles and assumptions that are consistently applied in each reporting period and recognizes the actuarial best estimate of the ultimate IBNR liability along with a margin for adverse deviation. The liability IBNR is primarily calculated using completion factors developed by comparing the claim incurred date to the date claims were paid. Key assumptions include current payment experience, trend factors, and completion factors. Completion factors are impacted by several key items including changes in (1) electronic (auto-adjudication) versus manual claim processing, (2) provider claims submission rates, (3) membership, and (4) the mix of products. The Company uses historical completion factors combined with an analysis of current trends and operational factors to develop current estimates of completion factors. The Company estimates the liability IBNR for claims incurred in each month by applying the current estimates of completion factors to the current paid claims data. This approach implicitly assumes that historical completion rates will be a useful indicator for the current period.

For more recent months, and for newer lines of business where there is insufficient paid claims history to develop completion factors, the Company expects to rely more heavily on medical cost trends and expected loss ratio analyses that reflect expected claim payment patterns and other relevant operational considerations or authorization analyses. For each reporting period, the Company compares key assumptions used to establish the liability IBNR to actual experience. When actual experience differs from these assumptions, the liability IBNR is adjusted through current period net income. Additionally, the Company evaluates expected future developments and emerging trends that may impact key assumptions. The process used to determine this liability IBNR requires the Company to make critical accounting estimates that involve considerable judgment, reflecting the

variability inherent in forecasting future claim payments. These estimates are highly sensitive to changes in the Company's key assumptions, specifically completion factors and medical cost trends.

We identified the reserve for claims and performance-based arrangements IBNR as a critical audit matter because the development of the reserve involves significant estimation by management. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our actuarial specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the reserve for claims and performance-based arrangements IBNR included the following, among others:

- We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company's controls over the process for estimating the liability IBNR. This included testing management review controls over the assumptions and data used in supporting the measurement of the liability IBNR.
- With the assistance of our actuarial specialists, we evaluated the reasonableness of the actuarial methods and assumptions used by management to estimate the liability IBNR by comparing them with historical experience, consistency with generally accepted actuarial methodologies used within the industry, and observable healthcare trend levels within the markets the Company operates.
- With the assistance of our actuarial specialists, we used the Company's underlying claims and membership data to develop an independent range of estimates and compared management's recorded liability IBNR to our range.
- We tested the underlying data that served as the basis for the actuarial analysis, including claims lag triangles and membership data, to test that the inputs to the actuarial estimate were complete and accurate.
- We performed a retrospective review in which we compared the total liability IBNR at the end of the prior year to actual paid claims in the current year, year for prior year dates of service.
- Additionally, we evaluated management's disclosures surrounding the reserve for claims and performance-based arrangements IBNR.

/s/ Deloitte & Touche LLP

McLean, Virginia VA
February 22, 2024 20, 2025

We have served as the Company's auditor since 2019.

EVOLENT HEALTH, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	December 31,	
	2023	2022
	2024	2023
ASSETS		
ASSETS		
ASSETS		
Current assets:		
Current assets:		
Current assets:		
Cash and cash equivalents		
Cash and cash equivalents		
Cash and cash equivalents		
Restricted cash and restricted investments		
Accounts receivable, net ⁽¹⁾		
Prepaid expenses and other current assets		
Total current assets		
Restricted cash and restricted investments		
Investments in equity method investees		
Investments and equity method investees		
Property and equipment, net		
Right-of-use assets - operating		
Prepaid expenses and other noncurrent assets		
Contract cost assets		
Intangible assets, net		
Goodwill		

Total assets

LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' EQUITY

Liabilities

Liabilities

Liabilities

Current liabilities:

Current liabilities:

Current liabilities:

Accounts payable ⁽¹⁾

Accounts payable ⁽¹⁾

Accounts payable ⁽¹⁾

Accrued liabilities ⁽¹⁾

Operating lease liability - current

Accrued compensation and employee benefits

Deferred revenue

Reserve for claims and performance - based arrangements

Reserve for claims and performance - based arrangements

Short-term debt, net

Reserve for claims and performance - based arrangements

Total current liabilities

Long-term debt, net

Other long-term liabilities

Tax receivables agreement liability

Operating lease liabilities - noncurrent

Deferred tax liabilities, net

Total liabilities

Commitments and Contingencies (See Note 11)

Commitments and Contingencies (See Note 11)

Commitments and Contingencies (See Note 11)

Commitments and Contingencies (See Note 10)

Mezzanine Equity

Mezzanine Equity

Mezzanine Equity

Preferred class A common stock - \$0.01 par value; 50,000,000 shares authorized; 175,000 and 0 shares issued, respectively

Preferred class A common stock - \$0.01 par value; 50,000,000 shares authorized; 175,000 and 0 shares issued, respectively

Preferred class A common stock - \$0.01 par value; 50,000,000 shares authorized; 175,000 and 0 shares issued, respectively

Preferred class A common stock - \$0.01 par value; 50,000,000 shares authorized; 175,000 issued, respectively

Preferred class A common stock - \$0.01 par value; 50,000,000 shares authorized; 175,000 issued, respectively

Preferred class A common stock - \$0.01 par value; 50,000,000 shares authorized; 175,000 issued, respectively

Shareholders' Equity

Shareholders' Equity

Shareholders' Equity

Class A common stock - \$0.01 par value; 750,000,000 shares authorized; 115,424,833 and 101,500,558 shares issued, respectively

Class A common stock - \$0.01 par value; 750,000,000 shares authorized; 115,424,833 and 101,500,558 shares issued, respectively

Class A common stock - \$0.01 par value; 750,000,000 shares authorized; 115,424,833 and 101,500,558 shares issued, respectively

Class A common stock - \$0.01 par value; 750,000,000 shares authorized; 116,575,773 and 115,424,833 shares issued, respectively

Class A common stock - \$0.01 par value; 750,000,000 shares authorized; 116,575,773 and 115,424,833 shares issued, respectively

Class A common stock - \$0.01 par value; 750,000,000 shares authorized; 116,575,773 and 115,424,833 shares issued, respectively

Additional paid-in-capital

Accumulated other comprehensive loss

Retained earnings (accumulated deficit)

Treasury stock, at cost; 1,537,582 shares issued, respectively

Total shareholders' equity

Total liabilities, mezzanine equity and shareholders' equity

(1) See Note 20.19 for amounts attributable to related parties included in these line items.

See accompanying Notes to Consolidated Financial Statements

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EVOLENT HEALTH, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(in thousands, except per share data)

	For the Year Ended December 31,		
	For the Year Ended December 31,		
	For the Year Ended December 31,		
	2023		
	2023		
	2023	2022	2021
	For the Year Ended December 31,		
		2024	2023 2022
Revenue (1)			
Expenses			
Cost of revenue (1)			
Cost of revenue (1)			
Cost of revenue (1)			
Selling, general and administrative expenses (1)			
Depreciation and amortization expenses			
Loss on disposal of non-strategic assets			
Right-of-use assets impairment			
Change in fair value of contingent consideration			
Change in fair value of contingent consideration			
Loss on lease termination			
Loss on lease termination			
Loss on lease termination			
Change in fair value of contingent consideration			
Total operating expenses			
Operating income (loss)			
Interest income			
Interest expense			
Gain from equity method investees			
Gain from equity method investees			
Gain from equity method investees			
Gain on transfer of membership			
Gain (loss) from equity method investees			
Gain (loss) from equity method investees			
Gain (loss) from equity method investees			
Loss on extinguishment/repayment on long-term debt, net			
Loss on extinguishment/repayment on long-term debt, net			
Loss on extinguishment/repayment on long-term debt, net			
Change in tax receivables agreement liability			
Other income (expense), net			
Loss before income taxes			
Provision for (benefit from) income taxes			
Benefit from income taxes			

Loss from continuing operations
Loss from discontinued operations, net of tax ⁽²⁾
Loss before preferred dividends and accretion of Series A Preferred Stock
Dividends and accretion of Series A Preferred Stock
Net loss attributable to common shareholders of Evolent Health, Inc.
Loss per common share
Loss per common share
Loss per common share
Basic and diluted:
Basic and diluted:
Basic and diluted:
Continuing operations
Continuing operations
Continuing operations
Discontinued operations
Basic and diluted loss per share attributable to common shareholders of Evolent Health, Inc.
Basic and diluted
Basic and diluted
Basic and diluted
Weighted-average common shares outstanding
Weighted-average common shares outstanding
Weighted-average common shares outstanding
Basic and diluted
Basic and diluted
Basic and diluted
Comprehensive loss
Comprehensive loss
Comprehensive loss
Net loss attributable to common shareholders of Evolent Health, Inc.
Net loss attributable to common shareholders of Evolent Health, Inc.
Net loss attributable to common shareholders of Evolent Health, Inc.
Other comprehensive loss, net of taxes, related to:
Foreign currency translation adjustment
Foreign currency translation adjustment
Foreign currency translation adjustment
Total comprehensive loss attributable to common shareholders of Evolent Health, Inc.

(1) See Note 20 19 for amounts attributable to unconsolidated related parties included in these line items.

(2) Includes \$0.5 million and \$6.8 million \$0.5 million loss on disposal of discontinued operations for the years year ended December 31, 2022 and 2021, respectively. I

See accompanying Notes to Consolidated Financial Statements.

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EVOLENT HEALTH, INC.		CONSOLIDATED STATEMENTS OF CHANGES IN I AND SHAREHOLDERS' EQUITY	
Mezzanine			
Equity			
Mezzanine			
Equity			
Mezzanine			
Equity			
Shareholders' Equity		Shareholders' Equity	

	Series A Preferred Stock	Series A Preferred Stock	Class A Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings (Accumulated Deficit)	Treasury Stock	Total Shareholders' Equity	Series A Preferred Stock	Class A Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings (Accumulated Deficit)	Treasur Stock
Balance as of December 31, 2020														
Balance as of December 31, 2020														
Balance as of December 31, 2020														
Stock-based compensation expense														
Exercise of stock options														
Restricted stock units vested, net of shares withheld for taxes														
Shares issued for acquisition														
Conversion of 2021 Notes														
Class A common stock issued for payment of earn-outs														
Foreign currency translation adjustment														
Net loss attributable to common shareholders of Evolent Health, Inc.														
Balance as of December 31, 2021														
Balance as of December 31, 2021														
Balance as of December 31, 2021														
Cumulative- effect adjustment from adoption of ASC 2020- 06														
Stock-based compensation expense														

Exercise of stock options

Restricted stock units vested, net of shares withheld for taxes

Leveraged stock units vested, net of shares withheld for taxes

Exchange of 2024 Notes

Shares issued for acquisition

Foreign currency translation adjustment

Net loss attributable to common shareholders of Evolent Health, Inc.

Balance as of December 31, 2022

Stock-based compensation expense

Exercise of stock options

Restricted stock units vested, net of shares withheld for taxes

Performance stock units vested, net of shares withheld for taxes

Leveraged stock units vested, net of shares withheld for taxes

2024 Note conversion

Shares issued for acquisition

Class A
common stock
issued for
payments of
earn-outs
Issuance of
series A
preferred stock,
net of issuance
costs

Foreign
currency
translation
adjustment

Net loss
attributable to
common
shareholders of
Evolent Health,
Inc.

Balance as of
December 31,
2023

Stock-based
compensation
expense

Exercise of
stock options

Restricted
stock units
vested, net of
shares
withheld for
taxes

Performance
stock units
vested, net of
shares
withheld for
taxes

Foreign
currency
translation
adjustment

Net loss
attributable to
common
shareholders
of Evolent
Health, Inc.

Balance as
of December
31, 2024

See accompanying Notes to Consolidated Financial Statements
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EVOLENT HEALTH, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the Year Ended December 31,					
	2023	2022	2021	2024	2023	2022
Cash Flows Provided by (Used In) Operating Activities						
Net loss before dividends declared and accretion of Series A preferred stock						
Net loss before dividends declared and accretion of Series A preferred stock						
Net loss before dividends declared and accretion of Series A preferred stock						
Net loss before preferred dividends and accretion of Series A preferred stock						
Net loss before preferred dividends and accretion of Series A preferred stock						
Net loss before preferred dividends and accretion of Series A preferred stock						
Adjustments to reconcile net loss to net cash and restricted cash provided by (used in) operating activities:						
Change in fair value of contingent consideration						
Change in fair value of contingent consideration						
Change in fair value of contingent consideration						
Loss on disposal of non-strategic assets						
Loss on discontinued operations						
Gain from equity method investees						
Loss (gain) from equity method investees						
Depreciation and amortization expenses						
Stock-based compensation expense						
Stock-based compensation expense						
Stock-based compensation expense						
Deferred tax benefit						
Amortization of contract cost assets						
Amortization of deferred financing costs						
Gain on transfer of membership						
Loss on extinguishment/repayment of debt, net						
Loss on extinguishment/repayment of debt, net						
Loss on extinguishment/repayment of debt, net						
Right-of-use asset impairment						
Loss on lease termination						
Change in tax receivables agreement liability						
Right-of-use operating assets						
Operating lease liabilities						
Other current operating cash outflows, net						
Other current operating cash inflows (outflows), net						
Changes in assets and liabilities, net of acquisitions:						
Accounts receivable, net and contract assets						
Accounts receivable, net and contract assets						
Accounts receivable, net and contract assets						
Prepaid expenses and other current and non-current assets						
Contract cost assets						
Accounts payable						
Accrued liabilities						
Operating lease liabilities						
Accrued compensation and employee benefits						
Deferred revenue						
Reserve for claims and performance-based arrangements						
Other long-term liabilities						
Other long-term liabilities						
Other long-term liabilities						

Net cash and restricted cash provided by (used in) operating activities

Cash Flows Used In Investing Activities

Cash paid for asset acquisitions and business combinations

Cash paid for asset acquisitions and business combinations

Cash paid for asset acquisitions and business combinations

Proceeds from transfer of membership and release of Passport escrow

Proceeds from transfer of membership and release of Passport escrow

Proceeds from transfer of membership and release of Passport escrow

Disposal of non-strategic assets and divestiture of discontinued operations, net

Return of equity method investments

Purchases of investments

Purchases of investments

Purchases of investments

Maturities and sales of investments

Purchases of investments and contributions to equity method investees

Purchases of investments and contributions to equity method investees

Purchases of investments and contributions to equity method investees

Investments in internal-use software and purchases of property and equipment

Investments in internal-use software and purchases of property and equipment

Investments in internal-use software and purchases of property and equipment

Net cash and restricted cash used in investing activities

Net cash and restricted cash used in investing activities

Net cash and restricted cash used in investing activities

Cash Flows Provided by Financing Activities

Changes in working capital balances related to claims processing on behalf of partners

Changes in working capital balances related to claims processing on behalf of partners

Changes in working capital balances related to claims processing on behalf of partners

Cash Flows (Used In) Provided by Financing Activities

Changes in working capital balances related to claims processing

Changes in working capital balances related to claims processing

Changes in working capital balances related to claims processing

Payment of contingent consideration

Proceeds from stock option exercises

Proceeds from issuance of long-term debt, net of offering costs

Repayment of long-term debt

Repayment of long-term debt

Repayment of long-term debt

Distributions to Sponsors

See accompanying Notes to Consolidated Financial Statements

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For the Year Ended December 31,

	2023	2022	2021	2024	2023	2022
Repayment and repurchase of 2021 Notes and financing fees						
Repayment of long-term debt						
Distributions to Sponsors						
Proceeds from issuance of preferred stock, net of offering costs						
Payment of preferred dividends						
Taxes withheld and paid for vesting of equity awards						
Net cash and restricted cash provided by (used in) financing activities						

Net cash and restricted cash (used in) provided by financing activities
Effect of exchange rate on cash and cash equivalents and restricted cash
Net increase (decrease) in cash and cash equivalents and restricted cash
Net (decrease) increase in cash and cash equivalents and restricted cash
Cash and cash equivalents and restricted cash as of beginning-of-period
Cash and cash equivalents and restricted cash as of end-of-period

See accompanying Notes to Consolidated Financial Statements

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EVOLENT HEALTH, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization

Evolent Health, Inc. was incorporated in December 2014 in the state of Delaware and through its subsidiaries is a market leader in connecting care for people with complex conditions like cancer, cardiovascular disease, and musculoskeletal diagnoses. We work on behalf of health plans and other risk-bearing entities and payers (our customers) to support physicians and other healthcare providers (our users) in providing the best evidence-based care to their patients. We believe adherence to the best evidence supports better outcomes for patients, a better experience for physicians, and lower costs for the healthcare system overall.

As of December 31, 2024, the Company had unrestricted cash and cash equivalents of \$104.2 million. The Company believes it has sufficient liquidity to meet its working capital and capital expenditure requirements for at least the next twelve months as of the date the financial statements were issued.

The Company made organizational changes, including re-evaluating its reportable segments, as a result of growth in our value-based specialty care business, both organically and through acquisitions. Effective during the three months ended March 31, 2023, the Company changed its reportable segments to reflect changes in the way its chief operating decision maker ("CODM") evaluates the performance of its operations, develops strategy and allocates capital resources. Specifically, the Company collapsed its previous two segments, Evolent Health Services and Clinical Solutions into one segment. The Company's historical disclosures have been recast to be consistent with the current presentation.

As We have one operating segment and one reportable segment as our CODM, who is our Chief Executive Officer, reviews financial information on a consolidated basis for purposes of December 31, 2023, the Company had unrestricted cash evaluating financial performance and cash equivalents of \$192.8 million. The Company believes it has sufficient liquidity for at least the next twelve months as of the date the financial statements were available to be issued, allocating resources.

The Company's headquarters is located in Arlington, Virginia.

Evolent Health LLC Governance

Our operations are conducted through Evolent Health LLC. Evolent Health, Inc. is a holding company whose only business is to act as the sole managing member of Evolent Health LLC. As such, it controls Evolent Health LLC's business and affairs and is responsible for the management of its business.

Note 2. Basis of Presentation, Summary of Significant Accounting Policies and Change in Accounting Principles

Basis of Presentation

The consolidated financial statements of the Company are prepared in accordance with U.S. GAAP. United States of America generally accepted accounting principles ("GAAP"). Our consolidated financial statements include the accounts of all subsidiaries.

Summary of Significant Accounting Policies

Certain GAAP policies that significantly affect the determination of our financial position, results of operations and cash flows are summarized below.

Accounting Estimates and Assumptions

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses for the reporting period. Those estimates are inherently subject to change and actual results could differ from those estimates. In the accompanying consolidated financial statements, estimates are used for, but not limited to, the valuation of assets (including intangibles assets, goodwill and long-lived assets), liabilities, consideration related to business combinations and asset acquisitions, revenue recognition (including variable consideration), estimated selling prices for performance obligations in contracts with multiple performance obligations, reserves for claims and performance-based arrangements, credit losses, depreciable lives of assets, impairment of long-lived assets, stock-based compensation, deferred income taxes and valuation allowance, contingent liabilities, purchase price allocation in taxable stock transactions and useful lives of intangible assets.

Principles of Consolidation

The consolidated financial statements include the accounts of Evolent Health, Inc. and its subsidiaries. All intercompany accounts and transactions are eliminated in consolidation.

Cash and Cash Equivalents

We consider all highly liquid instruments with original maturities of three months or less to be cash equivalents. The Company holds materially all of our cash in bank deposits with **FDIC** the Federal Deposit Insurance Corporation ("FDIC") participating banks at cost which approximates fair value.

Restricted Cash and Restricted Investments

Restricted cash and restricted investments include cash and investments used to collateralize various contractual obligations (in thousands) as follows:

		December 31,	
		2024	2023
	December 31, 2023		
	December 31, 2023		
	December 31, 2023		December 31, 2022
Collateral for letters of credit for facility leases ⁽¹⁾			
Collateral for letters of credit for facility leases ⁽¹⁾			
Collateral for letters of credit for facility leases ⁽¹⁾			
Collateral with financial institutions ⁽²⁾			
Claims processing services ⁽³⁾			
Total restricted cash and restricted investments			
Current restricted cash			
Current restricted cash			
Current restricted cash			
Total current restricted cash and restricted investments			
Non-current restricted cash			
Non-current restricted cash			
Non-current restricted cash			
Total non-current restricted cash and restricted investments			

⁽¹⁾ Represents restricted cash related to collateral for letters of credit required in conjunction with lease agreements. See Note 12 11 for further discussion of our lease commitments.

⁽²⁾ Represents collateral held with financial institutions for risk-sharing and other arrangements which are held in a FDIC participating bank account. See Note 19 18 for discussion of fair value measurement.

⁽³⁾ Represents cash held by the Company related to claims processing services on behalf of partners. These are pass-through amounts and can fluctuate materially from period to period depending on the timing of when the claims are processed.

The following table provides a reconciliation of cash and cash equivalents and **current and noncurrent** restricted cash **and restricted investments** reported within the consolidated balance sheets that sum to the total of the same amounts shown in the consolidated statements of cash flows (in thousands):

		December 31,	
		2023	2022
		2024	2023
Cash and cash equivalents			
Restricted cash and restricted investments			
Total cash and cash equivalents and restricted cash shown in the consolidated statements of cash flows			

Accounts Receivable and Allowances

Accounts receivable are recorded and carried at the original invoiced amount less an allowance for any potential uncollectible amounts. We make estimates for the allowance for doubtful accounts and allowance for unbilled receivables based upon our assessment of various factors, including historical experience, the age of the accounts receivable balances, credit quality of our customers, current economic conditions, and other factors that may affect our ability to collect from customers. See Note 7 6 for additional discussion regarding accounts receivable and allowances.

Property and Equipment, Net

Property and equipment are carried at cost less accumulated depreciation and amortization. Depreciation and amortization of property and equipment are computed using the straight-line method over the shorter of the estimated useful lives of the assets or the lease term. The following summarizes the estimated useful lives by asset classification:

Computer hardware	3 years
Computer software	1 year
Furniture and equipment	3 - 7 years
Internal-use software development costs	5 years
Leasehold improvements	Shorter of useful life or remaining lease term

When an item is sold or retired, the cost and related accumulated depreciation or amortization is eliminated and the resulting gain or loss, if any, is recorded in loss on disposal of non-strategic assets on our consolidated statements of operations and comprehensive income (loss).

We periodically review the carrying value of our long-lived assets, including property and equipment, for impairment whenever events or circumstances indicate that the carrying amount of such assets may not be fully recoverable. For long-lived assets to be held and used, impairments are recognized when the carrying amount of a long-lived asset group is not recoverable and exceeds fair value. The carrying amount of a long-lived asset group is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset group. An impairment loss is measured as the amount by which the carrying amount of a long-lived asset group exceeds its fair value.

Software Development Costs

The Company capitalizes the cost of developing internal-use software, consisting primarily of personnel and related expenses (including employee taxes and benefits) for employees and third parties who devote time to their respective projects. Internal-use software costs are capitalized during the application development stage – when the research stage is complete and management has committed to a project to develop software that will be used for its intended purpose. Any costs incurred during subsequent efforts to significantly upgrade and enhance the functionality of the software are also capitalized. Capitalized software costs are included in property and equipment, net on our consolidated balance sheets. Amortization of internal-use software costs are recorded on a straight-line basis over their estimated useful life and begin once the project is substantially complete and the software is ready for its intended purpose.

Business Combinations

Companies acquired during each reporting period are reflected in the results of the Company effective from their respective dates of acquisition through the end of the reporting period. The Company allocates the fair value of purchase consideration to the assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. Our estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. Critical estimates used to value certain identifiable assets include, but are not limited to, expected long-term revenues, future expected operating expenses, cost of capital and appropriate discount rates.

The excess of the fair value of purchase consideration over the fair value of the assets acquired and liabilities assumed in the acquired entity is recorded as goodwill. If the Company obtains new information about facts and circumstances that existed as of the acquisition date during the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded on the Company's consolidated statements of operations and comprehensive income (loss).

For contingent consideration recorded as a liability, the Company initially measures the amount at fair value as of the acquisition date and adjusts the liability **if needed**, to fair value at each reporting period. Changes in the fair value of contingent consideration, other than measurement period adjustments, are recognized **as in operating expenses on the consolidated statements of operations and comprehensive income or expense (loss)**. Acquisition-related expenses are recognized separately from the business combination and are expensed as incurred. See Note 4 for additional discussion regarding business combinations.

Equity Method Investments

For entities that are not consolidated, but where the Company has significant influence over the operating or financial decisions of the entity, the Company accounts for the investment under the equity method of accounting. In accordance with the equity method of accounting, the Company will recognize its share of earnings or losses of the investee in the period in which they are reported by the investee. The Company also considers whether there are any indicators of other-than-temporary impairment of its investments accounted for under the equity method. These investments are included in investments in equity method investees on the consolidated balance sheets with income or loss included in gain from equity method investees on the consolidated statements of operations and comprehensive income (loss). See Note **18 17** for additional discussion regarding our equity method investments.

Goodwill

We recognize the excess of the purchase price, plus the fair value of any non-controlling interests in the acquiree, over the fair value of identifiable net assets acquired as goodwill. Goodwill is not amortized, but is reviewed at least annually for indications of impairment, with consideration given to financial performance and other relevant factors. We perform impairment tests of goodwill at a reporting unit level on October 31 of each year. **During the fourth quarter of 2023, the Company underwent organizational changes which required a reassessment of reporting units. As a result, the Company determined it has one reporting unit due to the economic similarity of the services provided to our partners.** We perform impairment tests between annual tests if an event occurs, or circumstances change, that we believe would more likely than not reduce the fair value of a reporting unit below its carrying amount.

Our goodwill impairment analysis first assesses qualitative factors to determine whether events or circumstances existed that would lead the Company to conclude it is more likely than not that the fair value of its reporting unit is below its carrying amount. If the Company determines that it is more likely than not that the fair value of its reporting unit is below

the carrying amount, a quantitative goodwill assessment is required. In the quantitative evaluation, the fair value of our reporting unit is determined and compared to the carrying value. If the fair value is greater than the carrying value, then the carrying value is deemed to be recoverable and no further action is required. If the fair value estimate is less than the carrying value, goodwill is considered impaired for the amount by which the carrying amount exceeds our reporting unit's fair value and a charge is reported in goodwill impairment on our consolidated statements of operations and comprehensive income (loss). See Note 9 8 for additional discussion regarding the goodwill impairment tests test conducted during 2024 and 2023.

Intangible Assets, Net

Identified intangible assets are recorded at their estimated fair values at the date of acquisition and are amortized over their respective estimated useful lives using a method of amortization that reflects the pattern in which the economic benefits of the intangible assets are used.

The following summarizes the estimated useful lives by asset classification:

Customer relationships	11 - 25 years
Technology	5 years
Provider network contracts	3 2 - 5 years

As part of the organizational changes as a result of growth in our value-based specialty care business, we will sunset several corporate trade names and replace them with Evolent signifying our adoption and launch of a unified brand. As a result, we re-evaluated the useful lives of our intangible assets and accelerated amortization such that all corporate trade names will be were fully amortized by December 2024.

Intangible assets are reviewed for impairment if circumstances indicate the Company may not be able to recover the asset's carrying value. The Company evaluates recoverability by determining whether the undiscounted cash flows expected to result from the use and eventual disposition of that asset or group exceed the carrying value at the evaluation date. If the undiscounted cash flows are not sufficient to cover the carrying value, the Company measures an impairment loss as the excess of the carrying amount of the long-lived asset or group over its fair value. See Note 9 8 for additional discussion regarding our intangible assets.

Research and Development Costs

Research and development costs consist primarily of personnel and related expenses (including stock-based compensation and employee taxes and benefits) for employees engaged in research and development activities as well as third-party fees. All such costs are expensed as incurred. We focus our research and development efforts on activities that support our technology infrastructure, clinical program development, data analytics and network development capabilities. Research and development costs are recorded within cost of revenue and selling, general and administrative expenses on our consolidated statements of operations and comprehensive income (loss).

Reserves for Claims and Performance-based Arrangements

Reserves for claims and performance-based arrangements reflect estimates of payments under performance-based arrangements and the ultimate cost of claims that have been incurred but not reported, including expected development on reported claims, those that have been reported but not yet paid (reported claims in process) and other medical care expenses and services payable that are primarily composed of accruals for incentives and other amounts payable to health care professionals and facilities. The Company uses actuarial principles and assumptions that are consistently applied in each reporting period and recognizes the actuarial best estimate of the ultimate liability along with a margin for adverse deviation. This approach is consistent with actuarial standards of practice that the liabilities be adequate under moderately adverse conditions.

The process of estimating reserves involves a considerable degree of judgment by the Company and, as of any given date, is inherently uncertain. The methods for making such estimates and for establishing the resulting liability are continually reviewed and adjustments are reflected in current results of operations in the period in which they are identified as experience develops or new information becomes known. See Note 22 for additional discussion regarding our reserves for claims and performance-based arrangements.

Right of Offset

Certain customer arrangements give the Company the legal right to net payment for amounts due from customers and claims payable. As of December 31, 2023 December 31, 2024 and 2022, 2023, approximately 57% 67% and 47% 57%, respectively, of gross accounts receivable has been netted against claims payable in lieu of cash receipt. Furthermore, as of December 31, 2023 December 31, 2024, approximately 16% 23% of our accounts receivable, net could ultimately be settled on a net basis, once the criteria for netting have been met. Additionally, the Company offsets its accounts receivable and claims reserve under its total cost of care management solution.

Long-term Debt

Convertible notes and amounts borrowed under our Credit Agreement are carried at cost, net of debt discounts and issuance costs, as long-term debt on the consolidated balance sheets. The debt discounts and issuance costs are amortized to interest expense on the consolidated statements of operations and comprehensive income (loss) using the straight-line method over the contractual term of the note if that method is not materially different from the effective interest rate method. Cash interest payments are due either quarterly or semi-annually in arrears and we accrue interest expense monthly based on the annual coupon rate. See Note 10 9 for further discussion regarding our convertible notes and Credit Agreement.

Leases

The Company enters into various office space, data center and equipment lease agreements in conducting its normal business operations. At the inception of any contract, the Company evaluates the agreement to determine whether the contract contains a lease. If the contract contains a lease, the Company then evaluates the term and whether the lease is an operating or finance lease. Most leases include one or more options to renew or may have a termination option. The Company determines whether these options are

reasonably certain to be exercised at the inception of the lease. The rent expense is recognized on a straight-line basis in the consolidated statements of operations and comprehensive income (loss) over the terms of the respective leases. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheets.

As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the lease commencement date in determining the present value of lease payments. We use the implicit rate when readily determinable. Further, the Company treats all lease and non-lease components as a single combined lease component for all classes of underlying assets.

The Company also enters into sublease agreements for some of its leased office space. Rental income attributable to subleases is immaterial and is offset against rent expense over the terms of the respective leases.

The Company reviews long-lived assets, which include operating lease right-of-use asset assets, for impairment when facts or circumstances indicate the carrying amount of an asset or asset group may not be recoverable. If impairment indicators are present and the estimated future undiscounted cash flows are less than the carrying value of the assets, the carrying values are reduced to the estimated fair value. Fair values are determined based on quoted market values, discounted cash flows and external market data, as applicable.

During the year ended December 31, 2023, the Company decommissioned its Chicago, IL lease and wrote off the associated right-of-use asset, recognizing an impairment charge of \$24.1 million in right-of-use assets impairment on the consolidated statements of operations.

The Company terminated a portion its Arlington, VA lease effective December 31, 2023 and recognized the impact of a \$6.5 million termination penalty in its operating lease liability - current on its consolidated balance sheet. The termination payment will consist of two payments of \$3.25 million, one payment was paid on October 1, 2023 and the other will be paid on April 1, 2024.

Refer to Note 12.11 for additional lease disclosures.

Revenue Recognition

Our revenue contracts are typically multi-year arrangements with customers to provide solutions designed to lower the medical expenses of our partners and include our total cost of care management and specialty care management services solutions, provide comprehensive health plan operations and claims processing services, and also include transition or run-out services to customers.

We use the following 5-step model, outlined in Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), to determine revenue recognition from our contracts with customers:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to performance obligations
- Recognize revenue when (or as) the entity satisfies a performance obligation

See Note 6.5 for further discussion of our policies related to revenue recognition.

Cost of Revenue

Our cost of revenue includes direct expenses and shared resources that perform services in direct support of partners. Costs consist primarily of employee-related expenses (including compensation, payroll taxes, benefits and stock-based compensation), expenses for TPA support and other services, as well as other professional fees, fees and technology services. In certain cases, our cost of revenue also includes claims and capitation payments to providers and payments for pharmaceutical treatments and other health care expenditures through capitated arrangements.

Selling, general and administrative expenses

Our selling, general and administrative expenses consist of employee-related expenses (including compensation, benefits and stock-based compensation) for selling and marketing, corporate development, finance, legal, human resources, corporate information technology, professional fees and other corporate expenses associated with these functional areas. Selling, general and administrative expenses also include costs associated with our centralized infrastructure and research and development activities to support our network development capabilities, claims processing services, including PBM administration, technology infrastructure, clinical program development and data analytics.

Stock-based Compensation

The Company sponsors a stock-based incentive plan that provides for the issuance of stock-based awards to employees, vendors and non-employee directors of the Company or its consolidated subsidiaries. Our stock-based awards generally vest over a three or four-year period and stock options expire 10 years from the date of grant.

We expense the fair value of stock-based awards granted under our incentive compensation plans. The fair value of the awards is expensed over the performance or service period, which generally corresponds to the vesting period, on a straight-line basis and is recognized as an increase to additional paid-in capital. Stock-based compensation expense is reflected in cost of revenue and selling, general and administrative expenses in our consolidated statements of operations and comprehensive income (loss). We recognize share-based award forfeitures as they occur.

Income Taxes

Deferred income taxes are recognized, based on enacted rates, when assets and liabilities have different values for financial statement and tax reporting purposes. A valuation allowance is recorded to the extent required. Considerable judgment and the use of estimates are required in determining whether a valuation allowance is necessary and, if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance, we consider many factors, including: the nature and character of the deferred tax assets and liabilities; taxable income in prior carryback years; future reversals of temporary differences; the length of time carryovers can be utilized; and any tax planning strategies we would employ to avoid a tax benefit from expiring unused.

We use a recognition threshold and a measurement attribute for the financial statement recognition and measurement of uncertain tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. We recognize interest and penalties accrued on any unrecognized tax exposures as a component of income tax expense, when applicable. As of **December 31, 2023**, **December 31, 2024** and **2022**, **2023**, our identified balance of uncertain income tax positions would not have a material impact to the consolidated financial statements. We are subject to taxation in various jurisdictions in the **U.S., United States**, India and the Philippines and remain subject to examination by taxing jurisdictions for the year 2011 and all subsequent periods due to the availability of NOL carryforwards.

Loss per Common Share

Basic loss per common share is computed by dividing net loss available to Class A common shareholders of **Evolent Health, Inc.** by the weighted-average number of Class A common shares outstanding.

For periods of net income, and when the effects are not anti-dilutive, we calculate diluted earnings per share by dividing net income available to Class A common shareholders by the weighted average number of Class A common shares plus the weighted average number of Class A common shares assuming the conversion of our convertible notes, as well as the impact of all potential dilutive common shares, consisting primarily of common stock options and unvested restricted stock awards using the treasury stock method and our Series A Preferred Stock. For periods of net loss, shares used in the diluted loss per share calculation represent basic shares as using potentially dilutive shares would be anti-dilutive.

Fair Value Measurement

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability assuming an orderly transaction in the most advantageous market at the measurement date. Our consolidated balance sheets include various financial instruments (primarily cash not held in **money-market money market** funds, restricted cash, accounts receivable, accounts payable, accrued expenses and other liabilities) that are carried at cost which approximates fair value.

See **Refer to Note 19** **18** for further discussion regarding fair value measurement.

Series A

Convertible Preferred Stock Equity

In accordance with ASC 480, Distinguishing Liabilities from Equity, the **Our** shares of **Cumulative Series A Convertible Preferred Shares**, par value \$0.01 per share ("Series A Preferred Stock") **Equity** are classified within temporary equity, as events outside the Company's control **can trigger triggers** such shares to become redeemable. Costs associated with the issuance of redeemable preferred stock are presented as discounts to the **fair carrying** value of the redeemable preferred stock and are amortized using the effective interest method, over the term of the **respective series of preferred shares**, **Convertible Preferred Equity**. Refer to Note **13 - 12** **for further discussion of our** Convertible Preferred Equity for further discussion. **Equity**.

Note 3. Recently Issued Accounting Standards

Adoption of New Accounting Standards

In August 2020, the FASB issued ASU 2020-06, *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. The ASU simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts in an entity's own equity. Specifically, the ASU removes the separation models for convertible debt with a cash conversion feature or convertible instruments with a beneficial conversion feature and no longer permits the use of the treasury stock method from calculating earnings per share. As a result, after adopting the ASU's guidance, we do not separately present in equity an embedded conversion feature of such debt. Instead, we account for a convertible debt instrument wholly as debt unless (i) a convertible instrument contains features that require bifurcation as a derivative or (ii) a convertible debt instrument was issued at a substantial premium. Additionally, the ASU removes certain conditions for equity classification related to contracts in an entity's own equity (e.g., warrants) and amends certain guidance related to the computation of earnings per share for convertible instruments and contracts on an entity's own equity. The Company adopted the standard using a modified retrospective method on January 1, 2022, with adjustments which increased retained earnings by \$39.8 million, reduced additional paid-in capital by \$106.2 million and increased the net carrying amount of the 2024 and 2025 Notes by \$25.1 million and \$41.3 million, respectively.

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. This ASU clarifies that an acquirer of a business should recognize and measure contract assets and contract liabilities in a business combination in accordance with ASC Topic 606, *Revenue from Contracts with Customers*. The Company adopted this standard starting in the first quarter of 2023, which did not have a material impact on our consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" ("ASU 2023-07"), which enhances the disclosures required for operating segments in the Company's annual and interim consolidated financial statements, including those companies with a single operating segment. ASU 2023-07 is effective retrospectively for fiscal years beginning after December 15, 2023 and for interim periods within fiscal years beginning after December 15, 2024. **Early**

adoption is permitted. The Company is currently evaluating adopted ASU 2023-07 for the impact of this standard on our year ended December 31, 2024. See Note 21 for segment disclosures.

In December 2023, the FASB issued ASU 2023-09, Improvements to Income Tax Disclosures ("ASU 2023-09"). ASU 2023-09 includes requirements that an entity disclose specific categories in the rate reconciliation and provide additional information for reconciling items that are greater than five percent of the amount computed by multiplying pretax income (or loss) by the applicable statutory income tax rate. The standard also requires that entities disclose income (or loss) from continuing operations before income tax expense (or benefit) and income tax expense (or benefit) each disaggregated between domestic and foreign. ASU 2023-09 is effective for annual periods beginning after December 15, 2024. The Company is currently assessing the impact of ASU 2023-09, but does not expect the adoption to have a significant impact to our income tax disclosures.

In November 2024, the FASB issued ASU 2024-03, "Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses" ("ASU 2024-03"). ASU 2024-03 requires additional disclosure of specific types of expenses included in the expense captions presented on the face of the income statement as well as disclosures about selling expenses. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim periods beginning after December 15, 2027, with early adoption permitted. ASU 2024-03 may be applied prospectively with the option for retrospective application for all prior periods presented. The Company is currently evaluating the impact of adopting this guidance on the Company's current financial position, results of operations or financial statement disclosures.

In November 2024, the FASB issued ASU 2024-04, Debt with Conversion and Other Options (Subtopic 470-20) "Induced Conversions of Convertible Debt Instruments" to clarify the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. Under the amendments, to account for a settlement of a convertible debt instrument as an induced conversion, an inducement offer is required to provide the debt holder with, at a minimum, the consideration (in form and amount) issuable under the conversion privileges provided in the terms of the instrument. An entity should assess whether this criterion is satisfied as of the date the inducement offer is accepted by the holder. If, when applying this criterion, the convertible debt instrument had been exchanged or modified (without being deemed substantially different) within the one-year period leading up to the offer acceptance date, an entity should compare the terms provided in the inducement offer with the terms that existed one year before the offer acceptance date. The amendments in this update also clarify that the induced conversion guidance applies to a convertible debt instrument that is not currently convertible as long as it had a substantive conversion feature as of both its disclosures. issuance date and the date the inducement offer is accepted. The amendments are effective for all entities for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. The Company is examining the impact this pronouncement may have on the Company's consolidated financial statements.

Note 4. Transactions

Business Combinations

Machinify

On August 1, 2024, the Company completed its acquisition of certain assets of Machinify, Inc. and the exclusive, perpetual and royalty-free license of Machinify Auth, a software platform that leverages the latest advances in artificial intelligence ("Machinify"). The acquisition consideration was \$28.5 million which included \$19.5 million of cash, \$11.0 million which was paid upon closing and \$8.5 million which was paid on November 1, 2024, as well as an earn-out consisting of additional consideration of up to \$12.5 million payable in cash or shares of the Company's Class A common stock at the election of the Company in the second quarter of 2025. As of August 1, 2024, the contingent consideration was fair valued at \$9.0 million. See Note 18 for additional information regarding the fair value determination of the earn-out consideration.

The purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values as of August 1, 2024, as follows (in thousands):

Purchase consideration:	
Cash	\$ 19,500
Fair value of contingent consideration	9,000
Total consideration	\$ 28,500
Identifiable intangible assets acquired:	
Technology	\$ 7,700
Total identifiable intangible assets acquired	7,700
Liabilities assumed:	
Accrued compensation and employee benefits	9
Total liabilities assumed	9
Goodwill	20,809
Net assets acquired	\$ 28,500

Identifiable intangible assets associated with technology will be amortized on a straight-line basis over their preliminary estimated useful lives of 5 years. The fair value of the intangible assets was determined using the replacement cost method which involves estimating an asset's value by the cost to replace the asset with a similar asset in a similar condition on the closing date of the transaction. Goodwill is calculated as the difference between the acquisition date fair value of the total consideration and the fair value of the net assets acquired and represents the future economic benefits that we expect to achieve as a result of the acquisition. The goodwill is deductible for tax purposes.

National Imaging Associates Inc.

On January 20, 2023, the Company completed its acquisition of NIA, including all of the issued and outstanding shares of capital stock of NIA as well as certain assets held by Magellan Health, Inc. ("Magellan") and certain of its subsidiaries that were used in the Magellan Specialty Health division. NIA is a specialty benefit management organization that focuses on managing cost and quality in the areas of radiology, musculoskeletal, physical medicine and genetics. The transaction is expected to accelerate our strategy to become a leading provider of value-based specialty care solutions as well as diversify our revenue streams with a larger customer portfolio.

Total acquisition consideration, net of cash on hand and certain closing adjustments, was \$715.7 million, based on the closing price of the Company's Class A common stock on the NYSE on January 20, 2023. The acquisition consideration consisted of approximately \$387.8 million of cash consideration (inclusive of certain post-closing adjustments), 8.5 million shares of the Company's Class A common stock, fair valued at \$261.3 million as of January 20, 2023, and an earn-out consisting of additional consideration of up to \$150.0 million payable in cash and, at the Company's election, up to 50% in shares of the Company's Class A common stock (the "Contingent Consideration"). stock. As of January 20, 2023, the Contingent Consideration contingent consideration was fair valued at \$66.6 million. See Note 19 18 for additional information regarding the fair value determination of the earn-out consideration.

The purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values as of January 20, 2023, as follows (in thousands):

Purchase consideration:		
Cash	\$	387,823
Fair value of Class A common stock issued		261,271
Fair value of contingent consideration		66,600
Total consideration	\$	715,694
Tangible assets acquired:		
Accounts receivable	\$	28,065
Prepaid expenses and other current assets		675
Total tangible assets acquired		28,740
Identifiable intangible assets acquired:		
Customer relationships		345,100
Technology		50,700
Corporate trade name		8,200
Total identifiable intangible assets acquired		404,000
Liabilities assumed:		
Accrued liabilities		5,409
Accrued compensation and employee benefits		6,173
Deferred tax liabilities, net		100,486
Deferred revenue		142
Total liabilities assumed		112,210
Goodwill ⁽¹⁾		395,164
Net assets acquired	\$	715,694

(1) Goodwill acquired does not include \$1.0 million of measurement period adjustments or of and \$2.4 million in reductions due to goodwill disposals. See Note 9 for additional information. written off upon disposal of non-strategic assets.

The fair value of the receivables acquired, as shown in the table above, approximates the gross contractual amounts and is expected to be collectible in full. Identifiable intangible assets associated with customer relationships, technology and the corporate trade name will be amortized on a straight-line basis over their preliminary estimated useful lives of 15 years, 5 years and 2 years, respectively. The customer relationships are primarily attributable to existing contracts with current customers. The technology consists primarily of proprietary software that supports NIA's core business applications and specialty business. The corporate trade name reflects the value that we believe the NIA brand name carries in the market, however do due to organization changes we will retire retired the NIA trade name by in December 2024. The fair value of the intangible assets was determined using the income approach and the relief from royalty approach. The income approach estimates fair value for an asset based on the present value of cash flows projected to be generated by the asset. Projected cash flows are discounted at a required rate of return that reflects the relative risk of achieving the cash flows and the time value of money. The relief from royalty approach estimates the fair value of an asset by calculating how much an entity would have to spend to lease a similar asset. Goodwill is calculated as the difference between the acquisition date fair value of the total consideration and the fair value of the net assets acquired and represents the future economic benefits that we expect to achieve as a result of the acquisition. The Company received carryover tax basis in the assets and liabilities acquired; accordingly, the Company recognized net deferred tax liabilities associated with the difference between the book basis and the tax basis for the assets and liabilities acquired. The goodwill is not deductible for tax purposes. Additionally, a tax benefit of \$56.1 million was recorded in the consolidated statements of operations and comprehensive income (loss) for the year ended December 31, 2023, to account for the valuation allowance release primarily related to the acquired intangible assets, which resulted in a deferred tax liability that provided a source of income supporting realization of other deferred tax assets.

The amounts above reflect management's preliminary estimate of the fair value of the tangible and intangible assets acquired and liabilities assumed. Subsequent to December 31, 2023, we finalized the determination of fair values allocated to the acquired intangible assets and deferred tax liability.

We have included the financial results of NIA in our consolidated financial statements from January 20, 2023. The consolidated statements of operations and comprehensive income (loss) include \$242.1 million of revenues and \$0.1 million of net income attributable to NIA for the year ended December 31, 2023.

Implantable Provider Group

On August 1, 2022, the Company completed its acquisition of IPG, including 100% of the voting equity interests. IPG is a leader in providing surgical management solutions for musculoskeletal conditions. The transaction is expected to accelerate our strategy to become a leading provider of value-based specialty care solutions as well as diversify our revenue streams with a larger customer portfolio. The transaction is expected to deepen our capabilities, allowing us to cross-sell across customers and enhance our value proposition to partners.

Total acquisition consideration, net of cash on hand and certain closing adjustments, was \$461.7 million, based on the closing price of the Company's Class A common stock on the NYSE on August 1, 2022. The acquisition consideration consisted of \$256.5 million of cash consideration, 3.7 million shares of Class A common stock, fair valued at \$130.2 million as of August 1, 2022, and an earn-out of up to \$87.0 million, fair valued at \$75.0 million as of August 1, 2022 is payable in cash and/or shares of the Company's Class A Common Stock, at the Company's option. See Note19 for additional information regarding the fair value determination of the earn-out consideration.

The purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values as of August 1, 2022, as follows (in thousands):

Purchase consideration:	
Cash	\$ 256,488
Fair value of Class A common stock issued	130,175
Fair value of contingent consideration	75,000
Total consideration	\$ 461,663
Tangible assets acquired:	
Accounts receivable	34,155
Prepaid expenses and other current assets	636
Other non-current assets	1,393
Total tangible assets acquired	36,184
Identifiable intangible assets acquired:	
Customer relationships	154,000
Technology	23,900
Corporate trade name	17,800
Total identifiable intangible assets acquired	195,700
Liabilities assumed:	
Accounts payable	7,997
Accrued liabilities	8,083
Accrued compensation and employee benefits	423
Deferred tax liabilities, net	48,671
Deferred revenue	321
Operating lease liabilities	1,323
Total liabilities assumed	66,818
Goodwill	296,597
Net assets acquired	\$ 461,663

The fair value of the receivables acquired, as shown in the table above, approximates the gross contractual amounts and is expected to be collectible in full. Identifiable intangible assets associated with customer relationships, technology and the corporate trade name will be amortized on a straight-line basis over their preliminary estimated useful lives of 20 years, 5 years, and 15 years, respectively. The customer relationships are primarily attributable to existing contracts with current customers. The technology consists primarily of a proprietary customer relationship management and analytics platform that supports reporting to payers with respect to medical device pricing and associated analytics. The corporate trade name reflects the value that we believe the IPG brand name carries in the market. The fair value of the intangible assets was determined using the income approach and the relief from royalty approach. The income approach estimates fair value for an asset based on the present value of cash flows projected to be generated by the asset.

Projected cash flows are discounted at a required rate of return that reflects the relative risk of achieving the cash flows and the time value of money. The relief from royalty approach estimates the fair value of an asset by calculating how much an entity would have to spend to lease a similar asset. Goodwill is calculated as the difference between the acquisition date fair value of the total consideration and the fair value of the net assets acquired and represents the future economic benefits that we expect to achieve as a result of the acquisition. The Company received carryover tax basis in the assets and liabilities acquired; accordingly, the Company recognized net deferred tax liabilities associated with the difference between the book basis and the tax basis for the assets and liabilities acquired. The goodwill is not deductible for tax purposes. Additionally, a tax benefit of \$46.8 million was recorded in the consolidated statements of operations and comprehensive income (loss) for the year December 31, 2022, to account for the valuation allowance release primarily related to the acquired intangible assets, which resulted in a deferred tax liability that provided a source of income supporting realization of other deferred tax assets.

Pro forma financial information (unaudited)

The following unaudited condensed pro forma information presents combined financial information as if the acquisition of NIA had been effective as of January 1, 2021, the beginning of the 2021 fiscal year. The unaudited pro forma financial information includes adjustments to historical amounts including amortization of acquired intangible assets, depreciation of acquired property and equipment, interest expense for the financing of the transaction, alignment of NIA's revenue recognition policy, and the associated income tax effects as if NIA had been included in the Company's results of operations.

This pro forma data is presented for informational purposes only and does not purport to be indicative of the results of future operations or of the results that would have occurred had the transactions described above occurred in the specified prior periods. The pro forma adjustments are based on available information and assumptions that the Company believes are reasonable to reflect the impact of these transactions on the Company's historical financial information on a pro forma basis (in thousands).

	For the Year Ended December 31,		
	2023	2022	2021
Revenue	\$ 1,975,321	\$ 1,607,311	\$ 1,135,126
Net loss attributable to common shareholders of Evolent Health, Inc.	(137,210)	(76,406)	(103,442)

Pro forma financial information has not been presented for the IPG acquisition as the impact to the Company's consolidated financial statements was not material.

Note 5. Discontinued Operations

On January 11, 2021, Evolent Health LLC, EH Holdings and True Health, each wholly owned subsidiaries of the Company, entered into a Stock Purchase Agreement (the "True Health SPA") with Bright Health Management, Inc. ("Bright HealthCare"), pursuant to which EH Holdings agreed to sell all of its equity interests in True Health to Bright HealthCare. Closing of the transactions contemplated by the True Health SPA occurred on March 31, 2021 (the "True Health Closing") and the Company has had no continuing involvement with True Health subsequent to the closing except a pre-existing services agreement for claims processing and other health plan administrative functions.

As of the first quarter of 2021, the Company determined that True Health met the discontinued operations criteria under ASC 205, and as such, True Health assets and liabilities and the results of operations for all periods presented are classified as discontinued operations and are not included in continuing operations in the consolidated financial statements.

The following table summarizes the results of operations of the Company's True Health business, which are included in loss from discontinued operations in the consolidated statements of operations and comprehensive income (loss):

	For the Year Ended December 31, 2021
Revenue	
Platform and operations	\$ 38
Premiums	44,795
Total revenue	44,833
Expenses	
Cost of revenue (exclusive of depreciation and amortization expenses presented separately below) ⁽¹⁾	5,885
Claims expenses	33,954
Selling, general and administrative expenses ⁽²⁾	5,764
Depreciation and amortization expenses	160
Total operating expenses	45,763
Operating loss	(930)
Interest income	112
Interest expense	(4)
Other loss	(25)
Loss before income taxes and non-controlling interests	(847)
Provision for income taxes	(326)
Net loss	\$ (521)

- (a) Cost of revenue includes intercompany expenses between the Company and True Health that are recorded in loss from continuing operations in the consolidated statements of operations and comprehensive income (loss) related to an existing services agreement for claims processing and other health plan administrative functions of \$2.8 million for the year ended December 31, 2021.
- (a) Selling, general and administrative expenses include intercompany expenses between the Company and True Health that are recorded in loss from continuing operations on the consolidated statements of operations and comprehensive income (loss) related to an existing services agreement for claims processing and other health plan administrative functions of \$1.1 million for the year ended December 31, 2021.

The consolidated statements of cash flows for all periods have not been adjusted to separately disclose cash flows related to discontinued operations. Cash flows related to the True Health business were as follows:

	For the Year Ended December 31, 2021	
Cash flows provided by operating activities	\$	5,002
Cash flows (used in) provided by investing activities		(2,494)

Note 6. Revenue Recognition

Our revenue contracts are typically multi-year arrangements with customers to provide solutions designed to lower the medical expenses of our partners and include our total cost of care management and specialty care management services solutions, provide comprehensive health plan operations and claims processing services, and also include transition or run-out services to customers.

Our performance obligation in these arrangements is to provide an integrated suite of services, including access to our platform that is customized to meet the specialized needs of our partners and providers. Generally, we will apply the series guidance to the performance obligation as we have determined that each time increment is distinct. We primarily utilize a variable fee structure for these services that typically includes a monthly payment that is calculated based on a specified per member per month rate, multiplied by the number of members that our partners are managing under a value-based care arrangement or a percentage of plan premiums. Our arrangements may also include other variable fees related to service level agreements, shared medical savings arrangements and other performance measures. Variable consideration is estimated using the most likely amount based on our historical experience and best judgment at the time. Due to the nature of our arrangements, certain estimates may be constrained if it is probable that a significant reversal of revenue will occur when the uncertainty is resolved. We recognize revenue over time using the time elapsed output method. Fixed consideration is recognized ratably over the contract term. In accordance with the series guidance, we allocate variable consideration to the period to which the fees relate. Our revenue includes certain services which are billed on a per-case basis.

Contracts with Multiple Performance Obligations

Our contracts with customers may contain multiple performance obligations, primarily when the partner has requested both administrative services and other services such as our specialty care management or total cost of care management services as these services are distinct from one another. When a contract has multiple performance obligations, we allocate the transaction price to each performance obligation based on the relative standalone selling price using the expected cost margin approach. This approach requires estimates regarding both the level of effort it will take to satisfy the performance obligation as well as fees that will be received under the variable pricing model. We also take into consideration customer demographics, current market conditions, the scope of services and our overall pricing strategy and objectives when determining the standalone selling price.

Principal vs. Agent

We use third parties to assist in satisfying our performance obligations. In order to determine whether we are the principal or agent in the arrangement, we review each third-party relationship on a contract-by-contract basis. As we integrate goods and services provided by third parties into our overall service, we control the services provided to the customer prior to its delivery. As such, we are the principal and we will recognize revenue on a gross basis. In certain cases, we do not control the services from third parties before it is delivered to the customer, thereby recognizing revenue on a net basis.

Disaggregation of Revenue

The following table represents Evolent's revenue disaggregated by end-market line of business and product type (in thousands):

	For the Year Ended December 31,		
	For the Year Ended December 31,		
	For the Year Ended December 31,		
	2023	2022	2021
	2024	2023	2022
Medicaid			
Medicare			
Commercial and other			
Total			
Performance Suite			
Performance Suite			
Performance Suite			
Specialty Technology and Services Suite			
Administrative Services			
Cases			
Total			

Transaction Price Allocated to the Remaining Performance Obligations

For contracts with a term greater than one year, we have allocated approximately \$44.7 million \$18.7 million of transaction price to performance obligations that are unsatisfied as of December 31, 2023 December 31, 2024. We do not include variable consideration that is allocated entirely to a wholly unsatisfied performance obligation accounted for under the series guidance in the calculation. As a result, the balance represents the value of the fixed consideration in our long-term contracts that we expect will be recognized as revenue in a future period and excludes the majority of our revenue, which is primarily derived based on variable consideration as discussed in Note 2. We expect to recognize revenue on approximately 58% and 100% of these remaining performance obligations by December 31, 2024 and 2025, respectively. December 31, 2025. However, because our existing contracts may be canceled or renegotiated including for reasons outside our control, the amount of revenue that we actually receive may be more or less than this estimate and the timing of recognition may not be as expected.

Contract Balances

Contract balances consist of accounts receivable, contract assets and deferred revenue. Contract assets are recorded when the right to consideration for services is conditional on something other than the passage of time. Contract assets relating to unbilled receivables are transferred to accounts receivable when the right to consideration becomes unconditional. We classify contract assets as current or non-current based on the timing of our rights to the unconditional payments. Our contract assets are generally classified as current and recorded within prepaid expenses and other current assets on our consolidated balance sheets. Our current accounts receivables are classified within accounts receivable, net on our consolidated balance sheets and our non-current accounts receivable are classified within prepaid expenses and other non-current assets on our consolidated balance sheets.

Deferred revenue includes advance customer payments and billings in excess of revenue recognized. We classify deferred revenue as current or non-current based on the timing of when we expect to recognize revenue. Our current deferred revenue is recorded within deferred revenue on our consolidated balance sheets and non-current deferred revenue is recorded within other long-term liabilities on our consolidated balance sheets.

The following table provides information about receivables, contract assets and deferred revenue from contracts with customers as of December 31, 2023 December 31, 2024 and December 31, 2022 2023 (in thousands):

	December 31, 2023	2022
	December 31, December 31,	
	2024	2023
Short-term receivables ⁽¹⁾		
Short-term deferred revenue		
Short-term deferred revenue		
Short-term deferred revenue		
Long-term deferred revenue		

⁽¹⁾ Excludes pharmacy claims rebate receivable and premiums pharmacy claims receivable.

Changes in deferred revenue for the year ended December 31, 2023, December 31, 2024 are as follows (in thousands):

Deferred revenue		
Balance as of beginning-of-period	\$	8,291 7,149
Reclassification to revenue, as a result of performance obligations satisfied		(5,742) (5,672)
Cash received in advance of satisfaction of performance obligations		4,600 1,030
Balance as of end of period	\$	7,149 2,507

The amount of revenue, excluding customer discounts of \$6.3 \$7.7 million and \$1.3 \$6.3 million for the years year ended December 31, 2023 December 31, 2024 and 2022, 2023, respectively, recognized from performance obligations satisfied (or partially satisfied) in a previous period was \$23.0 million, \$37.2 million \$36.3 million and \$28.3 \$36.3 million for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, respectively, due primarily to retroactive contract amendments offset by net gain share as well as changes in other estimates.

Contract Cost Assets

Certain bonuses and commissions earned by our sales team are considered incremental costs of obtaining a contract with a customer that we expect to be recoverable. The capitalized contract acquisition costs are classified as non-current assets and recorded within contract cost assets on our consolidated balance sheets. Amortization expense is recorded within selling, general and administrative expenses on the accompanying consolidated statements of operations and comprehensive income (loss). As of December 31, 2023 December 31, 2024 and 2022, 2023, the Company had \$2.8 million \$2.9 million and \$3.4 million \$2.8 million, respectively, of contract acquisition cost assets, net of accumulated amortization recorded in contract cost assets on the consolidated balance sheets. In addition, the Company recorded amortization expense of \$1.8 million \$1.1 million, \$3.0 million \$1.8 million and \$1.9 million \$3.0 million for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, respectively.

In our revenue contracts, we incur certain costs related to the implementation of our platform before we begin to satisfy our performance obligation to the customer. The costs, which we expect to recover, are considered costs to fulfill a contract. Our contract fulfillment costs primarily include our employee labor costs and third-party vendor costs. The capitalized

contract fulfillment costs are classified as non-current and recorded within contract cost assets on our consolidated balance sheets. Amortization expense is recorded within cost of revenue on the accompanying consolidated statements of operations and comprehensive income (loss). As of **December 31, 2023** **December 31, 2024** and **2022** **2023**, the Company had **\$9.3 million** **\$10.4 million** and **\$14.1 million** **\$9.3 million**, respectively, of contract fulfillment cost assets, net of accumulated amortization recorded in contract cost assets on the consolidated balance sheets. In addition, the Company recorded amortization expense including the acceleration of amortization of contract costs for certain customers of **\$9.2 million** **\$3.7 million**, **\$20.1 million** **\$9.2 million** and **\$11.1 million** **\$20.1 million** for the years ended **December 31, 2023** **December 31, 2024**, **2022** **2023** and **2021**, **2022**, respectively.

These costs are deferred and then amortized on a straight-line basis over a period of benefit that we have determined to be the shorter of the contract term or five years. The period of benefit is based on our technology, the nature of our partner arrangements and other factors.

Note **7**, **6**. Credit Losses

We are exposed to credit losses primarily through our accounts receivable from revenue transactions, investments held at amortized cost and other notes receivable. We estimate expected credit losses based on past events, current conditions and reasonable and supportable forecasts. Expected credit losses are measured over the remaining contractual life of these assets. As part of our consideration of current and forward-looking economic conditions, current inflationary pressures on our customers' and other third parties' ability to pay, we did observe **notable increases** **a modest decrease** in delinquencies with certain partners' mainly due to timing of payments which resulted in a higher provision for credit losses of **during** for the year ended **December 31, 2023** **December 31, 2024**.

Accounts Receivable from Revenue Transactions

Accounts receivable represent the amounts owed to the Company for goods or services provided to customers or third parties. Current accounts receivables are classified within accounts receivable, net on the Company's consolidated balance sheets, while non-current accounts receivables are classified within prepaid expenses and other noncurrent assets on the Company's consolidated balance sheets.

We monitor our ongoing credit exposure through active review of counterparty balances against contract terms, due dates and business strategy. Our activities include timely account reconciliation, dispute resolution and payment confirmation. In addition, the Company will establish a general reserve based on delinquency rates. Historical loss rates are determined for each delinquency bucket in 30-day past-due intervals and then applied to the composition of the reporting date balance based on delinquency. The allowance implied from application of the historical loss rates is then adjusted, as necessary, for current conditions and reasonable and supportable forecasts.

Based The following table compiles the percentages of outstanding accounts receivable based on **an** **our** aging analysis of our trade accounts receivable, non-trade accounts receivable and contract assets as of December 31, 2023, 54% were current, 17% were past due less than 60 days, with 26% past due less than 120 days and at December 31, **2022**, 67% was current, 21% was past due less than 60 days, with 29% past due less than 120 days. As of December 31, 2023 and 2022, in total we reported on the consolidated balance sheet \$472.4 million and \$269.1 million of accounts receivable, certain non-trade accounts receivable included in prepaid expenses and other current assets, net of allowances of \$16.4 million and \$10.2 million, respectively. (in thousands):

	December 31,	
	2024	2023
Current	54 %	54 %
Past due 1-60 days	15 %	17 %
Past due 61+ days	31 %	29 %
Accounts receivable, net of allowance	\$ 420,914	\$ 472,350

The following table summarizes the changes in allowance for credit losses on our accounts receivables, certain non-trade accounts receivable and contract assets (in thousands):

For the Year Ended December 31,	
	2023
	2022
	2024
	2023
Balance as of beginning of period	
Acquisitions	
Provision for credit losses	
Charge-offs ⁽¹⁾	
Balance as of end of period	

⁽¹⁾ Charge-offs Charge-offs for the years ended **December 31, 2023** **December 31, 2024** and **2022** **2023** are due primarily related to balances written-off that were previously fully reserved at IPG, reserved.

Note **8**, **7**. Property and Equipment, Net

The following summarizes our property and equipment (in thousands):

	December 31,	
	2023	2022
	2024	2023
Computer hardware		
Computer hardware		

Computer hardware
Furniture and equipment
Internal-use software development costs
Leasehold improvements
Total property and equipment
Accumulated depreciation and amortization expenses
Accumulated depreciation expense
Total property and equipment, net

The Company capitalized \$23.8 million \$22.9 million, \$29.5 million \$23.8 million and \$22.5 million \$29.5 million for the years ended December 31, 2023, December 31, 2024, 2023 and 2022, and 2021, respectively, of internal-use software development costs. The net book value of capitalized internal-use software development costs was \$70.9 million \$68.7 million and \$73.7 million \$70.9 million as of December 31, 2023 December 31, 2024 and 2022, 2023, respectively.

Depreciation expense related to property and equipment was \$32.4 million \$30.3 million, \$32.0 million \$32.4 million and \$30.6 million \$32.0 million for the years ended December 31, 2023, December 31, 2024, 2023 and 2022, and 2021, respectively, of which amortization expense related to capitalized internal-use software development costs was \$26.7 million \$25.6 million, \$27.0 million \$26.7 million and \$26.5 million \$27.0 million for the years ended December 31, 2023 December 31, 2024, 2023 and 2022 and 2021, respectively.

Note 9. 8. Goodwill and Intangible Assets, Net

Goodwill

Goodwill has an estimated indefinite life and is not amortized; rather, it is reviewed for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

Our annual goodwill impairment review occurs on October 31 of each fiscal year. We evaluate qualitative factors that could cause us to believe the estimated fair value of our reporting unit may be lower than the carrying value and trigger a quantitative assessment, including, but not limited to (i) macroeconomic conditions, (ii) industry and market considerations, (iii) our overall financial performance, including an analysis of our current and projected cash flows, revenues and earnings, (iv) a sustained decrease in share price and (v) other relevant entity-specific events including changes in management, strategy, partners, or litigation.

2023 2024 Goodwill Impairment Test

On October 31, 2023, the Company performed its annual goodwill impairment review for fiscal year 2023. In addition, the Company underwent organizational changes which required a reassessment of reporting units. As a result, the Company determined it has one reporting unit due to the economic similarity of the services provided to our partners. Based on our qualitative assessment, we did not identify sufficient indicators of impairment that would suggest the fair value of our reporting unit was below its respective carrying values. As a result, a quantitative goodwill impairment analysis was not required.

2022 Goodwill Impairment Test

On October 31, 2022, the Company performed its annual goodwill impairment test for fiscal year 2022. As a result of Bright HealthCare announcing its plan to exit its Individual and Family Plans line of business in 2023, thus negatively impacting the Company's future revenues from such partner, the Company elected to forego the qualitative assessment and proceeded directly to the quantitative assessment of the goodwill impairment test for that specific our sole reporting unit. In doing so, we estimated To determine the implied fair value of the for our single reporting unit, by considering an we used a discounted cash flow valuation approach ("income approach. approach"). In determining the estimated fair value using the income approach, we projected future cash flows based on management's estimates and long-term plans and applied a discount rate based on the Company's weighted average cost of capital. This analysis required us to make judgments about revenues, expenses, fixed asset and working capital requirements, applicable tax rates, capital market assumptions and other subjective inputs. In our quantitative assessment, the most sensitive assumption related to the income approach, other than the projected cash flows, and discount rates. The quantitative analysis of that reporting unit showed that the fair value exceeded the carrying value. Contracts with our customers may be cancelled or renegotiated and future revenue growth is dependent on winning new contracts. Further, the impairment analysis is particularly sensitive to changes in the projected revenue growth rates and expenses and was the discount rate. Changes A significant increase in these key assumptions such as a significant unfavorable change to our forecasted cash flows due to being unsuccessful the discount rate in winning certain contracts or certain of our contracts being cancelled or renegotiated by our customers, could isolation would result in a revision significantly lower fair value. The concluded fair value under the income approach exceeded carrying value of management's estimates and could result in impairment charges in consolidated total assets by approximately \$336.0 million, or 13.6%, as of October 31, 2024. As fair value was greater than carrying value under the future, which could be material to our results income approach, goodwill was not impaired as of operations. We will continue to monitor for such October 31, 2024. As of December 31, 2024, Evolent assessed whether there were events or changes in facts or circumstances which may be indicators of potential impairment triggers.

For the remaining reporting units, after assessing the totality of events and circumstances including the results of our previous valuations, no events occurred or circumstances changed during the period under consideration that would more likely than not reduce the fair value of any its goodwill below its carrying amount and require an additional impairment test. The Company determined there had been no such indicators. Therefore, it was unnecessary to perform an additional goodwill impairment assessment as of December 31, 2024.

2023 Goodwill Impairment Test

On October 31, 2023, the Company performed its annual goodwill impairment review for fiscal year 2023. In addition, the Company underwent organizational changes which required a reassessment of reporting units. As a result, the Company determined it has one reporting unit. Based on our qualitative assessment, we did not identify sufficient

indicators of impairment that would suggest the fair value of our reporting unit was below their its respective carrying amount. Therefore, the Company concluded that the values. As a result, a quantitative assessment goodwill impairment analysis was not required. For all reporting units, it was determined that as of October 31, 2022, no impairment of goodwill had occurred.

Change in Goodwill

The following table summarizes the changes in the carrying amount of goodwill, for the periods presented (in thousands):

Balance as of December 31, 2021	\$	426,297
Goodwill acquired ⁽¹⁾		296,597
Foreign currency translation		(120)
Balance as of December 31, 2022		722,774
Goodwill acquired ⁽¹⁾		395,164
Measurement period adjustments		971
Goodwill disposal ⁽²⁾		(2,363)
Foreign currency translation		(4)
Balance as of December 31, 2023	\$	1,116,542

	For the Year Ended December 31,		
	2024	2023	2022
Balance, beginning of period	\$ 1,116,542	\$ 722,774	\$ 426,297
Goodwill acquired ⁽¹⁾	20,809	395,164	296,597
Measurement period adjustment	—	971	—
Goodwill disposal ⁽²⁾	—	(2,363)	—
Foreign currency translation	(31)	(4)	(120)
Balance, end of period	\$ 1,137,320	\$ 1,116,542	\$ 722,774

⁽¹⁾ Goodwill acquired from the addition of IPG in August 2022, NIA in January 2023 and IPG Machinify in August 2022, 2024 as described in Note 4.
⁽²⁾ Goodwill written-off upon disposal of non-strategic assets.

Intangible Assets, Net

Details of our intangible assets (in thousands, except weighted-average useful lives) are presented below:

December 31, 2023					December 31, 2022									
December 31, 2024					December 31, 2023									
	Weighted-Average Remaining Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Weighted-Average Remaining Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Weighted-Average Remaining Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Weighted-Average Remaining Useful Life	Gross Carrying Amount
Corporate trade name														
Customer relationships														
Technology														
Below market lease, net														
Provider network contracts														
Total intangible assets, net														

Amortization expense related to intangible assets was \$91.0 million \$88.1 million, \$35.2 million \$91.0 million and \$29.4 million \$35.2 million for the years ended December 31, 2023, December 31, 2024, 2023 and 2022 and 2021, respectively, excluding \$0.2 million of amortization expense related to discontinued operations for the year ended December

31, 2021, respectively.

Future estimated amortization of intangible assets (in thousands) as of December 31, 2023 December 31, 2024, is as follows:

2024
2025
2026
2027
2028
2029
Thereafter
Total future amortization of intangible assets

As part of the organizational changes as a result of growth in our value-based specialty care business, we will sunset several corporate trade names and replace them with Evolent signifying our adoption and launch of a unified brand. As a result, we accelerated amortization such that all corporate trade names will be were fully amortized by December 2024.

Intangible assets are reviewed for impairment if circumstances indicate the Company may not be able to recover the assets' carrying value. We did not identify any circumstances during the years year ended December 31, 2023, 2022 and 2021, December 31, 2024 that would require an impairment test for our intangible assets.

Note 10.9. Long-term Debt

Terms of Convertible Senior Notes

The Company issued \$117.1 million aggregate principal amount of its 3.50% Convertible Senior Notes due 2024 in August 2020 (the "2024 Notes") in privately negotiated exchange and/or subscription agreements, \$172.5 million aggregate principal amount of its 1.50% Convertible Senior Notes due 2025 in October 2018 (the "2025 Notes") in private placements to qualified institutional buyers within the meaning of Rule 144A under the Securities Act and \$402.5 million aggregate principal amount of its 3.50% Convertible Senior Notes due 2029 in December 2023 (the "2029 Notes," and together with the 2024 Notes and 2025 Notes, the "Convertible Senior Notes"), in private placements to qualified institutional buyers within the meaning of Rule 144A under the Securities Act. All 2025 Notes and 2029 Notes will mature on the date in the table below, unless earlier repurchased, redeemed or converted in accordance with their respective terms prior to such date. As of October 13, 2023, no The Company redeemed all outstanding 2024 Notes remained outstanding, on October 13, 2023.

The Convertible Senior Notes are recorded on our accompanying consolidated balance sheets at their net carrying values. All of our Convertible Senior Notes also have embedded conversion options and contingent interest provisions, which have not been recorded as separate financial instruments and their fair values are Level 2 inputs. Refer to Note 19 18 for additional discussion on the fair value classifications of our Convertible Senior Notes.

The 2025 Notes and 2029 Notes are convertible into cash, shares of the Company's Class A common stock, or a combination of cash and shares of the Company's Class A common stock, at the Company's election, based on an initial conversion rate of Class A common stock per \$1,000 principal amount of the 2025 Notes and 2029 Notes, which is equivalent to an initial conversion price of the Company's Class A common stock. In the aggregate, the 2025 Notes and 2029 Notes are initially convertible into 20.3 million shares of the Company's Class A common stock (excluding any shares issuable by the Company upon a conversion in connection with a make-whole provision upon a fundamental change or a notice of redemption under the governing indenture), stock. The conversion rate may be adjusted under certain circumstances. Upon conversion, the Company will pay or deliver, as the case may be, cash or shares of the Company's Class A common stock, or a combination of cash and shares of the Company's Class A common stock, at the Company's election.

The following table summarizes the terms of our Convertible Senior Notes as of December 31, 2023 December 31, 2024 (in thousands, except per share conversion rates and prices):

		2025 Notes		2025 Notes		2029 Notes		2029 Notes		
		2025 Notes		2029 Notes						
Aggregate principal amount at issuance										
Interest rate per annum	Interest rate per annum	1.5	%	3.5	%	Interest rate per annum	1.5	%	3.5	%
Debt issuance costs										
Net proceeds										
Issuance date	Issuance date	October 22, 2018		December 8, 2023		Issuance date	October 22, 2018		December 8, 2023	
Maturity date	Maturity date	October 15, 2025		December 1, 2029		Maturity date	October 15, 2025		December 1, 2029	

		April 15 and October 15	June 1 and December 1	Interest payment dates ⁽¹⁾	April 15 and October 15	June 1 and December 1
Interest payment dates ⁽¹⁾	Interest payment dates ⁽¹⁾					
Initial conversion rate per \$1,000 of principal						
Initial conversion rate per \$1,000 of principal						
Initial conversion rate per \$1,000 of principal						
Initial conversion price						
Initial shares upon conversion ⁽²⁾						
Conversion rate per \$1,000 of principal						
Conversion rate per \$1,000 of principal						
Conversion rate per \$1,000 of principal						
Conversion price						
Shares issuable upon conversion ⁽²⁾						
Carrying value						
Carrying value						
Carrying value						
Unamortized debt discount and issuance costs						
Outstanding principal						
Remaining amortization period (years)	Remaining amortization period (years)	1.8	5.9	Remaining amortization period (years)	0.8	4.9
Fair value ⁽³⁾						

⁽¹⁾ Holders of the Convertible Senior Notes are entitled to cash payments, which are payable semiannually in arrears on the dates indicated above.

⁽²⁾ Measured in shares of the Company's Class A common stock and represents the number of shares of the Company's Class A common stock that the Convertible Senior Notes are initially convertible into, into as of December 31, 2024. Upon conversion, the Company will pay or deliver, as the case may be, cash or shares of the Company's Class A common stock, or a combination of cash and shares of the Company's Class A common stock, at the Company's election.

⁽³⁾ Fair values for notes are derived from available trading prices closest to the respective balance sheet date.

Holders of the 2025 Notes and 2029 Notes may require the Company to repurchase all or part of their notes upon the occurrence of a fundamental change at a price equal to 100.0% of the principal amount of the notes being repurchased, plus any accrued and unpaid interest to, but excluding, the fundamental change repurchase date. The Company may redeem for cash all or any portion of the 2025

Notes, at its option if the last reported sale price of the Company's Class A common stock has been at least 130.0% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption, at a redemption price equal to 100.0% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. Prior to the close of business on the business day immediately preceding April 15, 2025, the 2025 Notes will be convertible at the option of the holders only upon the satisfaction of certain conditions. At any time on or after April 15, 2025, until the close of business on the business day immediately preceding the maturity date, holders of the 2025 Notes may convert, at their option, all or any portion of their 2025 Notes at the conversion rate.

The Company may not redeem the 2029 Notes prior to December 6, 2026. The Company may redeem for cash all or any portion of the 2029 Notes, at its option, on or after December 6, 2026, if the last reported sale price of the Company's Class A common stock has been at least 130.0% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption, at a redemption price equal to 100.0% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. Prior to the close of business on the business day immediately preceding September 1, 2029, the 2029 Notes will be convertible at the option of the holders only upon the satisfaction of certain conditions. At any time on or after September 1, 2029, until the close of business on the business day immediately preceding the maturity date, holders of the 2029 Notes may convert, at their option, all or any portion of their 2029 Notes at the conversion rate.

2024 Notes Exchange and Redemption

On August 11, 2022, the Company entered into exchange agreements with certain holders of the 2024 Notes. Pursuant to the agreements, these holders exchanged \$92.8 million in aggregate principal amount of such notes for shares of the Company's Class A common stock. On August 17 and 18, 2022, the Company consummated the exchanges and issued an aggregate of 5,394,165 shares of Class A common stock to the holders.

The August 2022 exchanges of the 2024 Notes for Class A common stock resulted in a \$10.2 million loss on extinguishment/repayment of debt, net, on the consolidated statements of operations and comprehensive income (loss).

On August 2, 2023, the Company issued a notice of redemption to the holders of its outstanding 2024 Notes, pursuant to which it redeemed the outstanding 2024 Notes for cash at a price of 100% of the principal amount of the 2024 Notes, plus accrued and unpaid interest, if any, on October 13, 2023 (the "Redemption Date"). Prior to the Redemption Date,

holders of the 2024 Notes were entitled to convert to shares of the Company's Class A **Common Stock** **common stock** at a rate of 55.6153 shares per \$1,000 principal amount of 2024 Notes.

During the year ended December 31, 2023, holders of the 2024 Notes converted \$23.3 million in aggregate principal amount of such notes to **1.3 million** **1.3 million** shares of the Company's Class A common stock and the Company repaid the remaining \$1.0 million balance in cash, satisfying all of the Company's remaining payment obligations under the 2024 Notes on the Redemption Date.

2029 Notes Issuance

In December 2023, the Company issued \$402.5 million aggregate principal amount of its 2029 Notes in a private placement to qualified institutional buyers within the meaning of Rule 144A of the Securities Act. The 2029 Notes were issued at an issue price of 100.00% of par for net proceeds of approximately \$390.9 million, after deducting fees and estimated expenses. We incurred \$11.6 million of debt issuance costs in connection with the 2029 Notes. **The Company used the net proceeds to prepay interest and prepayment premiums on outstanding borrowings and pay interest and prepayment premiums under its Term Loan Facility.**

2022 Credit Agreement

On August 1, 2022 (the "IPG Closing Date"), the Company entered into a credit agreement, by and among the Company, Evolent Health LLC, as **the administrative** borrower (the "Borrower"), certain subsidiaries of the Company, as **co-borrowers and guarantors**, the lenders from time to time party thereto, and Ares Capital Corporation ("Ares"), as administrative agent, collateral agent and revolver agent **(the (as modified by Amendment No. 1 and Amendment No. 2 (each, as defined below), the "Existing Credit Agreement" and as modified by the Amendment (defined No. 3 (as defined below), the "Credit Agreement")**, pursuant to which the lenders agreed to extend credit to the Borrower in the form of (i) initial term loans in an aggregate principal amount of \$175.0 million (the "Initial Term Loan Facility") and (ii) **asset-based** revolving credit commitments in an aggregate principal amount of \$50.0 million (the "Initial Revolving

Facility"), the availability of which shall be determined by reference to the lesser of \$50.0 million and a borrowing base calculation. The Borrowers borrowed full amount under the Initial Term Loan Facility and the Initial Revolving Facility on the IPG Closing Date. A closing fee of (a) 2.00% of the aggregate amount of the commitments in respect of the Initial Term Loan Facility and (b) 2.00% of the aggregate amount of the commitments in respect of the Initial Revolving Facility was paid as of the IPG Closing Date.

On January 20, 2023, **(the "NIA Closing Date")**, the Company entered into Amendment No. 1 to the Credit Agreement **(the "Amendment" ("Amendment No. 1")**, pursuant to which the lenders agreed to extend credit to the Borrower in the form of (i) additional **commitments under the Company's existing asset-based revolving commitments credit facility** in an aggregate principal amount equal to \$25.0 million (the **"Incremental Revolving Facility" and together with the Initial Revolving Facility, the Revolving Facility** **"2023 Revolver Increase"**), and (ii) additional term loans in an aggregate principal amount equal to \$240.0 million, (the **"Incremental 2023 Additional Term Loan Facility" and together with the Initial Term Loan Facility, the "Term Loan Facility"; the Revolving Facility and the Term Loan Facility are collectively referred to herein as the "Credit Facilities" Loans**). The Borrowers borrowed the full amount under the Incremental Term Loan Facility and the Incremental Revolving Facility on the NIA Closing Date to finance, together with the proceeds from the sale of the Series A Preferred Stock, the cash consideration payable in connection with the NIA acquisition on the NIA Closing Date and pay transaction fees and expenses. A closing fee of (a) 3.00% of the aggregate amount of the commitments in respect of the Incremental Term Loan Facility and (b) 3.00% of the aggregate amount of the commitments in respect of the Incremental Revolving Facility was paid as of the NIA Closing Date.

On December 5, 2023, the Company entered into Amendment No. 2 **(("Amendment No. 2")** to the Credit Agreement pursuant to which the lenders agreed to certain mechanical changes necessary to permit issuance by the Company of additional unsecured convertible notes.

On December 6, 2024 (the "Amendment No. 3 Effective Date"), the Company entered into Amendment No. 3 ("Amendment No. 3") to the Credit Agreement that provides new secured debt financing in the form of (i) additional commitments under the Company's existing asset-based revolving credit facility in an aggregate principal amount equal to \$50.0 million (the "2024 Revolver Increase", and together with the Initial Revolving Facility and the 2023 Revolver Increase, the "Revolving Facility"), (ii) a new delayed draw term loan facility in an aggregate principal amount equal to \$125.0 million (the "2024-A Delayed Draw Term Loan Facility"), and (iii) a new delayed draw term loan facility in an aggregate principal amount equal to \$75.0 million (the "2024-B Delayed Draw Term Loan Facility" and together with the 2024 Revolver Increase and the 2024-A Delayed Draw Term Loan Facility, the "2024 Incremental Facilities"; the Initial Term Loan Facility, the 2023 Additional Term Loans, the 2024-A Delayed Draw Term Loan Facility and the 2024-B Delayed Draw Term Loan Facility are collectively referred to herein as the "Term Loan Facility"; the Revolving Facility and the Term Loan Facility are collectively referred to herein as the "Credit Facilities"), and effected certain amendments to the Existing Credit Agreement. The Borrower paid closing fees equal to 1.00% of the aggregate commitments provided in respect of the 2024 Incremental Facilities on the date the commitment letter in respect of the 2024 Incremental Facilities was executed. The Borrowers borrowed the full amount under the 2024-A Delayed Draw Term Loan Facility and the 2024-B Delayed Draw Term Loan Facility on January 29, 2025 to fund general corporate purposes, including working capital and the management of future liabilities. The Borrower paid upfront fees equal to 1.00% of the aggregate commitments of the 2024 Revolver Increase Facility on the Amendment No. 3 Effective Date and upfront fees equal to 2.00% of the of the aggregate principal amount of the loans funded under the 2024-A Delayed Draw Term Loan Facility and the 2024-B Delayed Draw Term Loan Facility on the applicable funding date.

All loans under the Credit Agreement (including loans under the 2024 Incremental Facilities and loans outstanding under the Existing Credit Agreement) (collectively, the "Loans") will mature on the date that is the earliest of (a) December 6, 2029, (b) the date on which all amounts outstanding under the Credit Agreement have been declared or have automatically become due and payable under the terms of the Credit Agreement, (c) the date that is one hundred eighty (180) days prior to the maturity date of the Company's Convertible Senior Notes due 2029 and (d) the date that is ninety-one (91) days prior to the maturity date of any other Junior Debt (as defined in the Credit Agreement) unless certain liquidity conditions are satisfied.

The interest rate for all Loans will be calculated, at the option of the borrowers, (a) in the case of the Revolving Facility, at either the adjusted term SOFR rate plus 4.00%, or the base rate plus 3.00% and (b) in the case of the Term Loan Facility, at either the adjusted term SOFR rate plus 5.50% or the base rate plus 4.50%, subject to step downs based on a total secured leverage ratio.

The Credit Facilities are guaranteed by the Company and the Company's domestic subsidiaries, subject to certain customary exceptions. The Credit Facilities are secured by a first priority security interest in all of the capital stock of each borrower and guarantor (other than the Company) and substantially all of the assets of each borrower and guarantor,

subject to certain customary exceptions.

All loans under the Credit Facilities will mature on the date that is the earliest of (a) the sixth anniversary Loans in respect of the NIA Closing Date, (b) the date on which the commitments are voluntarily terminated pursuant to the terms of the Credit Agreement, (c) the date on which all amounts Term Loan Facility outstanding under the Credit Agreement have been declared or have automatically become due may be prepaid and payable commitments in respect of the Revolving Facility outstanding under the terms of the Credit Agreement and (d) the date that is ninety-one (91) days prior to the maturity date of any Junior Debt (as defined in the Existing Credit Agreement) unless certain liquidity conditions are satisfied.

The interest rate for the Loans is calculated, may be terminated at the option of the Borrowers, (a) in the case of the Term Loan Facility, at either the Adjusted Term SOFR Rate (as defined in the Credit Agreement) plus 6.00%, or the base rate plus 5.00% and (b) in the case of the Revolving Facility, at either the Adjusted Term SOFR Rate plus 4.00%, or the base rate plus 3.00%.

Amounts outstanding under the Credit Facilities may be prepaid at the option of the Company, Borrower subject to applicable premiums and a call protection premium payable on the following prepayment premium (the "Prepayment Premium") (subject to amount prepaid or terminated, as applicable, in certain thresholds and carve outs): instances as follows: (1) 3.00% 2.00% of the principal amount so prepaid or terminated after the NIA Closing Amendment No. 3 Effective Date but prior to the first anniversary of the NIA Closing Amendment No. 3 Effective Date; (2) 2.00% 1.00% of the principal amount so prepaid or terminated after the first anniversary of the closing Amendment No. 3 Effective Date but prior to the second anniversary of the NIA Closing Date; (3) 1.00% of the principal amount so prepaid after the second anniversary of the NIA Closing Date but prior to the third anniversary of the NIA Closing Amendment No. 3 Effective Date; and (4) (3) 0.00% of the principal amount so prepaid or terminated on or after the third second anniversary of the NIA Closing Amendment No. 3 Effective Date. Amounts outstanding under the Credit Facility are subject to mandatory prepayment upon the occurrence of certain events and conditions, including non-ordinary course asset dispositions, receipt of certain casualty proceeds, issuances of certain debt obligations and a change of control transaction, in each case, subject to application of the Prepayment Premium. The Prepayment Premium is also applicable upon any voluntary prepayment of the Term Loan Facility and any voluntary reduction or termination in the Revolving Facility.

The Borrowers will pay an unused line fee equal to 0.50% times the result of (i) the aggregate amount of the Revolving Facility, less (ii) the average Revolving Facility usage during the immediately preceding month (or portion thereof), which fee shall be due and payable quarterly in arrears, on the first day of each calendar quarter from and after the IPG Closing Date and on the date on which (X) the Credit Facilities are paid in full in cash and (y) the Revolving Facility is otherwise terminated in accordance with the terms of the Credit Agreement.

The Credit Loans under the 2024 Incremental Facilities contain customary borrowing conditions, are subject to the same security and guarantee arrangements and affirmative and negative and reporting covenants, representations and warranties, mandatory prepayment provisions and events of default including cross-defaults to other material indebtedness. If an event of default occurs, the lenders would be entitled to take enforcement action, including foreclosure on collateral and acceleration of amounts owed as loans outstanding under the Loans Existing Credit Agreement, in each case, subject to certain modifications agreed by the parties. We incurred \$14.6 million of debt issuance costs of \$14.6 million in connection with the Loans Existing Credit Agreement and \$3.4 million in connection with borrowings under the 2024 Incremental Facilities, respectively, which was included in long-term debt, net of discount on our consolidated balance sheets and will be amortized into interest expense over the life of the Credit Agreement.

During the year ended December 31, 2024, the Company borrowed \$62.5 million under the Revolving Facility. As of December 31, 2024, there was \$100.0 million outstanding under the Company's Revolving Facility.

During the year ended December 31, 2023, the Company prepaid \$37.5 million under the Revolving Facility and \$415.0 million of the Term Loan Facility that was utilized to acquire IPG and NIA. The total amount paid to Ares under the Credit Agreement in connection with the prepayment was \$434.8 million, which included \$415.0 million of principal, \$9.1 million in accrued interest and \$10.7 million in prepayment premium. As In addition, the Company recognized \$10.3 million of December 31, 2023, there is \$37.5 million outstanding under the Company's Revolving Facility acceleration of amortization of deferred financing costs.

Interest Expense

Interest expense and amortization of debt issuance costs activity during the years ended December 31, 2023, 2022 and 2021, respectively were as follows (in thousands):

For the Year Ended December 31,			
	2023	2022	2021
	For the Year Ended December 31,		
	For the Year Ended December 31,		
	2024	2023	2022
2029 Notes			
Interest expense			
Interest expense			
Interest expense			
Amortization of debt issuance costs			
Interest expense for 2029 Notes			
2022 Credit Agreement			
Interest expense			
Interest expense			
Interest expense			
Amortization of debt issuance costs			

Interest expense for 2022 Credit Agreement

2024 Notes

Interest expense

Interest expense

Interest expense

Amortization of debt issuance costs

Interest expense for 2024 Notes

2025 Notes

Interest expense

Interest expense

Interest expense

Amortization of debt issuance costs

Interest expense for 2025 Notes

2019 Credit Agreement

Interest expense

Interest expense

Interest expense

Amortization of debt issuance costs

Interest expense for 2019 Credit Agreement

2021 Notes

Interest expense

Interest expense

Interest expense

Amortization of debt issuance costs

Interest expense for 2021 Notes

Note 11. 10. Commitments and Contingencies

Commitments

Letters of Credit

As of **December 31, 2023**, **December 31, 2024** and **2022, 2023**, the Company was party to irrevocable standby letters of credit with a bank for **\$17.9** **\$17.7** million and **\$13.1** **\$17.9** million, respectively, for the benefit of regulatory authorities, real estate and risk-sharing agreements. As such, we held **\$18.4** **\$18.5** million and **\$13.1** **\$18.4** million, respectively, in restricted cash and restricted investments as collateral as of **December 31, 2023**, **December 31, 2024** and **2022, 2023**, respectively, inclusive of accrued interest. The letters of credit have current expiration dates between **May 2024**, **November 2025** and **December 2025**, **January 2026** and will automatically extend without amendment for an additional one-year period and will continue to automatically extend after each one-year term from the expiry date unless the bank elects not to extend beyond the initial or any extended expiry date.

As of **December 31, 2024**, the Company maintained various surety bonds totaling \$15.3 million for the benefit of regulatory authorities and risk-sharing agreements. The surety bonds have expiration dates between May 2025 and December 2025 and automatically extend for additional one-year periods.

Indemnifications

The Company's customer agreements generally include a provision by which the Company agrees to defend its partners against third-party claims (a) for death, bodily injury, or damage to personal property caused by Company negligence or willful misconduct, (b) by former or current Company employees arising from such managed service agreements, (c) for intellectual property infringement under specified conditions and (d) for Company violation of applicable laws, and to indemnify them against any damages and costs awarded in connection with such claims. To date, the Company has not incurred any material costs as a result of such indemnities and has not accrued any liabilities related to such obligations in the accompanying consolidated financial statements.

Guarantees

On July 16, 2020, EVH Passport, Evolent Health LLC and Molina Healthcare, Inc. ("Molina") entered into an Asset Purchase Agreement (the "Molina APA"), which contemplated the sale by EVH Passport to Molina of certain assets, including certain intellectual property rights of EVH Passport and EVH Passport's rights under the UHC's Kentucky Medicaid Contract (the "Passport Medicaid Contract"). On September 1, 2020, EVH Passport and Molina consummated the transactions contemplated by the Molina APA (the "Molina Closing") and the Passport Medicaid Contract was novated to Molina. In connection with the Molina Closing, the Company continued to provide administrative support services relating to the Passport Medicaid Contract to Molina through the end of 2020. Following the Molina Closing, EVH Passport began working with regulatory authorities including the Kentucky Department of Insurance ("KY DOI") regarding the wind down of its operations throughout 2021, 2022 and a portion of 2023. The wind down process is now complete and on October 10, 2023, the KY DOI approved our application to surrender our certificate of authority. As part of that wind down process, the Company, as the parent of EVH Passport,

entered into a guarantee for the benefit of the KY DOI to satisfy any EVH Passport liability or obligation in the event EVH Passport is not able to meet its wind down liabilities or obligations. As of **December 31, 2023** **December 31, 2024**, no amounts have been funded under this guarantee.

UPMC Reseller Agreement

The Company and UPMC are parties to a reseller, services and non-competition agreement, dated August 31, 2011, which was amended and restated by the parties on June 27, 2013 (as amended through the date hereof, the "UPMC Reseller Agreement"). Under the terms of the UPMC Reseller Agreement, UPMC has appointed the Company as a non-exclusive reseller of certain services, subject to certain conditions and limitations specified in the UPMC Reseller Agreement. In consideration for the Company's obligations under the UPMC Reseller Agreement and subject to certain conditions described therein, UPMC has agreed not to sell certain products and services directly to a defined list of 20 of the Company's customers.

Tax Receivables Agreement

In connection with the Offering Reorganization, the Company entered into the Tax Receivables Agreement (the "TRA") with certain of its investors, which provides for the payment by the Company to these investors of 85% of the amount of the tax benefits, if any, that the Company is deemed to realize as a result of increases in our tax basis related to exchanges of Class B common units as well as tax benefits attributable to the future utilization of pre-IPO NOLs.

Due to the reduction in the Company's valuation allowance primarily resulting from deferred tax liabilities established as part of the IPG acquisition in 2022 and the NIA acquisition in 2023, the Company recorded changes in tax receivables agreement liabilities of \$62.0 million and \$46.0 million for the years ended December 31, 2023 and 2022, respectively, resulting in recognized a total TRA liability of \$107.9 million \$108.1 million and \$107.9 million as of December 31, 2023. December 31, 2024 and 2023, respectively, which represents the Company's estimate of the aggregate amount that it will pay under the TRA.

We will assess the realizability of the deferred tax assets at each reporting period, and a change in our estimate of our liability associated with the tax receivable receivables agreement may result as additional information becomes available, including results of operations in future periods. The total amount of the TRA liability may vary due to changes in federal and state income tax rates and availability of net operating losses.

Contingencies

Litigation Matters

We are engaged from time to time in certain legal disputes arising in the ordinary course of business, including employment claims. When the likelihood of a loss contingency becomes probable and the amount of the loss can be reasonably estimated, we accrue a liability for the loss contingency. We continue to review accruals and adjust them to reflect ongoing negotiations, settlements, rulings, advice of legal counsel, and other relevant information. To the extent new information is obtained, and our views on the probable outcomes of claims, suits, assessments, investigations or legal proceedings change, changes in our accrued liabilities would be recorded in the period in which such determination is made.

On June 8, 2021, a shareholder of the Company filed a derivative action in the Delaware Chancery Court against some current and former Board members and against the Company as a nominal defendant, alleging that the Company's Board was negligent in its oversight of the Company's relationship with University Healthcare, Inc d/b/a Passport Health Plan. The case is Lincolnshire Police Pension Fund, derivatively on behalf of Evolent Health, Inc., v. Blackley, Williams, Scott, Holder, Farner, D'Amato, Duffy, Felt, Samet, Hobart, and Payson, and Evolent Health, Inc. ("Derivative (the "Derivative Action"). The Company and the Director-Defendants filed a motion to dismiss the complaint on August 27, 2021, and Plaintiffs responded by filing an amended complaint on October 26, 2021. Defendants filed a motion to dismiss the amended complaint on December 17, 2021. Plaintiffs filed a motion to dismiss the case without prejudice, which was granted by the Delaware Chancery Court on January 5, 2023. On April 6, 2023, a shareholder of the Company sent a letter to the Company's Board (the "Demand") requesting that the Company's Board of Directors (the "Board"), among other things, investigate alleged wrongdoing and commence litigation for breach of fiduciary duty against the individuals named as defendants in the Derivative Action. The Board considers it appropriate to investigate, evaluate, and consider the issues and matters raised in the Demand, and are working with outside counsel to do so. On February 15, 2024, the Board, following careful deliberation, responded that it was in the best interests of the Company and its stockholders to refuse to take the actions, including commencing litigation, that were made in the Demand. The Company cannot currently estimate the loss or the range of possible losses it may experience in connection with this request.

Credit and Concentration Risk

The Company is subject to significant concentrations of credit risk related to cash and cash equivalents and accounts receivable. As of **December 31, 2023** **December 31, 2024**, approximately **98.6%** **95.1%** of our **\$223.5 million** **\$178.5 million** of cash and cash equivalents, restricted cash and restricted investments were held in either bank deposits with FDIC participating banks or overnight sweep accounts invested in money-market funds and approximately **1.4%** **4.9%** were held in international banks. While the Company maintains its cash and cash equivalents with financial institutions with high credit ratings, it often maintains these deposits in federally insured financial institutions in excess of federally insured limits. The Company is closely monitoring ongoing events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions or other companies in the financial services industry or the financial services industry generally. The Company has not experienced any realized losses on cash and cash equivalents to date; however, no assurances can be provided.

The Company is also subject to significant concentration of accounts receivable risk as a substantial portion of our trade accounts receivable is derived from a small number of our partners. The following table summarizes the partners who represented at least 10.0% of our consolidated short-term trade accounts receivable, excluding pharmacy claims receivable and premiums receivable:

		December 31,	
		2024	2023
		2023	2022

Cook County Health and Hospitals System					
Cook County Health and Hospitals System					
Cook County Health and Hospitals System	Cook County Health and Hospitals System	46.9%	42.5%	45.8%	46.9%
Molina Healthcare, Inc.					
Molina Healthcare, Inc.					
Molina Healthcare, Inc.		*	12.0%		
Bright Health Management, Inc.		*	11.3%		

* Represents less than 10.0% of the respective balance.

In addition, the Company is subject to significant concentration of revenue risk as a substantial portion of our revenue is derived from a small number of contractual relationships with our partners.

The following table summarizes those partners who represented at least 10.0% of our consolidated revenue:

		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,	
		2023		2022		2021 ⁽¹⁾	
Cook County Health and Hospitals Systems		15.7%	22.4%	28.0%			
		2024		2023		2022	
Cook County Health and Hospitals System							
Cook County Health and Hospitals System							
Cook County Health and Hospitals System		11.5%	15.7%	22.4%			
Florida Blue Medicare, Inc.		12.9%	10.4%	11.5%			
Humana Insurance Company	Humana Insurance Company	12.0%	*	Humana Insurance Company	19.3%	12.0%	*
Molina Healthcare, Inc.	Molina Healthcare, Inc.	13.5%	*	Molina Healthcare, Inc.	13.7%	13.5%	*
Florida Blue Medicare, Inc.		10.4%	11.5%	14.1%			

* Represents less than 10.0% of the respective balance

⁽¹⁾ The denominator excludes \$44.8 million of True Health premium revenue reclassified to discontinued operations for the year ended December 31, 2021. balance.

We derive a significant portion of our revenues from our largest partners. The loss, termination or renegotiation of our relationship or contract with any significant partner or multiple partners in the aggregate could have a material adverse effect on the Company's financial condition and results of operations.

Note 12. 11. Leases

The Company enters into various office space, data center, and equipment lease agreements in conducting its normal business operations. At the inception of any contract, the Company evaluates the agreement to determine whether the contract contains a lease. If the contract contains a lease, the Company then evaluates the term and whether the lease is an operating or finance lease. Most leases include one or more options to renew or may have a termination option. The Company determines whether these options are reasonably certain to be exercised or not at the inception of the lease. In addition, some leases contain escalation clauses. The rent expense is recognized on a straight-line basis in the consolidated statements of operations and comprehensive income (loss) over the term of the lease. Leases with an initial term of 12 months or less are not recorded on our consolidated balance sheets.

As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the lease commencement date in determining the present value of lease payments. We use the implicit rate when readily determinable. Further, the Company treats all lease and non-lease components as a single combined lease component for all classes of underlying assets. The Company also enters into sublease agreements for some of its leased office space. Immaterial rental income attributable to subleases is offset against rent expense over the terms of the respective leases.

The Company leases office space and computer and other equipment under operating lease agreements expiring at various dates. Under the lease agreements, in addition to base rent, the Company is generally responsible for operating and maintenance costs and related fees. Several of these agreements include tenant improvement allowances, rent holidays or rent escalation clauses. When such items are included in a lease agreement, we record such items in right-of-use assets and operating lease liabilities on our consolidated balance sheets equal to the difference between rent expense and future minimum lease payments due. The rent expense related to these items is recognized on a straight-line basis over the terms of the leases. Effective January 1, 2024, the Company's primary office location is in Arlington, Virginia with a lease that expires in December 2030, January 2031.

In connection with various lease agreements, the Company is required to maintain \$2.1 million \$1.9 million and \$2.3 \$2.1 million in letters of credit as of December 31, 2023 December 31, 2024 and 2022, December 31, 2023, respectively. As of December 31, 2023 December 31, 2024 and 2022, 2023, the Company held \$2.1 million \$1.9 million and \$2.3 \$2.1 million in restricted cash and restricted investments on the consolidated balance sheet as collateral for the letters of credit, respectively.

Loss on Lease Termination

During the year ended December 31, 2023, December 31, 2024, the Company terminated its Chicago, IL lease effective October 31, 2024 and recognized the impact of a \$39.8 million termination penalty in its operating lease liability - current and operating lease liability - noncurrent on its consolidated balance sheet. The termination payment will consist of payments of \$1.7 million, \$23.0 million and \$15.0 million to be paid in 2024, 2025 and 2026, respectively.

Right-of-Use Asset Impairment

During the year ended December 31, 2024, the Company decommissioned its Alpharetta, GA and Brea, CA leases and wrote off the associated right-of-use asset, recognizing an impairment charge of \$2.6 million in right-of-use assets impairment on the consolidated statements of operations and comprehensive income (loss).

The Company terminated a portion of its previous headquarters lease in Arlington, VA lease effective December 31, 2023 and recognized the impact of a \$6.5 million termination penalty in its operating lease liability - current on its consolidated balance sheet. The termination payment will consist consisted of two payments of \$3.25 million to be that were paid on October 1, 2023 and April 1, 2024.

Right-of-Use Asset Impairment

During the year ended December 31, 2023, In addition, the Company decommissioned terminated the remainder of its Chicago, IL previous headquarters lease in Arlington, VA effective March 27, 2024 and wrote off the associated right-of-use asset, recognizing an impairment charge of \$24.1 paid a \$3.5 million in right-of-use assets impairment termination penalty on the consolidated statements of operations and comprehensive income (loss) April 1, 2024.

The following table summarizes our primary office leases as of December 31, 2023, December 31, 2024 (in thousands, other than term):

Location	Location	Lease Termination Term (in years)	Future Minimum Lease Commitments	Letter of Credit Amount Required	Location	Lease Termination Term (in years)	Future Minimum Lease Commitments	Letter of Credit Amount Required
Arlington, VA ⁽¹⁾								
Edison, NJ								
Edison, NJ								
Edison, NJ								
Makati City, Philippines								
Alpharetta, GA								
Pune, India								
Brea, CA								

⁽¹⁾ Effective January 29, 2024, Amounts required under the Company entered into a lease at 1812 North Moore Street for its corporate headquarters. The lease has a term of 7.0 years, future minimum lease commitments of \$3.3 million and required letter of credit of \$0.1 million, for our previous headquarters' lease in Arlington, VA until November 2025.

The following table summarizes the components of our lease expense (in thousands):

	For the Year Ended December 31,		
	For the Year Ended December 31,		
	For the Year Ended December 31,		
	2023	2022	2021
	2024	2023	2022
Operating lease cost			
Variable lease cost			
Variable lease cost			
Variable lease cost			
Total lease cost			

Maturity of lease liabilities including future lease termination payments (in thousands) reflective of our new primary office space lease in Arlington, VA is as follows:

Operating lease expense	
2024	
2025	
2026	
2027	
2028	
2029	

Thereafter

Total lease payments

Less:

Interest

Interest

Interest

Present value of lease liabilities

Our weighted-average discount rate and our weighted remaining lease terms (in years) are as follows:

		December 31,					
		2023	2022	2021			
		2024	2023	2022			
Weighted average discount rate	Weighted average discount rate	6.40 %	6.36 %	6.38 %	Weighted average discount rate	9.09 %	6.40 % 6.36 %
Weighted average remaining lease term	Weighted average remaining lease term	6.0	7.8	8.8	Weighted average remaining lease term	4.3	6.0 7.8

Note 13. 12. Convertible Preferred Equity

In connection with the NIA closing, on January 20, 2023, the Company entered into a Securities Purchase Agreement (Series A Convertible Preferred Shares) with the Purchasers listed on Schedule I thereto (the "Securities Purchase Agreement") pursuant to which the Company offered and sold to the Purchasers an aggregate 175,000 shares of the Series A Preferred Stock, par value \$0.01 (the "Series A Preferred Stock"), at a purchase price of \$960.00 per share, resulting in total gross proceeds to the Company of \$168.0 million. The proceeds from the offer and sale of the Series A Preferred Stock were used, together with the proceeds from the

Incremental Revolving Facility and Incremental Term Loan Facility, to finance the cash consideration payable at Closing and pay transaction fees and expenses.

The Series A Preferred Stock ranks senior with respect to dividend and liquidation rights to the Company's Class A common stock, par value \$0.01 per share and all future series of the Company's preferred stock. Each share of Series A Preferred Stock has an initial liquidation preference of \$1,000.00 per share.

Regular dividends on the Series A Preferred Stock will be paid quarterly in cash in arrears at a rate per annum equal to Adjusted Term SOFR (as defined in the Certificate of Designation of the Series A Preferred Stock filed by the Company with the Delaware Secretary of State on January 19, 2023 (the "Certificate of Designation")) plus 6.00%. The liquidation preference of the Series A Preferred Stock will increase on the last day of each calendar quarter by the amount of any accrued and unpaid regular dividends that have not been paid in cash on the relevant dividend payment date. The regular dividend rate will also increase by 2.0% per annum upon the occurrence and during the continuance of certain triggering events, including a breach of the protective covenants contained in the Investor Rights Agreement or the Company's failure to pay any regular dividends in cash. Holders of Series A Preferred Stock are also entitled to participate in and receive any dividends declared or paid on the Class A Common Stock common stock on an as-converted basis.

Each holder of Series A Preferred Stock has the right, at its option, to convert its shares of Series A Preferred Stock into shares of Class A Common Stock common stock at an initial conversion price per share of \$40.00 of the then-current liquidation preference per share, subject to customary anti-dilution adjustments.

Holders of Series A Preferred Stock are not entitled to vote on any matters, except as required by law and for certain consent rights set forth in the Certificate of Designation.

The Company may not redeem the Series A Preferred Stock at its option prior to January 20, 2025. At any time on or after January 20, 2025, the Company may redeem any or all of the Series A Preferred Stock then outstanding for cash at a redemption price per share equal to 165.00% of the then-current liquidation preference of the Series A Preferred Stock, plus all accrued and unpaid dividends on the Series A Preferred Stock being redeemed.

If not earlier redeemed, at any time on or after January 20, 2030, at the request of the holders of a majority of the convertible preferred stock, the Company will redeem all shares of Series A Preferred Stock then outstanding for cash at a redemption price per share equal to 150.00% of the then-current liquidation preference per share of the Series A Preferred Stock, plus all accrued and unpaid dividends on the Series A Preferred Stock being redeemed.

Upon the occurrence of a refinancing or replacement of the entirety of the indebtedness under the Credit Agreement prior to its maturity that is provided solely by lenders who are not affiliates or approved funds of Ares, the Company will be required to redeem all shares of Series A Preferred Stock then outstanding for cash at a redemption price per share equal to 165.00% of the then-current liquidation preference of the Series A Preferred Stock, plus all accrued and unpaid dividends on the Series A Preferred Stock being redeemed, plus, solely in the event such refinancing or replacement is consummated prior to January 20, 2025, the aggregate amount of dividends per share which would have otherwise been payable on the Series A Preferred Stock from the date of redemption until January 20, 2025.

If the Company undergoes a Change of Control (as defined in the Credit Agreement), the Company will be required to redeem all shares of Series A Preferred Stock then outstanding for cash at a price per share equal to the greater of (x) 150.00% of the then-current liquidation preference per share of the Series A Preferred Stock, if such redemption occurs prior to January 20, 2025, and 135.00% of the then-current liquidation preference per share of the Series A Preferred Stock, if such redemption occurs on or after January 20, 2025, and (y) the value of the Class A Common Stock common stock issuable upon conversion of a share of Series A Preferred Stock, which value shall be determined based on the value attributed to the Class A Common Stock common stock in connection with such Change of Control.

In connection with the NIA closing, the Company entered into an Investors Rights Agreement with the Purchasers named in Schedule I thereto (the "Investors Rights Agreement"). The Investors Rights Agreement contains certain restrictions on the transfer of the Series A Preferred Stock and certain protective covenants in favor of the Purchasers. These covenants include, among other things, covenants limiting the incurrence of Funded Debt (as defined in the Investors Rights Agreement), the ability to make restricted payments and the ability to issue additional indebtedness senior to the Series A Preferred Stock. Each of these covenants is subject to certain exceptions set forth in the Investors Rights Agreement.

In connection with the NIA closing, on January 20, 2023, the Company entered into a Registration Rights Agreement with the Stockholders named in Schedule I thereto, which granted certain registration rights to Ares in respect of the shares of the Company's Class A **Common Stock** **common stock** issuable upon conversion of the Series A Preferred Stock.

The Company **accreted \$10.4 million paid dividends and recorded accretion** of deferred issuance costs and redemption value **in excess of par value in additional paid-in-capital on the consolidated balance sheets for the year ended December 31, 2023.**

The Company paid dividends related to the Series A Preferred Stock as presented below **during the year ended December 31, 2023 (in thousands, except per share data):**

For the Three Month Period Ended	Payment Date	Dividends Per	
		Share	Total Amount Paid
March 31, 2023	3/28/2023	\$ 20.86	\$ 3,650,500
June 30, 2023	6/27/2023	27.91	4,884,250
September 30, 2023	9/28/2023	29.12	5,096,000
December 31, 2023	12/22/2023	29.50	5,162,500

	For the Year Ended December 31,		
	2024	2023	2022
Cash dividends on Series A Preferred Stock	\$ 20,085	\$ 18,793	\$ —
Accretion of deferred financing costs and redemption value in excess of par	11,746	10,427	—
Total dividends and accretion of Series A Preferred Stock	<u>\$ 31,831</u>	<u>\$ 29,220</u>	<u>\$ —</u>

Note 14. 13. Loss Per Common Share

The following table sets forth the computation of basic and diluted earnings per share available for common stockholders (in thousands, except per share data):

	For the Year Ended December 31,		
	For the Year Ended December 31,		
	For the Year Ended December 31,		
	2023	2022	2021
	2024	2023	2022
Loss from continuing operations			
Loss from discontinued operations, net of tax			
Loss before preferred dividends and accretion of Series A Preferred Stock			
Dividends and accretion of Series A Preferred Stock			
Net loss attributable to common shareholders of Evolent Health, Inc.			
Weighted-average common shares outstanding - basic and diluted			
Weighted-average common shares outstanding - basic and diluted			
Weighted-average common shares outstanding - basic and diluted			
Loss per common share			
Weighted-average common shares outstanding - basic and diluted			
Loss per common share			
Weighted-average common shares outstanding - basic and diluted			
Loss per common share			
Basic and diluted:			
Basic and diluted:			
Basic and diluted:			
Continuing operations			
Continuing operations			

Continuing operations
Discontinued operations
Basic and diluted loss per share attributable to common shareholders of Evolent Health, Inc.
Loss per common share
Loss per common share
Basic and diluted
Basic and diluted
Basic and diluted

Basic net loss per common share is calculated using the weighted average number of common shares outstanding during the period. Diluted net earnings per common share, if any, gives effect to diluted stock options (calculated based on the treasury stock method), shares issuable upon debt conversion (calculated using an as-if converted method).

Anti-dilutive shares excluded from the calculation of weighted-average common shares presented above are presented below (in thousands):

	For the Year Ended December 31,		
	2023	2022	2021
Restricted stock units ("RSUs"), performance-based RSUs ("PSUs") and leveraged stock units ("LSUs")	1,352	1,804	1,807
Stock options	794	1,769	2,036
Series A Preferred Stock	4,375	—	—
Convertible senior notes	6,808	9,574	12,602
Total	13,329	13,147	16,445

	For the Year Ended December 31,		
	2024	2023	2022
Restricted stock units ("RSUs"), performance-based RSUs ("PSUs") and leveraged stock units ("LSUs")	1,213	1,352	1,804
Stock options	245	794	1,769
Series A Preferred Stock	4,375	4,375	—
Convertible senior notes	15,752	6,808	9,574
Total	21,585	13,329	13,147

Note 15. 14. Stock-based Compensation

2011 and 2015 Equity Incentive Plans

The Company issues awards, including stock options, performance-based stock options, restricted stock units ("RSUs"), performance-based restricted stock units ("PSUs") and leveraged stock units ("LSUs"), under the Evolent Health Holdings, Inc. 2011 Equity Incentive Plan (the "2011 Plan") and the 2015 Evolent Health, Inc. Omnibus Incentive Compensation Plan (the "2015 Plan"). We assumed the 2011 Plan in connection with the merger of Evolent Health Holdings with and into Evolent Health, Inc. The 2011 Plan allows for the grant of an array of equity-based and cash incentive awards to our directors, employees and other service providers. The 2011 Plan was amended on September 23, 2013, to increase the number of shares authorized to 9.1 million of the Company's Class A common stock. As of December 31, 2023 both December 31, 2024 and 2022, 2023, 4.8 million stock options and 3.8 million shares of restricted stock have been awarded, net of forfeitures, under the 2011 Plan.

The following table summarizes the Company's additional shares authorized changes for the 2015 Plan (in thousands):

Board Approval Date	Board Approval Date	Shares Added	Total Additional Shares Authorized	Board Approval Date	Shares Added	Total Additional Shares Authorized
May 1, 2015						
June 13, 2018						
April 15, 2021						
April 20, 2023						
November 2, 2023						

Upon shareholder approval of the amended 2015 Plan in 2018, the 2011 Plan was automatically terminated and no further awards may be granted under the 2011 Plan. The 2011 Plan continues to govern awards previously granted under the 2011 Plan. As of December 31, 2023 December 31, 2024, 2.8 million of stock options, 6.3 million 7.3 million RSUs, 1.9 million LSUs and 1.5 million 2.3 million PSUs, have been awarded, net of forfeitures, under the 2015 Plan. As of December 31, 2022 December 31, 2023, 2.8 million of stock options, 5.5 million 6.3 million RSUs, 1.4 million 1.9 million LSUs and 0.8 million 1.5 million PSUs, have been awarded, net of forfeitures, under the 2015 Plan.

We follow an employee model for our stock-based compensation as awards are granted in the stock of the Company to employees and non-employee directors of the Company or its consolidated subsidiaries. Following the adoption of ASU 2018-07 during 2018, we also follow the employee model for stock-based compensation for awards granted to acquire goods and services from non-employees.

Stock-based Compensation Expense

Total compensation expense by award type and line item in our consolidated financial statements was as follows (in thousands):

For the Year Ended December 31,				
	2023	2022	2021	
	2024	2023	2022	
Award Type				
Stock options				
Stock options				
Stock options				
RSUs				
RSUs				
RSUs				
Performance-based RSUs				
LSUs				
Total compensation expense by award type				
Line Item				
Line Item				
Line Item				
Cost of revenue				
Cost of revenue				
Cost of revenue				
Selling, general and administrative expenses				
Total compensation expense by financial statement line item				

No stock-based compensation was capitalized as software development costs for the years ended December 31, 2023, December 31, 2024, 2022, 2023 and 2021, 2022.

Total unrecognized compensation expense (in thousands) and expected weighted-average period (in years) by award type for all of our stock-based incentive plans were as follows:

	As of December 31, 2023			As of December 31, 2024		
	Unrecognized Compensation Expense	Unrecognized Compensation Expense	Weighted Average Period (years)	Unrecognized Compensation Expense	Unrecognized Compensation Expense	Weighted Average Period (years)
RSUs						
RSUs						
RSUs	\$ 42,132	1.39	1.39	\$ 41,819	1.54	1.54
PSUs						
PSUs						
PSUs	17,762	1.81	1.81	24,547	1.56	1.56
Total						

Stock Options

Other than the performance-based stock options described below, options awarded under the incentive compensation plans are generally subject to a four-year graded service vesting period where 25% of the award vests after each year of service and have a maximum term of 10 years. Information with respect to our options is presented in the following disclosures.

The fair value of options is determined using a Black-Scholes options valuation model with the assumptions disclosed in the table above. model. The dividend rate is based on the expected dividend rate during the expected life of the option. Expected volatility is based on the historical volatility over the most recent period commensurate with the estimated expected term of the Company's awards due to the limited history of our own stock price. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of the grant. The expected life represents the period of time the stock options are expected to be outstanding and is based on the simplified method. Under the simplified method, the expected life of an option is presumed to be the midpoint between the vesting date and the end of the contractual term. We used the simplified method due to the lack of sufficient historical exercise data to provide a reasonable basis upon which to otherwise estimate the expected life of the stock options.

Information with respect to our stock options (in thousands), including weighted-average remaining contractual term (in years) and aggregate intrinsic value (in thousands) was as follows:

	Options	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding as of December 31, 2022									
Outstanding as of December 31, 2023									
Exercised									
Forfeited									
Forfeited									
Forfeited									
Outstanding as of December 31, 2023									
Outstanding as of December 31, 2023									
Outstanding as of December 31, 2023									
Outstanding as of December 31, 2024									
Outstanding as of December 31, 2024									
Outstanding as of December 31, 2024									
Vested and expected to vest after December 31, 2023									
Vested and expected to vest after December 31, 2023									
Vested and expected to vest after December 31, 2023									
Vested and expected to vest after December 31, 2024									
Vested and expected to vest after December 31, 2024									
Vested and expected to vest after December 31, 2024									
Exercisable as of December 31, 2023									
Exercisable as of December 31, 2023									
Exercisable as of December 31, 2023									
Exercisable as of December 31, 2024									
Exercisable as of December 31, 2024									
Exercisable as of December 31, 2024									

The total fair value of options vested during the years ended **December 31, 2023** **December 31, 2024**, **2023** and **2022**, was \$0.0 million, \$0.6 million and **2021**, was \$0.6 million, \$2.6 million and \$4.9 million, respectively. The total intrinsic value of options exercised during **2024**, **2023** and **2022** was \$6.9 million, \$26.9 million and **2021** was \$26.9 million, \$16.3 million and \$20.8 million, respectively. We issue new shares to satisfy option exercises.

Performance-based ~~stock option awards~~ **Stock Option Awards**

In March 2016, the Company granted approximately 0.3 million performance-based options to certain employees to create incentives for continued long-term success and to more closely align executive pay with our stockholders' interests. Each of the grants is subject to market-based vesting, as follows:

- one-third of the shares subject to the option award will vest in the event that the average closing price of the Company's Class A common stock on the NYSE is at least \$13.35 per share for a consecutive ninety day period;
- one-third of the shares subject to the option award will vest in the event that the average closing price of the Company's Class A common stock on the NYSE is at least \$16.43 per share for a consecutive ninety day period; and
- one-third of the shares subject to the option award will vest in the event that the average closing price of the Company's Class A common stock on the NYSE is at least \$19.51 per share for a consecutive ninety day period.

In addition, the percentage of options per tranche that has satisfied the market-based performance hurdle is also subject to a service completion schedule. The aggregate percentage of options eligible to vest is based upon each of the service completions dates below:

- 50% of the shares subject to the option award vested on March 1, 2019, and
- 50% of the shares subject to the option award vested on March 1, 2020.

We measured the fair value of the performance-based stock options using a Monte Carlo simulation approach with the following assumptions: risk-free interest rate of 1.83%, volatility of 65%, expected term of ten years and dividend yield of 0% as we do not currently pay dividends nor expect to do so during the expected option term. These inputs resulted in a weighted-average fair value per option granted of \$6.68. During 2016 all of the average stock price milestones were achieved and therefore the awards are now only subject to the service completion obligations.

Information with respect to our performance-based stock options (shares and aggregate intrinsic value shown in thousands, weighted-average remaining contractual term shown in years) was as follows:

	Options	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding as of December 31, 2022									
Outstanding as of December 31, 2023									
Exercised									
Outstanding as of December 31, 2023									
Outstanding as of December 31, 2023									
Outstanding as of December 31, 2023									
Outstanding as of December 31, 2024									
Outstanding as of December 31, 2024									
Outstanding as of December 31, 2024		—			N/A				
Vested and expected to vest after December 31, 2023									
Vested and expected to vest after December 31, 2023									
Vested and expected to vest after December 31, 2023									
Vested and expected to vest after December 31, 2024									
Vested and expected to vest after December 31, 2024									
Vested and expected to vest after December 31, 2024		—			N/A				

Restricted Stock Units

Other than the performance-based RSUs described below, and other than RSUs granted to our non-employee directors which have a one year vesting period, RSUs awarded under the incentive compensation plans are generally subject to a three or four-year graded service vesting period where 25% of the award vests after each year of service or a three-year graded service vesting period where 33% of the award vests after each year of service and are issued to the participants for no consideration. During 2018, we also granted certain

RSUs with a one-year vesting period in conjunction with the New Century Health transaction. Information with respect to our RSUs (not including performance-based RSUs) is presented below (in thousands, except for weighted-average grant-date fair value):

	Total RSUs	Total RSUs	Weighted Average Grant Date Fair Value	Total RSUs	Weighted Average Grant Date Fair Value
Outstanding as of December 31, 2022					
Outstanding as of December 31, 2023					
Granted					
Forfeited					
Vested					
Outstanding as of December 31, 2023					
Outstanding as of December 31, 2024					

During the years ended December 31, 2023, December 31, 2024, 2022, 2023 and 2021, 2022, we granted RSUs with a weighted-average grant date fair value of \$31.55, \$33.85, \$28.23 and \$21.10, \$28.23, respectively, which represents the weighted-average closing price of our common stock on the grant date.

The total fair value of RSUs vested during the years ended December 31, 2023, December 31, 2024, 2023 and 2022 and 2021 was \$25.1 million, \$20.2 million and \$11.6 million, and \$7.3 million, respectively.

Leveraged Stock Unit Awards

During 2020 and 2019, the Company granted 0.5 million and 0.7 million LSUs, respectively, to certain employees to create incentives for continued long-term success and to more closely align executive pay with our stockholders' interests. Information with respect to our LSU awards (shares and aggregate intrinsic value shown in thousands, weighted-average remaining contractual term shown in years) was as follows:

	Leveraged Stock Units	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding as of December 31, 2022	520	\$ 9.15	7.24	\$ 9,846
Change in achievement	520	9.15		
Vested	(1,040)	9.15		
Outstanding as of December 31, 2023	—	\$ —	0.00	\$ —

Performance-based RSUs

During 2021, the Company granted 0.3 million PSUs to certain employees to create incentives for continued long-term success and to more closely align executive pay with our stockholders' interests. A two and three-year cumulative Adjusted EBITDA goal was approved and began on January 1, 2021. Shares are earned based on a sliding scale of performance above and below the performance

goal. The sliding scale is anchored by a minimum performance requirement of cumulative Adjusted EBITDA. If the minimum performance goal is not achieved, then no performance shares are earned. If 100% of the performance goal is achieved, then award is paid at target and if the maximum performance is achieved, then 200% of the targeted shares are earned. If the cumulative Adjusted EBITDA falls between tiers on the sliding scale, the actual cumulative Adjusted EBITDA payout percentage shall be determined by linear interpolation between the percentages on a straight-line basis. Shares earned by the two and three-year cumulative Adjusted EBITDA performance will be adjusted based on a respective total shareholder return ("TSR"). Shares earned will be adjusted if TSR performance is in the bottom quartile and will be adjusted +10% if TSR performance is in the upper quartile. TSR represents stock price appreciation over each of the two performance periods.

The price assumptions used for our performance based performance-based stock unit awards were as follows:

	1st Tranche	1st Tranche	2nd Tranche	1st Tranche	2nd Tranche
Weighted-average fair value per performance based stock unit granted					
Weighted-average fair value per performance-based stock unit granted					
Assumptions:					
Expected term					
Expected term					
Expected term	2 years	3 years	2 years	3 years	

Expected volatility	Expected volatility	89.5 %	77.7 %	Expected volatility	89.5 %	77.7 %
Risk-free interest rate	Risk-free interest rate	0.12 %	0.25 %	Risk-free interest rate	0.12 %	0.25 %
Dividend yield	Dividend yield	— %	— %	Dividend yield	— %	— %

The fair value of PSUs are determined using a Black-Scholes valuation model with the assumptions disclosed in the table above. The dividend rate is based on the expected dividend rate during the expected life of the award. Expected volatility is based on the historical volatility over the most recent period commensurate with the estimated expected term of the Company's awards due to the limited history of our own stock price. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of the grant. The expected life represents the period of time the awards are expected to be outstanding and is based on the simplified method. Under the simplified method, the expected life of an award is presumed to be the midpoint between the vesting date and the end of the contractual term. We used the simplified method due to the lack of sufficient historical exercise data to provide a reasonable basis upon which to otherwise estimate the expected life of the awards.

During the years ended December 31, 2024, 2023 and 2022, the Company granted 0.8 million, 0.5 million and 0.5 million PSUs, respectively, to certain employees to create incentives for continued long-term success and to more closely align executive pay with our stockholders' interests. A three-year cliff vesting was approved and began on January 1, 2022, January 1, 2023 for the awards granted in 2022 and January 1, 2023, 2023, respectively. For awards issued during 2024, the vesting period begins on January 1, 2024 and 50% of the awards vest on each of December 31, 2025 and 2026, respectively. Shares are earned based on a sliding scale of performance above and below the performance goal. The sliding scale for both the 2024, 2023 and 2022 PSU awards is anchored by a minimum performance requirement of company value. In 2023, the Company amended its 2022 PSUs to modify the business unit performance metrics to align with the Company's focus on a specialty-led strategy. Under the modified 2022 PSU, the Adjusted EBITDA and revenue growth performance goals for each business unit were replaced with the Adjusted EBITDA for the Company and revenue growth metrics for the remainder of the three-year performance period, with an adjustment made for expected business unit performance results for the period prior to the modification. Per the agreements, company value is calculated using a formula based on revenue growth and cumulative Adjusted EBITDA, as adjusted for any acquired business during the period. If the minimum performance goal is not achieved, then no performance shares are earned. If 100% of the performance goal is achieved, then award is paid at target and if the maximum performance is achieved, then 250% of the targeted shares are earned. If the company value falls between tiers on the sliding scale, the actual company value payout percentage shall be determined by linear interpolation between the percentages on a straight-line basis.

Information with respect to our performance based performance-based restricted stock unit awards (shares and aggregate intrinsic value shown in thousands, weighted-average remaining contractual term shown in years) was as follows:

	Performance Based Stock Units	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding as of December 31, 2022				
	Performance- Based Stock Units	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding as of December 31, 2023				
Granted				
Change in achievement				
Change in achievement				
Change in achievement				
Vested				
Vested				
Vested				
Forfeited				
Forfeited				
Forfeited				
Outstanding as of December 31, 2023				
Outstanding as of December 31, 2023				
Outstanding as of December 31, 2023				
Outstanding as of December 31, 2024				
Outstanding as of December 31, 2024				
Outstanding as of December 31, 2024				
Vested and expected to vest after December 31, 2023				
Vested and expected to vest after December 31, 2023				
Vested and expected to vest after December 31, 2023				
Vested and expected to vest after December 31, 2024				

Vested and expected to vest after December 31, 2024

Vested and expected to vest after December 31, 2024

Note 16. 15. Income Taxes

Our loss from continuing operations before income taxes (in thousands) was as follows:

		For the Year Ended December 31,		
		2023	2022	2021
		For the Year Ended December 31,		
		For the Year Ended December 31,		
		2024		
Domestic				
Domestic				
Domestic				
Foreign				
Foreign				
Foreign				
Loss from continuing operations before income taxes				
Loss from continuing operations before income taxes				
Loss from continuing operations before income taxes				

Components of income tax expense (benefit) (in thousands) consist of the following:

		For the Year Ended December 31,		
		2023	2022	2021
		2024	2023	2022
Current				
Federal				
Federal				
Federal				
State and local				
Foreign				
Total current tax expense				
Deferred				
Federal				
Federal				
Federal				
State and local				
Foreign				
Total deferred tax expense (benefit)				
Change in valuation allowance				
Total tax expense (benefit)				

A reconciliation of the U.S. statutory tax rate to our effective tax rate is presented below:

		For the Year Ended December 31,					
		2023	2022	2021			
		2024	2023	2022			
U.S. statutory tax rate	U.S. statutory tax rate	21.0 %	21.0 %	21.0 %	U.S. statutory tax rate	21.0 %	21.0 %
U.S. state income taxes, net of U.S. federal tax benefit	U.S. state income taxes, net of U.S. federal tax benefit	3.0 %	(0.6)%	1.9 %	U.S. state income taxes, net of U.S. federal tax benefit	3.6 %	3.0 %
Foreign earnings at other than U.S. rates	Foreign earnings at other than U.S. rates	(0.3)%	(0.8)%	0.3 %	Foreign earnings at other than U.S. rates	(0.3)%	(0.8)%

Change in valuation allowance	Change in valuation allowance	19.2 %	77.3 %	(33.1) %	Change in valuation allowance	(25.1) %	19.2 %	77.3 %
Contingent consideration adjustments								
Contingent consideration adjustments								
Contingent consideration adjustments		(1.2) %	(0.1) %	(1.0) %		(2.9) %	(1.2) %	(0.1) %
Non-deductible excess compensation	Non-deductible excess compensation	(6.8) %	(27.8) %	(10.1) %	Non-deductible excess compensation	(8.1) %	(6.8) %	(27.8) %
Excess tax benefits on stock-based compensation	Excess tax benefits on stock-based compensation	7.1 %	12.2 %	8.1 %	Excess tax benefits on stock-based compensation	4.8 %	7.1 %	12.2 %
Convertible debt extinguishment	Convertible debt extinguishment	— %	(3.4) %	(1.5) %	Convertible debt extinguishment	— %	— %	(3.4) %
					Change in uncertain tax positions	0.3 %	(0.5) %	(1.1) %
Change in uncertain tax positions	Change in uncertain tax positions	(0.5) %	(1.1) %	0.2 %				
Nondeductible transaction costs	Nondeductible transaction costs	(0.2) %	(1.7) %	— %	Nondeductible transaction costs	(0.1) %	(0.2) %	(1.7) %
Change in state rate	Change in state rate	2.2 %	5.2 %	6.8 %	Change in state rate	6.1 %	2.2 %	5.2 %
Return to provision		(0.1) %	(1.1) %	6.6 %				
Return to provision and other deferred adjustments		1.7 %	(0.1) %	(1.1) %				
Tax sharing settlement								
Tax sharing settlement								
Tax sharing settlement		— %	— %	(1.1) %				
Tax receivable agreement								
Tax receivable agreement								
Tax receivable agreement	Tax receivable agreement	(0.9) %	(9.1) %	— %		0.3 %	(0.9) %	(9.1) %
Research and development tax credit - federal	Research and development tax credit - federal	1.7 %	— %	— %	Research and development tax credit - federal	1.2 %	1.7 %	— %
Other, net	Other, net	— %	(0.1) %	0.3 %	Other, net	(0.3) %	— %	(0.1) %
Effective tax rate	Effective tax rate	44.2 %	69.9 %	(1.6) %	Effective tax rate	2.2 %	44.2 %	69.9 %

Deferred tax balances reflect the impact of temporary differences between the carrying amount of assets and liabilities and their tax basis and are stated at the tax rates expected to be in effect when the temporary differences are expected to be recovered or settled.

Significant components of the Company's deferred tax assets and liabilities (in thousands) were as follows:

	As of December 31,		As of December 31,	
	2023	2022	2024	2023
Deferred Tax Assets				
Start-up and organizational costs				
Start-up and organizational costs				
Start-up and organizational costs				
Goodwill				
Operating lease liabilities				
Accrued expenses				
Stock based compensation				
Net operating loss carryforwards				
Federal and state research tax credits				
Fixed assets				
Interest deduction limitation				
Outside basis differences				
Other				
Subtotal				
Valuation allowance				
Total deferred tax assets				
Deferred Tax Liabilities				
Deferred Tax Liabilities				
Deferred Tax Liabilities				
Internally developed software costs				

Internally developed software costs

Internally developed software costs

Intangible assets

Right-of-use assets - Operating

Contract fulfillment costs

Other

Other

Other

Total deferred tax liabilities

Net deferred tax liabilities ⁽¹⁾

⁽¹⁾ Amount is net of \$1.5 million and \$1.0 million of deferred tax assets included in prepaid expenses and other noncurrent assets on the consolidated balance sheets as of December 31, 2024 and 2023, respectively.

Changes in our valuation allowance (in thousands) were as follows:

	For the Year Ended December 31,	
	2023	2022
	2024	2023
Balance at beginning-of-year		
Credited to costs and expenses		
Charged to other accounts ⁽¹⁾		
Balance at end-of-year		
Balance at end-of-year		
Balance at end-of-year		

⁽¹⁾ Amounts charged to other accounts includes \$17.3 million charged to shareholders' equity and \$0.1 million charged to discontinued operations for For the year ended December 31, 2022. December 31, 2024, the effective tax rate was 2.2% and the corresponding tax benefit recorded was \$1.4 million. The Company and its U.S. subsidiaries continue to record a valuation allowance against its net deferred tax assets, with the exception of indefinite lived components. The income tax benefit recorded during the year ended December 31, 2024, primarily relates to the tax effect of net losses, offset by the increase in valuation allowance and state and foreign taxes.

For the year ended December 31, 2023, the effective tax rate was 44.2% and the corresponding tax benefit recorded was \$89.4 million. The Company and its U.S. subsidiaries continue to record a valuation allowance against its net deferred tax assets, with the exception of indefinite lived components. The income tax benefit recorded during the year ended December 31, 2023, primarily related to the deferred tax liabilities established as part of the NIA acquisition accounting, partially offset by state and foreign taxes.

For the year ended December 31, 2022, the effective tax rate was 69.9% and the corresponding tax benefit recorded was \$43.4 million. The income tax benefit recorded by the company in 2022 primarily related to the deferred tax liabilities established as part of the IPG acquisition accounting, partially offset by state and foreign taxes.

For the year ended December 31, 2021, the effective tax rate was (1.6)% and the corresponding tax expense recorded was \$0.5 million. The income tax expense recorded by the Company in 2021 primarily related to foreign taxes and the impact of the valuation allowance recorded against the Company's net deferred tax assets, with the exception of indefinite lived components and those expected to reverse outside of the net operating loss carryover period.

As of December 31, 2023 December 31, 2024, the Company had \$162.1 \$153.2 million of federal and \$199.5 \$238.3 million of state NOL carryforwards available to offset future taxable income that begin to expire in 2033 2034 and 2024, 2025, respectively, and \$291.6 million of federal and \$325.9 \$366.1 million of state NOLs with an indefinite carryforward period, subject to a utilization limit of 80% of taxable income in any given year. We have established a valuation allowance against those NOLs that cannot be offset with future deferred tax liabilities. Furthermore, Internal

Revenue Code Section 382 imposes limitations on the utilization of NOLs in the event of certain changes in ownership of the Company, which may have occurred or could occur in the future. This could result in an annual limit on the Company's ability to utilize NOLs and could cause federal and state income taxes to be due sooner than if no such limitations applied.

As of December 31, 2023 December 31, 2024, the Company had \$5.7 \$6.5 million and \$0.3 million of research and development credits for federal and state income tax purposes, respectively, which expire beginning in 2037 and 2028, respectively.

On August 16, 2022, President Biden signed into law the Inflation Reduction Act of 2022 which contained provisions effective January 1, 2023, including a 15% corporate minimum tax and a 1% excise tax on stock buybacks, both of which we expect to be immaterial to our financial results, financial position and cash flows.

Changes in our unrecognized tax benefits (in thousands) were as follows:

	For the Year Ended December 31,		
	2023	2022	2021
	2024	2023	2022

Balance at beginning-of-year
Gross increases - tax positions in prior period
Gross decreases - tax positions in prior period
Gross increases - tax positions in current period
Lapse of statute of limitations
Balance at end-of-year

We are subject to taxation in various jurisdictions in the U.S., United States, India and the Philippines. Tax years 2011 and all subsequent periods remain subject to examination by the federal and state taxing jurisdictions due to the utilization and availability of NOL carryforwards. Included in the balance of unrecognized tax benefits as of December 31, 2023 December 31, 2024, are \$2.6 \$2.5 million of tax benefits that, if recognized, would affect the overall effective tax rate. The Company recognized no interest and penalties related to uncertain tax positions for the years ended December 31, 2024 and 2023. The Company had recognized \$0.4 million of interest and penalties related to uncertain tax positions as a component of income tax expense for the year ended December 31, 2022. The Company recognized no interest and penalties related to uncertain tax positions for the years ended December 31, 2023 and December 31, 2021. The Company has accrued interest and penalties related to uncertain tax positions of \$0.3 million and \$0.4 million as of December 31, 2023 December 31, 2024 and 2022. The Company had recognized \$2.6 million of uncertain tax positions as of December 31, 2023, and \$1.6 million as of December 31, 2022, respectively. The Company and its subsidiaries are not currently subject to any material income tax audits in any federal, state or local jurisdiction or any foreign jurisdiction, for any tax year. The Company's foreign subsidiary is currently under an income tax examination of the financial year ended 2022 India income tax return.

Tax Receivables Agreement

Pursuant to the Offering Reorganization, Class B Exchanges increased our tax basis in our share of Evolent Health LLC's tangible and intangible assets. These increases in tax basis increase our depreciation and amortization deductions and create other tax benefits and, therefore, may reduce the amount of tax that we would otherwise be required to pay in the future. In addition, certain NOLs of Evolent Health Holdings (and of an affiliate of TPG) are available to us as a result of the Offering Reorganization.

In connection with the Offering Reorganization, we entered into the TRA with the holders of Class B common units. The agreement requires us to pay to such holders 85% of the cash savings, if any, in U.S. federal, state and local, and foreign income tax (as applicable) we realize as a result of any deductions attributable to the increase in tax basis following the Class B Exchanges or deductions attributable to imputed interest or future increases in tax basis following payments made under the TRA. Additionally, pursuant to the same agreement we will pay the former stockholders of Evolent Health Holdings 85% of the amount of the cash savings, if any, in U.S. federal, state and local, and foreign income tax that we realize as a result of the utilization of the NOLs of Evolent Health Holdings (and the affiliate of TPG) attributable to periods prior to the Offering Reorganization, approximately \$79.3 million, as well as deductions attributable to imputed interest on any payments made under the agreement. The Company has recorded the full TRA liability of \$107.9 \$108.1 million as of December 31, 2023 December 31, 2024.

We will benefit from the remaining 15% of any realized cash savings. The TRA was effective upon the completion of the Offering Reorganization and will remain in effect until all such tax benefits have been used or expired, or until the agreement is terminated. See Note 11 10 for additional discussion of the implications of the TRA.

Note 17. 16. Employee Benefit Plans

We sponsor a tax-qualified 401(k) retirement plan that provides eligible U.S. employees with an opportunity to save for retirement on a tax advantaged basis. We make matching contributions to the plan in accordance with the plan documents and various limitations

under Section 401(a) of the Internal Revenue Code of 1986, as amended. The Company made \$10.8 \$10.5 million, \$7.4 \$10.8 million and \$5.4 7.4 million in contributions to the 401(k) plan for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, respectively.

Note 18. 17. Investments in and Equity Method Investees

The Company holds ownership interests in joint ventures and other entities which are accounted for under the equity method. One Our joint venture includes ventures and other investments from time to time may, and some do, include put or call features under which we could be forced contractually required to extend purchase or buy interest interests from our joint venture partner. partner at an exercise price determined in reference to a multiple of the dollar amount of our joint venture partner's total capital contributions, the performance of the joint venture, and other factors. The Company evaluates its interests in these entities to determine whether they meet the definition of a VIE and whether the Company is required to consolidate these entities. A VIE is consolidated by its primary beneficiary, which is the party that has both (i) the power to direct the activities that most significantly impact the economic performance of the VIE and (ii) a variable interest that could potentially be significant to the VIE. To determine whether or not a variable interest the Company holds could potentially be significant to the VIE, the Company considers both qualitative and quantitative factors regarding the nature, size and form of the Company's involvement with the VIE. The Company has determined that its interests in these entities meet the definition of a variable interest, however, the Company is not the primary beneficiary since it does not have the power to direct activities, therefore, the Company did not consolidate the VIEs.

As of December 31, 2023 both December 31, 2024 and 2022, 2023, the Company's economic interests in its equity method investments ranged between 4% and 34% and 4% and 38%, respectively, and voting interests in its equity method investments ranged between 25% and 34% and 25% and 40%, respectively. The Company determined that it has significant influence over these entities but that it does not have control over any of the entities. Accordingly, the investments are accounted for under the equity method of accounting and the Company is allocated its proportional share of the entities' earnings and losses for each reporting period. The Company's proportional share of the gain (loss) from these investments was approximately \$1.3 million, \$4.6 million \$(3.4) million and \$13.2 million \$1.3 million and \$4.6 million for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, respectively.

The Company signed services agreements with certain of the aforementioned entities to provide certain management, operational and support services to help manage elements of their service offerings. Revenue related to these services agreements were \$19.1 million \$13.9 million, \$16.9 million \$19.1 million and \$15.9 million \$16.9 million for the years ended December 31, 2023 December 31, 2024, 2023 and 2022, and 2021, respectively.

Investments

During the quarter ended March 31, 2024, the Company entered into an agreement to invest \$3.0 million in future equity notes. Investment in future equity notes without readily determinable fair values are accounted for as cost method investments. The Company has elected to apply the measurement alternative to measure the investment at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer.

For the year ended December 31, 2024, the Company did not record any unrealized gains or losses resulting from observable price changes of future equity notes. As of December 31, 2024, the carrying amount of the investment was \$3.0 million.

Note 19, 18. Fair Value Measurement

GAAP defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability (an exit price) assuming an orderly transaction in the most advantageous market at the measurement date. GAAP also establishes a hierarchical disclosure framework which prioritizes and ranks the level of observability of inputs used in measuring fair value. These tiers include:

- Level 1 - inputs to the valuation methodology are quoted prices available in active markets for identical instruments as of the reporting date;
- Level 2 - inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date and the fair value can be determined through the use of models or other valuation methodologies; and
- Level 3 - inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the particular asset or liability being measured. These items are recorded in accrued liabilities on our consolidated balance sheets.

Recurring Fair Value Measurements

In accordance with GAAP, certain assets and liabilities are required to be recorded at fair value on a recurring basis. The following table summarizes the Company's assets and liabilities measured at fair value on a recurring basis (in thousands):

	December 31, 2023					December 31, 2024			
	Level 1	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities									
Contingent consideration (1)									
Contingent consideration (1)									
Contingent consideration (1)									
Total fair value of liabilities measured on a recurring basis									

	December 31, 2022					December 31, 2023			
	Level 1	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities									
Contingent consideration (2)									
Contingent consideration (2)									
Contingent consideration (2)									
Total fair value of liabilities measured on a recurring basis									

(1) Represents the earn-out consideration related to the Machinify transaction described in Note 4 and annual incentive payments to Evolent Care Partners providers based on membership attribution.

(2) Represents the earn-out consideration related to the NIA transaction described in Note 4 and was paid in cash in April 2024 and annual incentive payments to Evolent Care Partners providers based on membership attribution.

The Company recognizes any transfers between levels within the hierarchy as of the beginning of the reporting period. There were no transfers between fair value levels during for the years year ended December 31, 2023 and 2022, respectively. December 31, 2024.

In the absence of observable market prices, the fair value is based on the best information available and involves a significant degree of judgment, taking into consideration a combination of internal and external factors, including the appropriate risk adjustments for non-performance and liquidity risks.

The acquisition of NIA includes included a provision for additional equity consideration, at the Company's option, contingent upon the Company obtaining certain performance metrics. The earnout period for the NIA contingent consideration is the year ending December 31, 2023 and will be contingent consideration of \$88.8 million was paid in cash during the second quarter of 2024. The acquisition of Machinify includes an earn-outs based on the achievement of certain measures including specific contract renewals prior to December 31, 2024, Machinify Auth volume and performance results through March 31, 2025 and revenue results through July 30, 2025.

The changes in our liabilities measured at fair value for which the Company uses Level 3 inputs to determine fair value are as follows (in thousands):

For the Year Ended December 31,			
	2023	2022	
	2024	2023	
Balance as of beginning of period			
Additions			
Settlements			
Total (gain) loss, net			
Change in fair value of contingent consideration			
Balance as of end of period			

The following table summarizes the fair value (in thousands), valuation techniques and significant unobservable inputs of our Level 3 fair value measurements as of the periods presented:

	December 31, 2023						December 31, 2024					
	Fair Value	Fair Value	Valuation Technique	Significant Unobservable Inputs	Assumption or Input Ranges		Fair Value	Valuation Technique	Significant Unobservable Inputs	Assumption or Input Ranges		
Contingent consideration												
Machinify contingent consideration												
					Discount rate	6.57 %						
ECP contingent consideration												
ECP contingent consideration												
ECP contingent consideration	\$ 3,100		Contractual obligation	N/A								

	December 31, 2022						December 31, 2023					
	Fair Value	Fair Value	Valuation Technique	Significant Unobservable Inputs	Assumption or Input Ranges		Fair Value	Valuation Technique	Significant Unobservable Inputs	Assumption or Input Ranges		
Contingent consideration												
					Weighted average discount rate	9.85% - 10.01%						

Nonrecurring Fair Value Measurements

In addition to the assets and liabilities that are recorded at fair value on a recurring basis, the Company records certain assets and liabilities at fair value on a nonrecurring basis as required by GAAP. Generally, assets are recorded at fair value on a nonrecurring basis as a result of impairment charges. This includes assets and liabilities recorded in business combinations or asset acquisitions, goodwill, intangible assets, property, plant and equipment held-to-maturity investments and equity method investments. While not carried at fair value on a recurring basis, these items are continually monitored for indicators of impairment that would indicate current carrying value is greater than fair value. In those situations, the assets are considered impaired and written down to current fair value.

Other Fair Value Disclosures

The carrying amounts of cash and cash equivalents (those not held in a money market fund), restricted cash, receivables, prepaid expenses, accounts payable, accrued liabilities and accrued compensation approximate their fair values because of the relatively short-term maturities of these items and financial instruments.

See Note 10 9 for information regarding the fair value of the 2025 Notes and 2029 Notes.

Note 20. 19. Related Parties

The entities described below are considered related parties and the balances and/or transactions with them are reported in our consolidated financial statements.

The Company has had an economic relationship through the ordinary course of business with an entity whose President and Chief Executive Officer is was a member of our board of directors that accounts Board until his retirement from the Board in February 2024. This relationship accounted for a the majority of our related party revenue and cost of revenue for the years year ended December 31, 2023 December 31, 2024 and 2022, 2023, respectively.

As discussed in Note 18, 17, the Company had economic interests in several entities that are accounted for under the equity method of accounting. The Company has allocated its proportional share of the investees' earnings and losses each reporting period. In addition, Evolent has entered into services agreements with certain of the entities to provide certain management, operational and support services to help the entities manage elements of their service offerings.

The following table presents assets and liabilities attributable to our related parties (in thousands):

		December 31,	
		2023	2022
		2024	2023
Assets			
Assets			
Assets			
Accounts receivable, net			
Accounts receivable, net			
Accounts receivable, net			
Liabilities			
Liabilities			
Liabilities			
Accounts payable			
Accounts payable			
Accounts payable			
Accrued liabilities			

The following table presents revenues and expenses attributable to our related parties (in thousands):

		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,	
		2023	2022	2021			
		2024	2023	2022			
Revenue							
Expenses							
Expenses							
Expenses							
Cost of revenue							
Cost of revenue							
Cost of revenue							
Selling, general and administrative expenses							

Note 21. 20. Repositioning and Other Changes

We continually assess opportunities to improve operational effectiveness and efficiency to better align our expenses with revenues, while continuing to make investments in our solutions, systems and people that we believe are important to our long-term goals.

During the second quarter of 2023, the Company implemented a broad set of repositioning initiatives designed to further align the Company's assets and talent towards the value-based specialty care opportunity, with the intent of streamlining its operations and supporting the goal of realizing long-term sustainable earnings growth (the "2023 Repositioning Plan" Plan"). These initiatives include making organizational changes across the business that resulted in severance, terminated termination benefits and related payroll taxes and dedicated employee costs associated with recent acquisitions as well as third-party professional fees. Dedicated employee costs primarily include project management and technology staff costs needed to migrate acquired businesses to Evolent's integrated technology platform and costs related to the consolidation of brands, internal operations, strategies, processes and platforms. Dedicated employee costs are limited to employees that will have no role in ongoing operations and have no planned role at Evolent once the repositioning activities are completed. Professional services costs primarily relate to services provided by a third-party vendor to review our operating model and organizational design in order to improve our profitability, create value through our solutions and invest in strategic opportunities in future periods. Office space consolidation includes early termination penalties and associated expenses.

As of December 31, 2023, the Company estimates total repositioning charges of \$45.0 million to be incurred during the life of Costs associated with the 2023 Repositioning Plan which will be recorded in selling, general and administrative expenses on the consolidated statements of operations and comprehensive income (loss). The repositioning program is anticipated to be substantially complete by 2023 Repositioning Plan was completed during the first half of 2024.

Additionally, in the fourth second quarter of 2020, we committed to certain operational efficiency and profitability actions in response to a change in the composition of our business at the time (the "2020 Repositioning Plan"). These actions included making organizational changes across our business as well as other profitability initiatives expected to result in reductions in force, re-aligning of resources as well as other potential operational efficiency and cost-reduction initiatives that will provide future benefit to the Company. The 2020 Repositioning Plan concluded in the fourth quarter of 2021. 2024.

The following table provides a summary of our total costs associated with our repositioning plans for the years ended December 31, 2023, 2022 December 31, 2024 and 2021, 2023, respectively, by major type of cost (in thousands):

	For the Year Ended December 31, 2023		For the Year Ended December 31, 2024		Total Amount Expected to be Incurred in the 2023 Repositioning Plan
	For the Year Ended December 31, 2023		For the Year Ended December 31, 2024	Cumulative Amount Incurred Through December 31, 2024	
Severance and termination benefits					
Severance and termination benefits					
Severance and termination benefits					
Dedicated employee costs					
Professional services					
Office space consolidation					
Total					

Note 21. Segment Reporting

Between 2020 and 2022, we significantly grew our value-based specialty care business, both organically and through acquisitions. Prior to the quarter ended March 31, 2023, the Company was organized under two operating segments and two reportable segments known as Evolent Health Services and Clinical Solutions. At that time, Clinical Solutions was composed of our specialty care management and physician-oriented total cost of care solutions, along with the New Century Health ("NCH") and Evolent Care Partners brands; and Evolent Health Services was composed of our administrative simplification solution and certain supporting population health infrastructure. Our acquisitions of Implantable Provider Group Inc. (August 2022) and National Imaging Associates, Inc. (January 2023) provided additional specialty care management services and cross-sell opportunities covering both technology enabled care management and value-based health plan administrative services within our customer base. The Company is now providing a broad spectrum of specialty care management services in oncology, cardiology, musculoskeletal markets and holistic total cost of care management along with an integrated platform for health plan administration and value-based business infrastructure under one go to market strategy, "One Evolent." As such, effective during the three months ended March 31, 2023, the Company changed its reportable segments to reflect changes in the way our CODM evaluates the performance of its operations, develops strategy and allocates capital resources. Specifically, the Company collapsed its previous two reportable segments into one reportable segment. We have one operating segment and one reportable segment as our CODM, reviews financial information on a consolidated basis for purposes of evaluating financial performance and allocating resources.

The transition to "One Evolent" did not change our CODM. We consider our Chief Executive Officer our CODM. The performance measure closest to U.S. GAAP used by our CODM is net loss attributable to common shareholders of Evolent Health, Inc. The CODM uses net loss available to common shareholders of Evolent Health, Inc. to evaluate the performance of the Company's ongoing operations on a consolidated basis and as part of the Company's internal planning and forecasting activities. The CODM does not evaluate performance or allocate resources based on segment assets, and therefore such information is not presented in the notes to the financial statements.

The following table presents our revenue, significant expenses reviewed by our CODM and net loss attributable to common shareholders of Evolent Health Inc. (in thousands):

	For the Year Ended December 31,		
	2024	2023	2022
Revenue	\$2,554,741	\$1,963,896	\$1,352,013
Less:			
Medical expense and device costs	1,813,052	1,143,499	725,036
Cost of revenue excluding medical expense and device costs and other segment items			
(1)	369,754	358,265	304,326

Selling, general and administrative expenses excluding other segment items ⁽²⁾	211,475	267,454	216,320
Depreciation and amortization expenses	118,370	123,415	67,195
Interest income	(5,544)	(5,256)	(1,369)
Interest expense	24,722	54,205	15,572
(Gain) loss from equity method investees	3,441	(1,290)	(4,569)
Benefit from income taxes	(1,413)	(89,365)	(43,376)
Change in tax receivables agreement liability	173	61,982	45,950
Other segment items ⁽³⁾	114,165	193,247	46,092
Net loss attributable to common shareholders of Evolent Health, Inc.	<u>\$ (93,454)</u>	<u>\$ (142,260)</u>	<u>\$ (19,164)</u>

- (1) Other segment items excluded from cost of revenue excluding medical expense and device costs include \$4.6 million, \$1.7 million and \$4.4 million of stock compensation for the years ended December 31, 2024, 2023 and 2022, respectively, and \$1.6 million of acquisition-related costs and \$0.1 million of amortization of contract cost assets for the year ended December 31, 2022.
- (2) Other segment items excluded from selling, general and administrative expenses includes \$35.2 million, \$38.8 million and \$29.6 million of stock compensation, \$2.9 million, \$1.5 million and \$13.3 million of severance costs, \$2.9 million, \$15.1 million and \$10.1 million of acquisition-related costs and \$10.6 million, \$35.2 million and \$— million of repositioning costs for the years ended December 31, 2024, 2023 and 2022, respectively.
- (3) Other segment items are defined as stock-based compensation, severance costs, acquisition-related costs and repositioning costs not included in cost of revenue or selling, general and administrative expenses and income (expense) calculated in accordance with GAAP including loss on disposal of non-strategic assets, right-of-use assets impairment, loss on lease termination, change in fair value of contingent consideration, loss on extinguishment/repayment of long-term debt, net, other income (expense), net, loss from discontinued operations, net of tax and loss before preferred dividends and accretion of Series A Preferred Stock. Management believes cost of revenue excluding medical expense and device costs and other segment items and selling, general and administrative expenses excluding other segment items are useful to investors because they facilitate an understanding of our long-term operational costs while removing the effect of costs that are not a representative component of the day-to-day operating performance of our business, and are useful to management as supplemental performance measures.

Note 22. Reserve for Claims and Performance-Based Arrangements

The Company maintains reserves for its liabilities related to payments to providers and pharmacies under performance-based arrangements related to its specialty care management services solutions.

Reserves for claims and performance-based arrangements reflect actual payments under performance-based arrangements and the ultimate cost of claims that have been incurred but not reported, including expected development on reported claims, those that have been reported but not yet paid (reported claims in process), and other medical care expenses and services payable that are primarily composed of accruals for incentives and other amounts payable to health care professionals and facilities.

The Company uses actuarial principles and assumptions that are consistently applied each reporting period and recognizes the actuarial best estimate of the ultimate liability along with a margin for adverse deviation. This approach is consistent with actuarial standards of practice that the liabilities be adequate under moderately adverse conditions.

This liability predominately consists of incurred but not reported amounts and reported claims in process including expected development on reported claims. The liability for reserves related to its specialty care management services is calculated using "completion factors" developed by comparing the claim incurred date to the date claims were paid. Completion factors are impacted by several key items including changes in: 1) electronic (auto-adjudication) versus manual claim processing, 2) provider claims submission rates, 3) membership and 4) the mix of products.

The Company's policy for reserves related to its specialty care management services solutions is to use historical completion factors combined with an analysis of current trends and operational factors to develop current estimates of completion factors. The Company estimates the liability for claims incurred in each month by applying the current estimates of completion factors to the current paid claims data. This approach implicitly assumes that historical completion rates will be a useful indicator for the current period.

For more recent months, and for newer lines of business where there is not sufficient paid claims history to develop completion factors, the Company expects to rely more heavily on medical cost trend and expected loss ratio analysis that reflects expected claim payment patterns and other relevant operational considerations, or authorization analysis. Medical cost trend is primarily impacted by medical service utilization and unit costs that are affected by changes in the level and mix of medical benefits offered, including inpatient, outpatient and pharmacy, the impact of copays and deductibles, changes in provider practices and changes in consumer demographics and consumption behavior. Authorization analysis projects costs based on authorizations per thousand members basis and assigning an average cost per authorization. This is also adjusted for the impact of copays, deductibles, unit cost and historic discontinuation rates for treatment are considered.

For each reporting period, the Company compares key assumptions used to establish the reserves for claims and performance-based arrangements to actual experience. When actual experience differs from these assumptions, reserves for claims and performance-based arrangements are adjusted through current period net income. Additionally, the Company evaluates expected future developments and emerging trends that may impact key assumptions. The process used to determine this liability requires the Company to make critical accounting estimates that involve considerable judgment, reflecting the variability inherent in forecasting future claim payments. These estimates are highly sensitive to changes in the Company's key assumptions, specifically completion factors and medical cost trends.

Activity in reserves for claims and performance-based arrangements related to specialty care management services solution was as follows (in thousands):

	For the Year Ended December 31,	For the Year Ended December 31,	For the Year Ended December 31,
	2023	2022	
	2024	2023	

Balance, beginning of period

Incurred health care costs:

Current year to date period
Current year to date period
Current year to date period
Prior year to date period
Total claims incurred
Claims paid related to:
Current year to date period
Current year to date period
Current year to date period
Prior year to date period
Total claims paid
Balance, end of period
Balance, end of period
Balance, end of period

Note 23. Quarterly Results of Operations (unaudited)

The unaudited consolidated quarterly results of operations (in thousands, except per share data) were as follows:

For the Three Months Ended											
	December 31	December 31	September 30		June 30		March 31	December 31	September 30	June 30	March 31
2024											
Total revenue											
Total revenue											
Total revenue											
Total operating expenses	665,138		637,669		639,357		653,062				
Gain (loss) before preferred dividends and accretion of Series A											
Preferred Stock	(22,802)		(23,137)		1,596		(17,280)				
Dividends and accretion of Series A Preferred Stock											
Net loss attributable to common shareholders of Evolent Health, Inc.											
Loss per common share											
Loss per common share											
Loss per common share											
Basic and diluted											
Basic and diluted											
Basic and diluted											
2023											
2023											
2023											
Total revenue											
Total revenue											
Total revenue											

Total operating expenses	Total operating expenses	577,405	528,953	490,704	438,045	Total operating expenses	577,405	528,953	490,704	438,045
Loss before preferred dividends and accretion of Series A Preferred Stock	Loss before preferred dividends and accretion of Series A Preferred Stock	(33,411)	(25,324)	(34,323)	(19,982)	Loss before preferred dividends and accretion of Series A Preferred Stock	(33,411)	(25,324)	(34,323)	(19,982)
Dividends and accretion of Series A Preferred Stock										
Net loss attributable to common shareholders of Evolent Health, Inc.	Net loss attributable to common shareholders of Evolent Health, Inc.	(41,395)	(33,196)	(41,411)	(26,258)					
Loss per common share										
Loss per common share										
Loss per common share										
Basic and diluted										
Basic and diluted										
Basic and diluted										

	For the Three Months Ended			
	December 31	September 30	June 30	March 31
Basic and diluted	\$ (0.36)	\$ (0.30)	\$ (0.37)	\$ (0.24)
2022				
Total revenue	\$ 382,432	\$ 352,585	\$ 319,939	\$ 297,057
Total operating expenses	384,310	339,634	324,572	299,855
Net income (loss) from continuing operations	(11,349)	2,123	(4,125)	(5,350)
Net loss from discontinued operations, net of tax	—	—	(463)	—
Net income (loss) attributable to common shareholders of Evolent Health, Inc.	(11,349)	2,123	(4,588)	(5,350)
Income (loss) per common share				
Basic and diluted	\$ (0.11)	\$ 0.02	\$ (0.05)	\$ (0.06)

Note 24. Supplemental Cash Flow Information

The following represents supplemental cash flow information (in thousands):

	For the Year Ended December 31,		
	2023	2022	2021
Supplemental Disclosure of Non-cash Investing and Financing Activities			
Supplemental disclosure of non-cash investing and financing activities			
Accrued property and equipment purchases			
Accrued property and equipment purchases			
Accrued property and equipment purchases			
Increase/decrease to goodwill from measurement period adjustments/business combinations			
Increase/decrease to goodwill from measurement period adjustments/business combinations			
Increase/decrease to goodwill from measurement period adjustments/business combinations			

Class A common stock issued for payment of earn-outs

Accrued deferred financing costs

Gain from transfer of membership

Class A common stock issued in connection with business combinations

Class A common stock issued in connection with business combinations

Class A common stock issued in connection with business combinations

Class A common stock issued in connection with debt repayment

Consideration for asset acquisition or business combinations

Accrued net working capital adjustment with business combinations

Effects of Leases

Effects of leases

Operating cash flows from operating leases

Operating cash flows from operating leases

Operating cash flows from operating leases

Leased assets disposed of (obtained in) exchange for operating lease liabilities

Supplemental Disclosures

Cash paid for interest

Cash paid for interest

Cash paid for interest

Cash paid for taxes, net

Note 25. Subsequent Events

On January 29, 2025, the Company borrowed \$125.0 million under its 2024-A Delayed Draw Term Loan and \$75.0 million under its 2024-B Delayed Draw Term Loan. As of February 14, 2025, there was \$262.5 million outstanding under the Company's Credit Facilities, consisting of \$125.0 million outstanding under its 2024-A Delayed Draw Term Loan, \$75.0 million outstanding under its 2024-B Delayed Draw Term Loan and \$62.5 million outstanding under its Revolving Facility. See Note 9 for further details regarding the terms of the Company's Credit Facilities.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, Act), as of the end of the period covered by this Annual Report on Form 10-K. The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), with assistance from other members of management, have reviewed the effectiveness of our disclosure controls and procedures as of December 31, 2023 December 31, 2024, based on their evaluation, have concluded that the disclosure controls and procedures were effective as of such date.

Management's Management's Annual Report on Internal Control Over over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP.

Under guidelines established by the SEC, companies are permitted to exclude acquisitions from their assessment of internal controls over financial reporting during the first year of an acquisition while integrating the acquired company. In conducting our evaluation of the effectiveness of our internal controls over financial reporting, we excluded NIA from our evaluation for the period ended December 31, 2023. NIA was acquired on January 20, 2023 and is a wholly-owned subsidiary whose total assets excluded from management's assessment represent 31.0% and total revenues excluded from management's assessment represent 12.3% of the related consolidated financial statement amounts as of and for the year ended December 31, 2023. We are in the process of integrating NIA into our system of internal controls over financial reporting. Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2023 December 31, 2024, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ("COSO") in Internal Control—Integrated Framework, Framework (2013). Based on such evaluation, our management has concluded that, as of December 31, 2023 December 31, 2024, the Company's internal control over financial reporting was effective.

Changes in Internal Control over Financial Reporting

Other than the foregoing, there have been There were no changes in our internal control over financial reporting that occurred in during the quarterly period covered by this report year ended December 31, 2024 that materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Inherent Limitations of Internal Controls

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal controls over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Although inherent limitations of internal controls will continue to be present, proper **SOD segregation of duties** controls and a whistle blower hotline are in place across the organization to minimize these limitations.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Evolent Health, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Evolent Health, Inc. and subsidiaries (the "Company") as of **December 31, 2023** **December 31, 2024**, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of **December 31, 2023** **December 31, 2024**, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended **December 31, 2023** **December 31, 2024**, of the Company and our report dated **February 22, 2024** **February 20, 2025**, expressed an unqualified opinion on those financial statements.

As described in *Management's Annual Report on Internal Control Over Financial Reporting*, management excluded from its assessment the internal control over financial reporting at National Imaging Associates which was acquired on January 20, 2023, and whose financial statements constitute 31.0% of total assets and 12.3% of revenue of the consolidated financial statement amounts as of and for the year ended December 31, 2023. Accordingly, our audit did not include the internal control over financial reporting at National Imaging Associates.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Annual Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

McLean, **Virginia VA**
February **22, 2024** **20, 2025**

Item 9B. Other Information

On December 14, 2023, John Johnson, the Company's Chief Financial Officer, terminated a trading plan for the sale of securities that was intended to satisfy the affirmative conditions of Rule 10b5-1 of the Securities Exchange Act of 1934 (the "Johnson Plan"). The Johnson Plan was adopted on November 27, 2023, solely for the sale of securities to satisfy applicable tax withholding and other obligations upon the vesting of RSUs granted on March 2, 2020, March 1, 2021, March 1, 2022 and March 1, 2023 and PSUs granted on March 1, 2021, and accordingly, absent the termination of the Johnson Plan, the aggregate amount of securities that could have been sold under the Johnson Plan was unknown as the number would have varied based on the market price of the Company's Class A common Stock at the time of vesting. Mr. Johnson terminated the Johnson Plan without having sold any shares under the Johnson Plan, as, among other things, the Johnson Plan was terminated prior to the end of the mandatory cooling off period. **None.**

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information called for by this Item 10 pertaining to Directors is incorporated herein by reference to Evolent Health, Inc.'s definitive proxy statement for the Annual Meeting of **Shareholders** **Stockholders** to be held on **June 6, 2024** **June 5, 2025**, to be filed by Evolent Health, Inc. with the SEC pursuant to Regulation 14A within 120 days after the year ended **December 31, 2023** **December 31, 2024** (the "**2024**" **2025** Proxy Statement").

The information called for by this Item 10 pertaining to Executive Officers appears in "Part I - Item 1. Business - Information about our Executive Officers" in this Annual Report on Form 10-K and our **2024** **2025** Proxy Statement.

We have adopted a Code of Business Conduct and Ethics that applies to all of our directors, officers and employees, including our principal executive officer and principal financial officer. The Code of Business Conduct and Ethics is posted on our investor relations website (ir.evolenthealth.com) (ir.evolent.com) under "Corporate Governance." We intend to satisfy the SEC's disclosure requirements regarding amendments to, or waivers of, the code of ethics by posting such information on our website.

Item 11. Executive Compensation

Information required by this Item 11 is incorporated herein by reference to our **2024** **2025** Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by this Item 12 is incorporated herein by reference to our **2024** **2025** Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required by this Item 13 is incorporated herein by reference to our **2024** **2025** Proxy Statement.

Item 14. Principal Accounting Fees and Services

Information required by this Item 14 is incorporated herein by reference to our **2024** **2025** Proxy Statement.

PART IV

Item 15. Exhibits

(a) The following documents are filed as part of this report:

(1) The following financial statements of the registrant and report of independent registered public accounting firm are included of Item 8 hereof:

- [Report of Independent Registered Public Accounting Firm \(PCAOB ID No. 34\)](#)
- [Consolidated Balance Sheets](#)
- [Consolidated Statements of Operations and Comprehensive Income \(Loss\)](#)
- [Consolidated Statements of Changes in Mezzanine and Shareholders' Equity](#)
- [Consolidated Statements of Cash Flows](#)
- [Notes to Consolidated Financial Statements](#)

(2) All financial statement schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission either have been included in the Financial Statements, are not required under the related instructions, or are not applicable and therefore have been omitted.

(3) The Exhibits listed in the Exhibit Index below are filed with or incorporated by reference into this report.

- [2.1*](#) [Asset Purchase Agreement, dated May 28, 2019, by and among University Health Care, Inc., d/b/a Passport Health Plan, Passport Health Solutions, LLC, Evolent Health, Inc. and Justify Holdings, Inc., filed as Exhibit 2.4 to the Company's Report on Form 10-Q filed with the SEC on August 9, 2019, and incorporated herein by reference.](#)
- [2.2*](#) [First Amendment to Asset Purchase Agreement, dated as of December 30, 2019, by and among University Health Care, Inc., d/b/a Passport Health Plan, Passport Health Solutions, LLC, Justify Holdings, Inc., and Evolent Health, Inc., filed as Exhibit 2.1 to the Company's Report on Form 8-K with the SEC on December 31, 2019, and incorporated herein by reference.](#)
- [2.3*](#) [Purchase Agreement and Agreement and Plan of Merger, dated August 2, 2021, by and among Evolent Health, Inc., Evolent Health LLC, EV Thunder Merger Sub, LLC, WindRose Health Investors III, L.P., Vital Decisions Acquisition, LLC and WindRose Health Investors, LLC, as the representative, filed as Exhibit 2.1 to the Company's report on Form 8-K filed with the SEC on August 4, 2021 and incorporated herein by reference.](#)
- [2.4*](#) [2.4*](#) [Agreement and Plan of Merger, dated August 1, 2022, by and among Evolent Health, Inc., Evolent Health LLC, Endzone Merger Sub, Inc, TPG Growth Iceman Parent, Inc. and the Sellers' Representative, filed as Exhibit 2.4 to the Company's Form 10-Q with the SEC on August 3, 2022 and incorporated herein by reference.](#)
- [2.5*](#) [Stock and Asset Purchase Agreement by and among Evolent Health, Inc., Evolent Health LLC, Magellan Health, Inc. and Magellan Healthcare, Inc., dated as of November 17, 2022 which was filed as Exhibit 2.5 to the Company's Annual Report on Form 10-K filed with the SEC on February 24, 2023, and incorporated herein by reference.](#)
- [2.6*](#) [2.6*](#) [Amendment No. 1 to Stock and Asset Purchase Agreement dated January 20, 2023, by and among Evolent Health, Inc., Evolent Health LLC, and Magellan Health, Inc. which was filed as Exhibit 2.6 to the Company's Annual Report on Form 10-K filed with the SEC on February 24, 2023, and incorporated herein by reference.](#)
- [2.7*](#) [2.7*](#) [Amendment No. 2 to Stock and Asset Purchase Agreement dated February 17, 2023, by and among Evolent Health, Inc., Evolent Health LLC, and Magellan Health, Inc. which was filed as Exhibit 2.7 to the Company's Annual Report on Form 10-K filed with the SEC on February 24, 2023, and incorporated herein by reference.](#)
- [3.1](#) [Second Amended and Restated Certificate of Incorporation of Evolent Health, Inc., filed as Exhibit 3.1 to the Company's Report on Form 8-K filed with the SEC on June 15, 2016, and incorporated herein by reference.](#)
- [3.2](#) [Certificate of Amendment of the Second Amended and Restated Certificate of Incorporation of Evolent Health, Inc., dated June 10, 2021, filed as Exhibit 3.1 to the Company's report on Form 8-K filed with the SEC on June 10, 2021 and incorporated herein by reference.](#)
- [3.3](#) [Third Amended and Restated By-laws of Evolent Health, Inc., filed as Exhibit 3.1 to the Company's Report on Form 8-K filed with the SEC on December 14, 2020, and incorporated herein by reference.](#)
- [3.4](#) [3.4](#) [Certificate of Designation of Series A Convertible Preferred Stock of the Company, dated as of January 19, 2023, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on January 23, 2023, and incorporated herein by reference.](#)
- [4.1](#) [Form of Class A common stock certificate, filed as Exhibit 4.1 to Amendment No. 1 to the Company's Registration Statement on Form S-1 filed with the SEC on May 18, 2015, and incorporated herein by reference.](#)
- [4.2](#) [4.2](#) [Indenture dated as of October 22, 2018, between Evolent Health, Inc. and U.S. Bank National Association, as trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on October 23, 2018, and incorporated herein by reference.](#)
- [4.3](#) [4.3](#) [Form of 1.50% Convertible Senior Notes due 2025, filed as Exhibit A to the Indenture \(Item 4.2.2 above\), which was filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on October 23, 2018, and incorporated herein by reference.](#)
- [4.4](#) [4.4](#) [Description of Registrant's Securities, which was filed as Exhibit 4.6 to the Company's Annual Report on Form 10-K filed with the SEC on February 23, 2022, and incorporated herein by reference.](#)
- [4.5](#) [Indenture, dated as of December 8, 2023, between Evolent Health, Inc. and U.S. Bank Trust Company, National Association, as trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K with the SEC on December 11, 2023 and incorporated herein by reference.](#)
- [4.6](#) [Form of 3.50% Convertible Senior Notes due 2029 \(included as Exhibit A to Exhibit 4.5\), filed as Exhibit 4.1 to the Company's Current Report on Form 8-K with the SEC on December 11, 2023 and incorporated herein by reference.](#)

[4.1 to the Company's Current Report on Form 8-K with the SEC on December 11, 2023 and incorporated herein by reference.](#)

- [10.1](#) [Income Tax Receivables Agreement, dated as of June 4, 2015, by and among Evolent Health, Inc., Evolent Health LLC and certain stockholders of Evolent Health, Inc., filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on June 10, 2015, and incorporated herein by reference.](#)
- [10.2](#) [10.2](#) [VPHealth, Inc. 2011 Equity Incentive Plan, filed as Exhibit 10.8 to the Company's Registration Statement on Form S-1 filed with the SEC on May 5, 2015, and incorporated herein by reference.](#)
- [10.3+](#) [10.3+](#) [Amendment No. 1 to the Evolent Health, Inc. 2011 Equity Incentive Plan, filed as Exhibit 10.9 to the Company's Registration Statement on Form S-1 filed with the SEC on May 5, 2015, and incorporated herein by reference.](#)
- [10.4+](#) [10.4+](#) [Evolent Health, Inc. 2015 Omnibus Equity Incentive Plan, filed as Exhibit 10.9 to Amendment No. 1 to the Company's Registration Statement on Form S-1 filed with the SEC on May 18, 2015, and incorporated herein by reference.](#)
- [10.5+](#) [10.5+](#) [Amendment to the Evolent Health, Inc. 2015 Omnibus Equity Incentive Plan, filed as Appendix B to the Company's Definitive Proxy Statement on Schedule 14A filed with the SEC on April 27, 2018, and incorporated herein by reference.](#)
- [10.6+](#) [10.6+](#) [Form of Executive Officer Option Award Agreement under the Evolent Health, Inc. 2015 Omnibus Incentive Compensation Plan, filed as Exhibit 10.5 to the Company's Current Report on Form 8-K filed with the SEC on June 10, 2015, and incorporated herein by reference.](#)
- [10.7+](#) [10.7+](#) [Form of Executive Officer Restricted Stock Unit Award Agreement under the Evolent Health, Inc. 2015 Omnibus Incentive Compensation Plan, filed as Exhibit 10.6 to the Company's Current Report on Form 8-K filed with the SEC on June 10, 2015, and incorporated herein by reference.](#)
- [10.8+](#) [10.8+](#) [Form of Non-Employee Director Restricted Stock Unit Award Agreement under the Evolent Health, Inc., 2015 Omnibus Incentive Compensation Plan, filed as Exhibit 10.7 to the Company's Current Report on Form 8-K filed with the SEC on June 10, 2015, and incorporated herein by reference.](#)
- [10.9+](#) [10.9+](#) [Form of Non-Qualified Stock Option Agreement under the Evolent Health, Inc. 2011 Equity Incentive Plan, filed as Exhibit 10.8 to the Company's Current Report on Form 8-K filed with the SEC on June 10, 2015, and incorporated herein by reference.](#)
- [10.10+](#) [10.10+](#) [Amended and Restated HealthPlaNet Technology License Agreement between UPMC and Evolent Health, Inc., dated as of June 27, 2013, filed as Exhibit 10.12 to the Company's Registration Statement on Form S-1 filed with the SEC on May 5, 2015, and incorporated herein by reference.](#)
- [10.11+](#) [10.11+](#) [Amended and Restated Intellectual Property License and Development Services Agreement between UPMC and Evolent Health, Inc., dated as of June 27, 2013, filed as Exhibit 10.13 to the Company's Registration Statement on Form S-1 filed with the SEC on May 5, 2015, and incorporated herein by reference.](#)
- [10.12](#) [10.12](#) [Amended and Restated Intellectual Property License and Data Access Agreement by and between The Advisory Board Company and Evolent Health, Inc., dated as of June 27, 2013, filed as Exhibit 10.15 to the Company's Registration Statement on Form S-1 filed with the SEC on May 5, 2015, and incorporated herein by reference.](#)
- [10.13](#) [Deed of Lease Agreement Between 1812 Holdings, LLC, as Landlord, and Evolent Health, LLC, as Tenant, dated December 11, 2023, filed as Exhibit 10.13 to the Company's Annual Report on Form 10-K filed with the SEC on February 23, 2024.](#)
- [10.14](#) [10.14](#) [Form of Director Indemnification Agreement, filed as Exhibit 10.20 to Amendment No. 2 to the Company's Registration Statement on Form S-1 filed with the SEC on May 26, 2015, and incorporated herein by reference.](#)
- [10.15+](#) [10.15+](#) [Form of Executive Officer Performance-Based Option Award Agreement Under the Evolent Health, Inc. 2015 Omnibus Incentive Compensation Plan, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 16, 2016, and incorporated herein by reference.](#)
- [10.16+](#) [10.16+](#) [Form of Non-Employee Director Restricted Stock Unit Agreement under the Evolent Health, Inc. 2015 Omnibus Incentive Compensation Plan, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 7, 2017, and incorporated herein by reference.](#)
- [10.17+](#) [10.17+](#) [Form of Leveraged Stock Unit Award Agreement under the Evolent Health, Inc. 2015 Omnibus Incentive Compensation Plan, filed as Exhibit 10.26 to the Company's Annual Report on Form 10-K filed with the SEC on February 28, 2019, and incorporated herein by reference.](#)

- [10.18*](#) [10.18*](#) [Asset Purchase Agreement, dated July 16, 2020, by and among Passport Health Plan, Inc., Evolent Health LLC, and Molina Healthcare, Inc., filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q with the SEC on August 7, 2020, and incorporated herein by reference.](#)
- [10.19+](#) [10.19+](#) [Severance and Change-in-Control Agreement, dated as of January 27, 2021, by and between Evolent Health, Inc. and Mr. Seth Blackley, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K/A filed with the SEC on January 29, 2021, and incorporated by reference herein.](#)
- [10.20+](#) [10.20+](#) [Severance and Change-in-Control Agreement, dated as of January 27, 2021, by and between Evolent Health, Inc. and Mr. John Johnson, filed as Exhibit 10.3 to the Company's Current Report on Form 8-K/A filed with the SEC on January 29, 2021, and incorporated by reference herein.](#)
- [10.21+](#) [10.21+](#) [Severance and Change-in-Control Agreement, dated as of January 27, 2021, by and between Evolent Health, Inc. and Mr. Jonathan Weinberg, filed as Exhibit 10.4 to the Company's Current Report on Form 8-K/A filed with the SEC on January 29, 2021, and incorporated by reference herein.](#)
- [10.22+](#) [Severance and Change-in-Control Agreement, dated as of January 27, 2021, by and between Evolent Health, Inc. and Mr. Dan McCarthy, filed as Exhibit 10.28 to the Company's Annual Report on Form 10-K filed with the SEC on February 24, 2023, and incorporated by reference herein.](#)
- [10.23+](#) [10.23+](#) [Evolent Health, Inc. Amended and Restated 2015 Omnibus Equity Incentive Plan, filed as Appendix D to the Company's Definitive Proxy Statement on Schedule 14A filed with the SEC on April 30, 2021, and incorporated herein by reference.](#)
- [10.24+](#) [10.24+](#) [Form of Performance Stock Unit Award Agreement under the Evolent Health, Inc. 2015 Omnibus Incentive Compensation Plan, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q with the SEC on May 6, 2021.](#)
- [10.25+](#) [10.25+](#) [Form of Executive Officer Restricted Stock Unit Award Agreement under the Evolent Health, Inc. 2015 Omnibus Incentive Compensation Plan, which was filed as Exhibit 10.31 to the Company's Annual Report on Form 10-K filed with the SEC on February 23, 2022, and incorporated herein by reference.](#)
- [10.26+](#) [10.26+](#) [Form of Corporate PSU Award Agreement under the Evolent Health, Inc. 2015 Omnibus Incentive Compensation Plan, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 5, 2022.](#)
- [10.27+](#) [10.27+](#) [Form of Business Unit PSU Award Agreement under the Evolent Health, Inc., 2015 Omnibus Incentive Compensation Plan, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 5, 2022.](#)
- [10.28*](#) [10.28*](#) [Credit Agreement, by and among Evolent Health, Inc., Evolent Health LLC, certain subsidiaries of Evolent Health, Inc. as guarantors, the lenders from time to time party thereto, and Ares Capital Corporation, as administrative agent, and ACF Finco I LP, as revolving agent and collateral agent, dated as of August 1, 2022, filed as Exhibit 10.1 to the Company's Form 10-Q with the SEC on August 3, 2022 and incorporated herein by reference.](#)
- [10.29*](#) [10.29*](#) [Security Agreement, by and among Evolent Health, Inc., Evolent Health LLC, the other guarantors and ACF Finco I LP, as collateral agent for the benefit of the secured parties, dated as of August 1, 2022, filed as Exhibit 10.2 to the Company's Form 10-Q with the SEC on August 3, 2022 and incorporated herein by reference.](#)
- [10.30*](#) [10.30*](#) [Amendment No. 1, dated as of January 20, 2023, to the Credit Agreement, dated as of August 1, 2022, by the Lenders party thereto, EVH LLC, as the Administrative Borrower, the other borrowers party thereto, the Company, as the Parent, each other Guarantor party thereto, Ares Capital Corporation, as Administrative Agent, and ACF Finco I LP, as Collateral Agent and Revolving Agent, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on January 23, 2023, and incorporated herein by reference.](#)
- [10.31*](#) [10.31*](#) [Amendment No. 2, dated as of December 5, 2023, to the Credit Agreement, dated as of August 1, 2022 and amended on January 20, 2023, by the Lenders party thereto, Evolent Health, LLC, as the Administrative Borrower, the other borrowers party thereto, the Company, as the Parent, each other Guarantor party thereto, Ares Capital Corporation, as Administrative Agent, and ACF Finco I LP, as Collateral Agent and Revolving Agent, Filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on December 11, 2023, and incorporated herein by reference.](#)
- [10.32*](#) [10.32*](#) [Guarantee Agreement, by Evolent Health, Inc. and each of the other guarantors in favor of Ares Capital Corporation, as administrative agent for the lenders, and ACF Finco I LP, as collateral agent for the lenders, dated as of August 1, 2022, filed as Exhibit 10.3 to the Company's Form 10-Q with the SEC on August 3, 2022 and incorporated herein by reference.](#)

10.33* 10.33*	Securities Purchase Agreement, dated as of January 20, 2023, by and among the Purchasers listed on Schedule I thereto and the Company, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on January 23, 2023, and incorporated herein by reference.
10.34* 10.34*	Investors Rights Agreement, dated as of January 20, 2023, by and among the Purchasers listed on Schedule I thereto and the Company, filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on January 23, 2023, and incorporated herein by reference.
10.35* 10.35*	Registration Rights Agreement, dated as of January 20, 2023, by and among the Stockholders named in Schedule I thereto and the Company, filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on January 23, 2023, and incorporated herein by reference.
10.36* 10.36*	Registration Rights Agreement, dated as of January 20, 2023, by and between Magellan Health, Inc. and the Company, filed as Exhibit 10.5 to the Company's Current Report on Form 8-K filed with the SEC on January 23, 2023, and incorporated herein by reference.
10.37+ 10.37+	Amended and Restated Performance Stock Unit Award Agreement under the Evolent Health, Inc 2015 Omnibus Incentive Compensation Plan, filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 3, 2023, and incorporated herein by reference.
10.38+	Form of Performance Stock Unit Award Agreement under the Evolent Health, Inc. 2015 Omnibus Incentive Compensation Plan, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 10, 2024, and incorporated herein by reference.
10.39*	Amendment No. 3, dated as of December 6, 2024, to the Credit Agreement, dated as of August 1, 2022, and amended on January 20, 2023 and December 5, 2023, by the Lenders party thereto, Evolent Health, LLC, as the Administrative Borrower, the other borrowers party thereto, the Company, as the Parent, each other Guarantor party thereto, Ares Capital Corporation, as Administrative Agent, and ACT Finco I LP, as Collateral Agent and Revolving Agent, filed as Exhibit 10.1 to the Company's Report on Form 8-K filed with the SEC on December 11, 2024.
10.40	Cooperation Agreement dated February 3, 2025, by and among Evolent Health, Inc., Engaged Capital Flagship Master Fund, LP, Engaged Capital Co-Invest XI-B, LP, Engaged Capital, LLC, Engaged Capital Holdings, LLC and Glenn W. Welling, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 4, 2025, and incorporated by reference herein.
19.1	Insider Trading Policy of Evolent Health, Inc.
21.1	Subsidiaries of Evolent Health, Inc.
23.1	Consent of Independent Registered Public Accounting Firm
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Section Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97	Evolent Health, Inc. Clawback Policy, Policy, filed as Exhibit 97 to the Company's Annual Report on Form 10-K filed with the SEC on February 22, 2024, and incorporated herein by reference.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
104	The cover page from this Annual Report on Form 10-K, formatted as Inline XBRL

* The Company agrees to furnish supplementally to the SEC a copy of any omitted schedule or exhibit upon the request of the SEC in accordance with Item 601(b)(2) of Regulation S-K.

+ Constitutes a management contract or other compensatory plan or arrangement.

Item 16. Form 10-K Summary

Not Applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Evolent Health, Inc.

By: _____ /s/ John Johnson
Name: John Johnson
Title: Chief Financial Officer

Dated: February 22, 2024 February 20, 2025

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Seth Blackley</u> Seth Blackley	Chief Executive Officer and Director (Principal Executive Officer)	February 22, 2024 20, 2025
<u>/s/ John Johnson</u> John Johnson	Chief Financial Officer (Principal Financial Officer)	February 22, 2024 20, 2025
<u>/s/ Aammaad Shams</u> Aammaad Shams	Chief Accounting Officer (Principal Accounting Officer)	February 22, 2024 20, 2025
<u>/s/ Toyin Ajayi</u> Toyin Ajayi, MD	Director	February 22, 2024 20, 2025
<u>/s/ Craig Barbarosh</u> Craig Barbarosh	Director	February 22, 2024 20, 2025
<u>/s/ M. Bridget Duffy</u> M. Bridget Duffy, MD	Director	February 22, 2024
<u>/s/ Russell Glass</u> Russell Glass	Director	February 22, 2024 20, 2025
<u>/s/ Peter Grua</u> Peter Grua	Director	February 22, 2024 20, 2025
<u>/s/ Diane Holder</u> Diane Holder	Director	February 22, 2024 20, 2025
<u>/s/ Richard Jelinek</u> Richard Jelinek	Director	February 22, 2024 20, 2025
<u>/s/ Kim Keck</u> Kim Keck	Director	February 22, 2024 20, 2025
<u>/s/ Cheryl Scott</u> Cheryl Scott	Director	February 22, 2024 20, 2025
<u>/s/ Brendan Springstubb</u> Brendan Springstubb	Director	February 20, 2025

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Exhibit 10.13 19

Insider Trading Policy
of
Evolent Health, Inc.

DEED OF LEASE AGREEMENT BETWEEN

1812 HOLDINGS, LLC,

AS LANDLORD, AND

EVOLENT HEALTH, LLC

AS TENANT

DATED DECEMBER 11, 2023

1812 NORTH MOORE STREET

ARLINGTON, VIRGINIA

BASIC LEASE INFORMATION

Lease Date:	December 11, 2023 (the " Effective Date ")
Landlord:	1812 HOLDINGS, LLC, a Delaware limited liability company
Tenant:	EVOLENT HEALTH, LLC a Delaware limited liability company
Premises:	Suite No. 1705A and 1705B, containing an agreed upon Eight Thousand Five Hundred Fourteen (8,514) rentable square feet, in the building located at 1812 North Moore Street, Arlington, Virginia (the " Building "). The Premises are outlined on the plan attached to the Lease as <u>Exhibit A</u> . The Premises suite number may be renumbered to Suite No. 1705, when Tenant obtains its certificate of occupancy for the Premises. The land on which the Project is located is referred to herein as the " Land ". The term " Project " shall collectively refer to the Building, the Land and the driveways, parking facilities, and similar improvements and easements associated with the foregoing or the operations thereof.
Term:	Eighty-Four (84) full calendar months, plus any partial month from the Commencement Date to the end of the month in which the Commencement Date falls, starting on the Commencement Date and ending at 5:00 p.m. local time on the last day of the Eighty-Fourth (84 th) full calendar month following the Commencement Date, subject to adjustment and earlier termination as provided in the Lease.
Commencement Date:	The date the Punchlist Items are complete. See <u>Section 3</u> hereof.
Basic Rent:	Subject to the abatement of Basic Rent provided below, Basic Rent shall be the following amounts for the following periods of time:

Lease Year	Rate of Annual Basic Rent Rate Per Rentable Square Foot in the Premises	Rate of Monthly Basic Rent
1	\$57.00	\$40,441.50
2	\$58.43	\$41,456.09
3	\$59.89	\$42,491.96
4	\$61.39	\$43,556.21
5	\$62.92	\$44,641.74
6	\$64.49	\$45,755.66
7	\$66.10	\$46,897.95

Notwithstanding the foregoing, provided that Tenant is not in default under this Lease (or if a default occurs and Tenant subsequently cures such default during the applicable notice and cure period), Landlord shall grant to Tenant a "rent holiday" from the payment of the installments of Monthly Basic Rent for the first ten (10) months following the Commencement Date (the "**Free Rent Period**"). During such Free Rent Period, the Monthly Basic Rent for the entire Premises shall be abated (such rental abatement being hereinafter referred to **Adopted** as the "**Free Rent Allowance**"); provided, however, that (i) the Free Rent Period and the granting of the Free Rent Allowance as provided hereunder shall not affect the Commencement Date, hereof nor negate Tenant's obligation to pay Landlord the first installment of Basic Rent together with Tenant's execution of this Lease as provided in Section 4.1 below, (ii) Tenant shall remain obligated during the Free Rent Period to perform all of Tenant's obligations under this Lease except as expressly set forth above (including, but not limited to, the payment of all Additional Rent coming due under this Lease), and (iii) in the event of any termination of this Lease by Landlord based upon an Event of Default hereunder by Tenant, the then current unamortized amount of the Free Rent Allowance shall immediately become due and payable and any remaining Free Rent Allowance hereunder shall be of no force or effect. Commencing with the first day after the end of the Free Rent Period referred to above, Tenant shall make Basic Rent payments for any remaining partial calendar month and on the first day of the first full calendar month thereafter shall make Basic Rent payments as otherwise provided in this Lease. Notwithstanding such abatement of Basic Rent (a) all other sums due under this Lease, including, but not limited to, Additional Rent and after-hours HVAC charges, shall be payable as provided in this Lease, and (b) any increases in Basic Rent set forth in this Lease shall occur on the dates scheduled therefor.

Notwithstanding the foregoing or anything to the contrary contained in this Lease, so long as no Event of Default is continuing, Tenant shall have the ongoing right at any time prior to the Commencement Date, upon not less than thirty (30) days prior written notice to Landlord, to increase the Construction Allowance (as hereinafter defined) by an amount not to exceed the portion of the Free Rent Allowance that is an amount equal to two (2) months of Monthly Basic Rent (the "**Converted Amount**"), and after the date of such conversion of a portion of the Free Rent Allowance into the Converted Amount, the Free Rent Allowance shall be reduced by the amount of the Converted Amount, the Free Rent Period shall be reduced accordingly and the Construction Allowance shall be increased by such Converted Amount. The Converted Amount shall become part of the Construction Allowance and payable to Tenant pursuant to the same terms and conditions with respect to payment of the Construction Allowance.

As used herein, the term "**Lease Month**" means each calendar month during the Term (and if the Commencement Date does not occur on the first day of a calendar month, the period from the Commencement Date to the first day of the next calendar month shall be included in the first Lease Month for purposes of determining the duration of the Term and the monthly Basic Rent rate applicable for such partial month).

A "**Lease Year**" shall be that period of twelve (12) consecutive calendar months that commences on the Commencement Date, and each consecutive twelve (12) month period thereafter; provided, however, that if the Commencement Date is not the first day of a month, then the first Lease Year shall also include the partial month commencing on the day following the expiration of such first 12-month period and ending on the last day of the month during which such first 12-month period expired and the second Lease Year shall commence on the day following the date of expiration of the first Lease Year. The earliest such twelve (12) month period shall be referred to as the "first Lease Year," and each of the following Lease Years shall similarly be numbered for identification purposes.

Security Deposit:	\$80,883.00.
Additional Rent:	Tenant's Proportionate Share of Excess Operating Costs and Excess Taxes.
Rent:	Basic Rent, Additional Rent, and all other sums that Tenant may owe to Landlord or otherwise be required to pay under the Lease.
Permitted Use:	General office use in compliance with Section 9 of the Lease.

Tenant's Proportionate Share:	As of the date hereof, (A) 1.58% with respect to Tenant's Proportionate Share of Excess Taxes, which is the percentage obtained by dividing (a) the number of rentable square feet in the Premises as stated above by (b) the total rentable square feet in the Project, which is Five Hundred Thirty-Seven Thousand Six Hundred Thirty-Eight (537,638), and (B) 1.59% with respect to Tenant's Proportionate Share of Excess Operating Costs, which is the percentage obtained by dividing (i) the number of rentable square feet in the Premises as stated above by (ii) Five Hundred Thirty-Five Thousand Seventy-Five (535,075) rentable square feet, which is the number of square feet of office rentable area in the Project. Landlord and Tenant stipulate that the number of rentable square feet in the Premises and in the Project set forth above is conclusive and shall be binding upon them.		
Building Hours:	7:00 a.m. to 6:00 p.m. on Monday through Friday (excluding holidays) and 9:00 a.m. to 1:00 p.m. on Saturday (excluding holidays), and such other hours, if any, as Landlord from time to time determines.		
Base Year:	The calendar year 2024.		
Tenant's Address:	Prior to Commencement Date:	Following Commencement Date:	
	800 N Glebe Road, Suite 500 Arlington VA 22203 Attention: Heidi Lambert	At the Premises Attention: Heidi Lambert Telephone: 571-302-0459	
		and with a copy to:	
		Shulman Rogers, P.A. 12505 Park Potomac Avenue, 6 th Floor Potomac, MD 20854 Attn: Marc B. Bergoffen, Esq. Telephone: 301-945-9279	
Landlord's Address:	For all Notices:	With a copy to:	
	1812 Holdings, LLC c/o Monday Properties Services, LLC 1000 Wilson Boulevard Suite 700 Arlington, Virginia 22209 Attn: Mr. Timothy Helmig Telephone: 703-284-0200	1812 Holdings, LLC c/o Goldman Sachs 6011 Connection Drive Irving, TX 75039 Attn: Asset Manager - Rosslyn Telephone: 214.368.2200	
	Rent Payment Address:	and with a copy to:	
	Tenant shall send all payments due under this Lease to the address(es) set forth on Exhibit B attached hereto and made a part hereof	Greenstein DeLorme & Luchs, P.C. 801 17 th Street, N.W. Suite 1000 Washington, D.C. 20006 Attn: Jared S. Greenstein, Esq. Telephone: 202-452-1400	

The foregoing Basic Lease Information is incorporated into and made a part of the Lease identified above. If any conflict exists between any of the business terms contained in the Basic Lease Information and the Lease, then the Lease shall control.

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LEASE

This Deed All directors, officers and employees of Lease Agreement (this Evolent Health, Inc. and its subsidiaries (collectively, the "Lease Company") is entered into, and certain other persons as of the Lease Date between Landlord and Tenant (as each such term is defined in the Basic Lease Information).

1. Definitions and Basic Provisions. The definitions and basic provisions set forth in the Basic Lease Information (the Company may determine from time to time (each, a "Basic Lease Information Covered Individual") are incorporated herein by reference for all purposes. Additionally, the following terms shall have the following meanings when used in this Lease: "Affiliate" means any person or entity which, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the party in question; "control" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through ownership of voting securities, by contract, or otherwise. "Building's Structure" means the Building's roof and roof membrane, elevator shafts, footings, foundations, structural portions of load-bearing walls, structural floors and subfloors, structural columns and beams, and curtain walls; "Building's Systems" means the Building's HVAC, life-safety, plumbing, electrical, mechanical and elevator systems; "including" means including, without limitation; "Laws" means all federal, state and local laws, ordinances, building codes and standards, rules and regulations, all court orders, governmental directives, and governmental orders and all interpretations of the foregoing, and all restrictive covenants affecting the Project, and "Law" means any of the foregoing; "Tenant's Off-Premises Equipment" means any of Tenant's equipment or other property that may be located on or about the Project or the related complex (other than inside the Premises); and "Tenant Party" means any of the following persons: Tenant; any assignees claiming by, through or under Tenant; any subtenants claiming by, through or under Tenant; and any of their respective agents, contractors, officers, employees, licensees, guests and invitees.

2. Lease Grant. Subject to the terms of this Lease, Landlord leases to Tenant, and Tenant leases from Landlord, the Premises.

3. Tender of Possession.

3.1. Delivery Date. Landlord and Tenant presently anticipate that possession of the Premises will be tendered to Tenant in the condition required by this Lease on or about one (1) business day following Tenant's full execution and delivery of this Lease to Landlord, the "Estimated Delivery Date"). If Landlord is unable to tender possession of the Premises in such condition to Tenant by the Estimated Delivery Date, then (a) the validity of this Lease shall not be affected or impaired thereby, (b) Landlord shall not be in default hereunder or be liable for damages therefor, and (c) Tenant shall accept possession of the Premises when Landlord tenders possession thereof to Tenant; provided, however, if the Premises is not delivered by the tenth (10th) business day after the Estimated Delivery Date and such delay was not caused by the act or omission of Tenant, its employees, agents or contractors or due to Force Majeure, then, as Tenant's sole and exclusive remedy, Tenant shall be entitled to a day for day abatement of Basic Rent for the period between the

Estimated Delivery Date and the Delivery Date. Such abatement of Basic Rent, if any, shall be applied to Basic Rent beginning on the Rent Commencement Date. By occupying the Premises, Tenant shall be deemed to have accepted the Premises in their condition as of the date of such occupancy, subject to the performance of the Punch-List Items (as hereinafter defined). Within five (5) days following Landlord's request therefore, Tenant shall execute and deliver to Landlord a letter substantially in the form of Exhibit E hereto confirming (1) the Commencement Date and the expiration date of the initial Term, (2) that Tenant has accepted the Premises, and (3) that Landlord has performed all of its obligations with respect to the Premises; however, the failure of the parties to execute such letter shall not defer the Commencement Date or otherwise invalidate this Lease. Except as expressly provided hereinafter, entry into the Premises by any Tenant Party prior to the Commencement Date shall be subject to all of the provisions of this Lease excepting only those requiring Insider Trading Policy (this "Policy"). The Company's Board of Directors has adopted this Policy to promote compliance with U.S. federal, state and foreign securities laws, rules and regulations, as well as any applicable listing standards, that prohibit certain persons who are aware of material nonpublic information about a company from: (i) engaging in transactions in the payment securities of Basic Rent that company; or (ii) providing material nonpublic information to other persons who may trade on the basis of that information.

I. Trading on Inside Information Is Prohibited

Evolent Health, Inc.'s Class A common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "EVH". It is a serious violation of federal and Additional Rent, state securities laws, and before Tenant may occupy of Company policy, for any Covered Individual or any Related Party (as defined herein) to engage in transactions of shares of Class A common stock or other equity securities of the Premises Company (collectively, "Equity Securities") or any other securities of the Company (together with the Equity Securities, "Company Securities") while in possession of material non-public information relating to conduct business therein, Tenant shall deliver the Company or to Landlord a certificate engage in any other action to take advantage of occupancy such information or to pass it on to others (regardless of whether or not the Covered Individual receives any benefit from the appropriate governmental authority for use of the Premises (or information). This prohibition also applies to information relating to any other company, including customers, partners or suppliers obtained in the applicable portion thereof, course of employment.

3.2 Transactions subject to this Policy include purchases, sales and Delivery Condition; bona fide Punchlist Items; Commencement Date gifts of Company Securities. Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for a personal emergency expenditure) are not an exception to this Policy. In addition, federal and state securities laws and this Policy apply regardless of the number of shares or the dollar amount of the transaction. The appearance of any improper transactions should also be avoided to preserve the Company's reputation for adhering to the highest standards of ethical conduct. Violations of insider trading rules can lead to severe penalties as discussed in more detail below.

1. **Material Information.** Tenant accepts Material information is any information that a reasonable investor would likely consider important in making a decision to buy, hold or sell Company Securities. To protect the Premises in its "as-is" condition as Company's confidential business information and avoid even the appearance of impropriety, you should not disclose any information that could reasonably affect the price, either favorably or unfavorably, of Company Securities.

While it is not possible to provide an exhaustive list, the following are some of the Effective Date. Within (3) three business days after the Effective Date, Landlord's representative and Tenant's representative shall conduct a walk-through types of the Premises and identify any information that would ordinarily be considered material:

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- i. necessary touch-up work, repairs; news of a pending or proposed Company acquisition, disposition or other significant business combination;
- ii. financial results, especially quarterly and minor completion items year-end earnings (and projections of future earnings or losses or other earnings guidance), and significant changes in financial results or liquidity;
- iii. significant changes in Company strategy or objectives;
- iv. take-over bids or bids to buy back securities, including common stock, of the Company;
- v. changes in ownership that may affect control of the Company;

- vi. significant changes in management;
- vii. public or private issues of additional equity or debt securities, or borrowings of other financings outside of the ordinary course;
- viii. significant changes in capital structure;
- ix. defaults or events of default under financings or other agreements;
- x. actual or threatened major litigation, or the resolution of such litigation;
- xi. significant changes in operating or financial circumstances, cash flow changes or liquidity changes;
- xii. the declaration of dividends other than in the ordinary course or a change in dividend policy, or the establishment of a share repurchase program;
- xiii. significant new ventures, or entry into new lines of business or services;
- xiv. entering into new material customer contracts;
- xv. the gain or loss of a significant customer, or a material change in business from a significant customer;
- xvi. significant milestones relating to the Company's business;
- xvii. significant regulatory developments or changes;
- xviii. a significant cybersecurity incident, such as a data breach, or any other significant disruption in the Company's operations or loss, potential loss, breach or unauthorized access of the Company's property or assets, whether at the Company's facilities or through the Company's technology infrastructure; and
- xix. the imposition of an event-specific restriction on trading in Company Securities or the securities of another company or the extension or termination of such restriction.

2. Non-public Information. Non-public information is any information that has not already been disclosed generally to the public. Information about the Company that is not yet in general circulation should be considered non-public. All information that a Covered Individual learns about the Company or its business plans in connection with his/her employment is potentially "insider" information until publicly disclosed.

3. Twenty-Twenty Hindsight. If a Covered Individual's securities transactions become the subject of scrutiny, they will be viewed after-the-fact with the benefit of hindsight. As a result, before engaging in any transaction, Covered Individuals should carefully consider how regulators and others might view such a transaction in hindsight.

4. Transactions by Related Parties. The restrictions set forth in this Policy apply equally to family members of Covered Individuals who reside with the Covered Individual (including a spouse, a child, a child away at college, stepchildren, grandchildren, parents, stepparents, grandparents, siblings and in-laws), anyone else who lives in the household of the Covered Individual, and any family members who do not live in such household but whose transactions in Company Securities are directed by the Covered Individual or are subject to influence or control by such person, such as parents or children who consult with the Covered Individual before they trade in Company Securities (collectively referred to as "Punch-List Items Family Members"). Neither Landlord's representative nor Tenant's representative shall unreasonably withhold his Covered Individuals are responsible for the transactions of these other persons and therefore should make them aware of the need to confer with the Covered Individual before they trade in Company Securities, and Covered Individuals should treat all such transactions for the purposes of this Policy and applicable securities laws as if the transactions were for such person's own account. This Policy does not, however, apply to personal securities transactions of Family Members where the purchase or her agreement sale decision is made by a third party not controlled by, influenced by or related to the Covered Individual or Family Members of the Covered Individual.

This Policy also applies to any entities that are influenced or controlled by the Covered Individual, including any corporations, partnerships or trusts (collectively referred to as "Controlled Entities"), and transactions by these Controlled Entities should be treated for the purposes of this Policy and applicable securities laws as if they were for the account of the Covered Individual. Family Members and Controlled Entities are herein collectively referred to as "Related Parties".

Covered Individuals are responsible for the compliance of Related Parties.

5. Tipping Information to Others. Whether the information is proprietary information about the Company or non-public information that could have an impact on the Punch-List Items. Landlord shall use reasonable efforts price of Company Securities, Covered Individuals must not pass such

information on to **complete** others (either explicitly or by way of generally advising others to buy or sell Company Securities). The penalties discussed below apply whether or not Covered Individuals derive any benefit from another's actions.

II. Trading During Blackout Periods Is Prohibited

It is also a violation of Company policy for any Covered Individual or any Related Party of a Covered Individual to purchase or sell Company Securities during the **Punch-List Items** within 60 days after agreement thereon. If Landlord does not **complete** periods discussed below (each such period, a "**Blackout Period**"):

1. **Quarterly and Annual Results.** A Blackout Period will be in effect for a period that begins on the **Punch-List Items** within sixty (60) days after the date Landlord and Tenant agree upon the **Punch-List Items**, and such delay is not a result of **Tenant Delay** (as hereinafter defined) or **Force Majeure** (as hereinafter defined) then, as Tenant's sole remedy hereunder, the **Free Rent Period** shall be extended two (2) days for each **15th** day of such delay until the **Punch-List Items** are complete. The date Landlord completes the **Punch-List Items** shall be the "**Commencement Date**" for all purposes under this Lease. Tenant shall be provided one listing in the Building's electronic directory located in the lobby **third month of each fiscal quarter** of the Building. Landlord, at its expense, shall provide Building standard suite entry signage. Subject to Landlord's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed, Tenant shall be allowed to place enhances signage inside the suite entry doors to Tenant's Premises, at Tenant's sole cost **Company** and expense.

3.4 **Tenant Delay.** As used herein, a "**Tenant Delay**" shall mean one (1) or more delays in the actual performance of the **Punch-List Items** by Landlord which are caused by (a) any request by or on behalf of Tenant for changes in the **Punch-List Items**, it being understood that Tenant shall have no right to request any changes to the **Punch-List Items**, or (b) the result of Tenant's or its contractors', agents' or employees' act, failure to act, or failure to act in a timely manner with respect to any matter affecting the **Punch-List Items**.

4. Rent.

4.1 **Payment.** Tenant shall timely pay to Landlord Rent, without notice, demand, deduction or set off (except as otherwise expressly provided herein), by good and sufficient check drawn on a national banking association, or, at either party's election, by electronic or wire transfer, at Landlord's address provided for in this Lease or such other address as may be specified in writing by Landlord, and shall be accompanied by all applicable state and local sales or use taxes; provided, that following any default by Tenant, Landlord shall be permitted to require alternative methods of payment, in Landlord's sole discretion. The obligations of Tenant to pay Rent to Landlord and the obligations of Landlord under this Lease are independent obligations. Basic Rent, adjusted as herein provided, shall be payable monthly in advance. The first monthly installment of Basic Rent is due upon execution of this Lease by Tenant; thereafter, Basic Rent shall be payable on the first day of each calendar month. The monthly Basic Rent for any partial month **ends** at the beginning of the **Term** shall equal first day that follows two full days of trading after the **product of 1/365** release of the **Company's** quarterly or annual **Basic Rent** in effect during results to the partial month public. Thus, if the **Company's** results are released before markets open on a Monday, Wednesday generally would be the first day on which Covered Individuals and Related Parties may trade. If the **Company's** results are released after markets close on a Monday, Thursday generally would be the first day on which Covered Individuals and Related Parties may trade.

2. **Public Announcements of Material Information.** Immediately after the **Company** has made a public announcement of material information, the **Company's** stockholders and the **number of days** investing public should be afforded the time to receive the information and act upon it. As a general rule, Covered Individuals and Related Parties should not engage in the partial month, and such **Basic Rent** payment is due upon execution of this Lease by Tenant; however, if the **Commencement Date** is not a fixed date that is ascertainable as of the **Lease Date**, then such **Basic Rent** payment for any fractional calendar month at transactions until the beginning of the **Term** first day that follows two full days of trading after the information has been released.

3. **Anticipated Material Events.** The **Company** may issue a suspension of trading because a material event is anticipated (e.g., a financial development, merger, acquisition or any other significant **Company** action). In any such case, adequate notice from the **Company** shall be **due by Tenant** on provided to Covered Individuals to whom such suspension applies.

III. Additional Prohibited Transactions

It is the **Commencement Date**. Payments of **Basic Rent** for any fractional calendar month at the end **Company's** policy not to trade in violation of the **Term** shall be similarly prorated. Tenant shall pay law. Additionally, because we believe it is improper and inappropriate for Covered Individuals to **Landlord monthly installments** engage in short-term or speculative transactions involving **Company Securities**, it is the **Company's** policy that Covered Individuals and Related Parties should not engage in any of **Additional Rent** in advance on the **first day of each calendar month** when due and otherwise on the same terms and conditions described above following activities with respect to **Basic Rent**. Unless **Company Securities** *whether or not in possession of material nonpublic information*:

1. **Trading in Equity Securities on a shorter time period Short-Term Basis.** Any **Equity Securities** purchased in the open market should be held for a minimum of six months and ideally longer. This rule may not apply to certain types of transactions such as stock option exercises, the receipt of performance shares and the receipt of restricted shares; however, any such transactions should be discussed with the general counsel to avoid potential problems.

2. **Short Sales.** Selling **Company Securities** short is not permitted. Selling short is the practice of selling borrowed securities, a technique used to speculate on a decline in the price of those securities.

3. Buying or Selling Puts, Calls or Derivatives. The purchase or sale of options of any kind, whether puts, calls or other derivative securities, related to Company Securities is not permitted. The speculative nature of the market for these financial instruments imposes timing

considerations that are inconsistent with careful avoidance, or even the appearance of use, of inside information. A put is a right to sell at a specified price a specific number of shares by a certain date and is utilized in this Lease, all payments anticipation of miscellaneous Rent charges hereunder (that a decline in the share price. A call is all Rent other than Basic Rent a right to buy at a specified price a specified number of shares by a certain date and Additional Rent) shall be due and payable within thirty (30) days following Landlord's delivery is utilized in anticipation of a rise in the share price. A derivative is an option, warrant, convertible security, stock appreciation right or similar right with an exercise or conversion privilege at a price related to Tenant an equity security, or similar securities with a value derived from the value of an invoice therefor equity security. (Option positions arising from certain types of hedging transactions are governed by the next paragraph below.)

4. Hedging Transactions. Engaging in hedging or monetization transactions involving Company Securities is not permitted. Such transactions may permit Covered Individuals or Related Parties to continue to own Company Securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, the Covered Individual or Related Party may no longer have the same objectives as the Company's shareholders.

4.2 5. Additional Rent Pledges and Margin Accounts. Pledging Company Securities, purchasing Company Securities on margin or incurring any indebtedness secured by a margin or similar account in which Company Securities are held, are not permitted.

6. Standing or Limit Orders. The use of standing or limit orders to transact in Company Securities is not permitted (other than a standing or limit order under an approved Rule 10b5-1 Plan, as described below). Standing and limit orders create heightened risks for insider trading violations similar to the use of margin accounts, as there is no control over the timing of transactions that result from standing instructions to a broker, and as a result, transactions in Company Securities could be executed while in possession of material non-public information.

4.2.1 IV. Excess Operating Costs. Commencing on the first (1st) anniversary of the Commencement Date, and continuing thereafter throughout the Term, Tenant shall pay to Landlord Tenant's Proportionate Share of Excess Operating Costs. As used herein, "Excess Operating Costs" means any increases in Operating Costs (defined below) for each year and partial year of the Term over the Operating Costs incurred during the Base Year. Landlord may make a good faith estimate of Excess Operating Costs to be due by Tenant for any calendar year or part thereof during the Term. During each calendar year or partial calendar year of the Term after the Base Year, Tenant shall pay to Landlord, in advance concurrently with each monthly installment of Basic Rent, an amount equal to Tenant's estimated Excess Operating Costs, as estimated by Landlord, for such calendar year or part thereof divided by the number of months therein. From time to time, but not more frequently than two (2) times per calendar year, Landlord may estimate and re-estimate the Excess Operating Costs to be due by Tenant and deliver a copy of the estimate or re-estimate to Tenant. Thereafter, the monthly installments of Excess Operating Costs payable by Tenant shall be appropriately adjusted in accordance with the estimations so that, by the end of the calendar year in question, Tenant shall have paid all of the Excess Operating Costs as estimated by Landlord. Any amounts paid based on such an estimate shall be subject to adjustment as herein provided when actual Operating Costs are available for each calendar year. Certain Exceptions

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The following transactions are exempted from this Policy:

4.2.2 1. Operating Costs Defined 401(k) Contributions. The term "Operating Costs" means all costs, expenses and disbursements (subject purchase of Company Securities pursuant to systematic contributions to the limitations set forth below) that Landlord incurs in connection with Company's 401(k) retirement plans is exempt from this Policy. This Policy, however, does apply to the ownership, operation, management and maintenance following: (a) an election to make an intra-plan transfer of an existing account balance into or out of the Project and performing Landlord's obligations under this Lease, in each case, determined in accordance with sound accounting principles consistently applied, including Company stock fund; (b) an election to increase or decrease the following costs: (a) wages and salaries percentage of all on-site employees engaged in the operation, maintenance, management or security of the Project (together with Landlord's reasonable allocation of expenses of off-site employees who perform a portion of their services in connection with the operation, maintenance, management or security of the Project including accounting personnel), including taxes, insurance and benefits relating thereto; (b) all supplies, materials and computer software licenses used in the operation, maintenance, repair, replacement, management and security of the Project; (c) costs for improvements made periodic contributions that will be allocated to the Project which, although capital in nature, are expected Company stock fund; (c) an election to reduce borrow money against the normal operating costs (including all utility costs) of the Project, as amortized using a commercially reasonable interest rate over the time period reasonably estimated by Landlord to recover the costs thereof taking into consideration the anticipated cost savings, as determined by Landlord using its good faith, commercially reasonable judgment, as well as capital improvements made in order to comply with any Law hereafter promulgated by any governmental authority, or any amendment to or any interpretation hereafter rendered with respect to any existing Law that has the effect of changing the legal requirements applicable to the Project from those currently in effect, as amortized using a commercially reasonable interest rate over the useful economic life of such improvements as determined by Landlord in its reasonable discretion; (d) cost of all utilities, other than the cost of any metered or submetered utilities paid separately by Tenant; (e) insurance expenses, including the cost of any deductibles; (f) repairs, replacements, and general maintenance of the Project; (g) fair market rental and other commercially reasonable costs with respect to the management office for the Project; (h) service, maintenance and management contracts and fees (payable to Landlord, Landlord's affiliate or a third-party management company for the operation, maintenance, management, repair, replacement, or security of the Project (including alarm service, window cleaning, janitorial, security, landscape maintenance and elevator maintenance) not to exceed five percent (5%) of the

gross receipts actually received by Landlord for the Building, (i) the cost of all business licenses, including Business Professional and Occupational License Taxes and Business Improvements Districts Taxes, and (j) vault fees and charges. Landlord shall have the right to allocate costs among different uses of space in the Project if Landlord reasonably determines the costs for operating, maintaining and repairing such different spaces differ from other spaces within the Project. Operating Costs and Taxes for the multi-building complex of which the Building is a part (the "**related complex**") may be prorated among the Project and the other buildings of the related complex, as reasonably determined by Landlord. Notwithstanding the foregoing provisions of this Section 4.2.2, in determining Tenant's Proportionate Share of Excess Operating Costs for any calendar year, the portion of Operating Costs for such calendar year which constitute Controllable Operating Costs (as hereinafter defined) shall not exceed one hundred six percent (106%) of the amount of Controllable Costs (as hereinafter defined) for the immediately preceding calendar year (the "**Controllable Operating Costs Cap**"); provided, however, that 401(k) plan account if the Controllable Operating Costs exceed such Controllable Operating Costs Cap in any calendar year, Landlord may include the portion of Controllable Operating Costs from such calendar year which was in excess of the Controllable Operating Costs Cap for such calendar year in Operating Costs for any future calendar year(s) until fully charged, so long as such Controllable Operating Costs for any such future calendar year(s) do not exceed the Controllable Operating Costs Cap for that future calendar year. As used herein, "**Controllable Operating Costs**" shall mean all Operating Costs except for the following: (i) license and permit fees of any nature; (ii) utility company charges; (iii) insurance premiums; (iv) the cost to remove snow and ice; (v) increased labor costs due to the requirement for use of labor subject to collective bargaining, which requirement was not in effect as of the Commencement Date; (vi) costs of compliance with governmental requirements which requirements were not in effect as of the Commencement Date; and (vii) contractually mandated increases in costs, to the extent such increase is in excess of six percent (6%) a year.

Operating Costs shall not include costs for (1) capital improvements made to the Project, other than capital improvements described in Section 4.2.2(c) and except for items which are generally considered maintenance and repair items, such as painting and wall covering of common areas, replacement of carpet or other floor coverings in elevator lobbies and common areas, and the like; (2) repair, replacements and general maintenance paid by proceeds of insurance or by Tenant or other third parties; (3) interest, amortization or other payments on loans to Landlord; (4) depreciation; (5) leasing commissions; (6) renovating or otherwise improving space for specific occupants of the Project or vacant leasable space in the Project, other than costs for repairs, maintenance and compliance with Laws provided or made available to the Project tenants generally; (7) Taxes; and (8) federal income taxes imposed on or measured by the income of Landlord from the operation of the Project; (9) advertising costs and expenses; (10) any

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costs and expenses (specifically excluding insurance deductibles permitted under this Lease) due to casualty that are paid by insurance maintained by Landlord; (11) salaries, wages, or other compensation or benefits paid to off-site employees or other employees of Landlord who are not assigned full-time to the operation, management, maintenance, or repair of the Project; provided however, Operating Costs shall include Landlord's reasonable allocation of compensation paid for the wages, salary, or other compensation or benefits paid to the employees at or below the level of portfolio manager, if offsite, who are assigned part-time to the operation, management, maintenance, or repair of the Project (including, but not limited to, accountants and engineers); (12) any costs, fines or penalties incurred due to the violation by Landlord of any governmental rule or authority; (13) costs incurred in connection with disputes with tenants, other occupants, or prospective tenants, or costs and expenses incurred in connection with negotiations or disputes with employees, consultants, management agents, leasing agents, purchasers or mortgagees of the Project; (14) costs arising from the presence of Hazardous Materials in or about or below the Land or the Project, including without limitation, hazardous substances in the groundwater or soil (unless introduced into, caused or exacerbated by Tenant); (15) all amounts which would otherwise be included in Operating Costs which are paid to any affiliate or subsidiary of Landlord, or any representative, employee or agent of same, to the extent the costs of such services exceed the competitive rates for similar services of comparable quality rendered by persons or entities of similar skill competence and experience; (16) costs, fines, interest, penalties, legal fees or costs of litigation incurred due to the late payment of taxes, utility bills and other costs incurred by Landlord's failure to make such payments when due, if Tenant was then current in the payment of all Rent which was required to have been paid under this Lease at the time of such failure; (17) costs incurred in connection with the financing, sale, selling or change of ownership of the Building or the Land, including brokerage commissions, attorneys' and accountants' fees, closing costs, title insurance premiums, and transfer taxes and interest charges; (18) rentals and other related expenses incurred in leasing any real or personal property ordinarily considered to be of a capital nature unless (a) such rentals or expenses would qualify as includable capital improvements hereinabove, or (b) such expense is incurred for emergency leasing of any equipment necessary to continue to maintain and operate the Building and (19) legal fees incurred by Landlord or its agent (a) in the preparation or negotiation of leases in the Building and amendments thereto, (b) in the enforcement of any such lease or (c) in connection with disputes with tenants or prospective purchasers or mortgagees. Operating Costs for the Base Year only shall not include market-wide labor rate increases due to boycotts and strikes; or boycotts, embargos or other shortages.

4.2.3 Excess Taxes; Taxes Defined. Commencing on the first (1st) anniversary of the Commencement Date, and continuing thereafter throughout the Term, Tenant shall also pay Tenant's Proportionate Share of Excess Taxes. As used herein, "**Excess Taxes**" means any increase in Taxes (defined below) for each year and partial year falling within the Term over the Taxes for the Base Year. Tenant shall pay Tenant's Proportionate Share of Excess Taxes in the same manner as provided above for Tenant's Proportionate Share of Excess Operating Costs. If Landlord receives a refund or abatement from a taxing authority for any portion of the Taxes allocable to the Base Year, then the Base Year for purposes of calculating Excess Taxes under this Lease shall be adjusted by reducing said Taxes in the Base Year by the amount of such refund or abatement. If after the Base Year Tenant shall have paid Excess Taxes on account of contested Taxes and Landlord thereafter receives a refund of such Taxes, Tenant shall receive a credit toward subsequent Rent payments in an amount equal to Tenant's proportionate share of such refund. "**Taxes**" means taxes, assessments, and governmental charges or fees whether federal, state, county or municipal, and whether they be by taxing districts or authorities presently taxing or by others, subsequently created or otherwise, and any other taxes and assessments (including non-governmental assessments and charges [including assessments and charges from any applicable property owner's association] under any restrictive covenant, declaration of covenants, restrictions and easements or other private agreement that are not treated as part of Operating Costs) now or hereafter attributable to the Project (or its operation), excluding, however, penalties and interest thereon, federal and state taxes on income, franchise taxes and inheritance taxes. However, if the present method of taxation changes so that in lieu of or in addition to the whole or any part of any Taxes, there is levied on Landlord a capital tax directly on the rents or revenues received therefrom or a franchise tax, margin tax, assessment, or charge based, in whole or in part, upon such rents or revenues for the Project, then all such taxes, assessments, or charges, or the part thereof so based, shall be deemed to be included within the term "Taxes" for purposes hereof. Taxes shall also include arena taxes, front foot benefit charges

and adequate public facility costs and assessments; transportation district fees, parking district fees, and the cost of other amenities required by Law; costs and fees charged and/or assessed in connection with any business improvement district that is applicable to the Project; any gross receipt taxes based on rental income or other payments received by Landlord, commercial rental taxes or any similar taxes or fees; and transportation taxes, fees or assessments, including mass transportation fees,

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metrorail fees, trip fees, regional and transportation district fees. Taxes shall include the costs of consultants retained in an effort to lower taxes and all costs incurred in disputing any taxes or in seeking to lower the tax valuation of the Project. For property tax purposes, Tenant waives all rights to protest or appeal the appraised value of the Premises, as well as the Project, and all rights to receive notices of reappraisalment. From time to time during any calendar year, Landlord may estimate or re-estimate the Excess Taxes to be due by Tenant for that calendar year and deliver a copy of the estimate or re-estimate to Tenant. Thereafter, the monthly installments of Excess Taxes payable by Tenant shall be appropriately adjusted in accordance with the estimations.

4.2.4 Reconciliation Statement. Landlord shall furnish to Tenant a statement of Operating Costs for the previous year, in each case adjusted as provided in Section 4.2.5, and of the Taxes for the previous year (the "**Reconciliation Statement**"). Landlord shall use commercially reasonable efforts to deliver the Reconciliation Statement to Tenant within one hundred eighty (180) days after the expiration of each calendar year provided that Landlord's failure to deliver such Reconciliation Statement to Tenant within said period shall not constitute Landlord's waiver of its right to collect said amounts or otherwise prejudice Landlord's rights hereunder. If Tenant's estimated payments of Excess Operating Costs or Excess Taxes under this Section 4.2 for the year covered by the Reconciliation Statement exceed Tenant's Proportionate Share of such items as indicated in the Reconciliation Statement, then Landlord shall credit or reimburse Tenant for such excess within 30 days; likewise, if Tenant's estimated payments of Excess Operating Costs or Excess Taxes under this Section 4.2 for such year are less than Tenant's Proportionate Share of such items as indicated in the Reconciliation Statement, then Tenant shall pay Landlord such deficiency within 30 days of invoice from Landlord.

4.2.5 Gross Up. With respect to any calendar year or partial calendar year in which the Project is not occupied to the extent of 95% of the rentable area thereof, or Landlord is not supplying comparable services to 95% of the rentable area thereof, the Operating Costs for such period which vary with the occupancy of the Project or level of service shall, for the purposes hereof, be increased to the amount which Landlord reasonably estimates would have been incurred had the Project been occupied to the extent of 95% of the rentable area thereof and Landlord had been supplying comparable services to 95% of the rentable area thereof. For example, if the average occupancy rate of the Building during a calendar year is eighty percent (80%), the janitorial contractor's charges are \$1.00 per occupied rentable square foot per year, and the Building contains one hundred thousand (100,000) rentable square feet of space, then it would be reasonable for Landlord to estimate that, if the Building had been ninety-five percent (95%) occupied during the entire calendar year, janitorial charges for such calendar year would have been Ninety-Five Thousand Dollars (\$95,000) and to compute the Operating Expenses for such calendar year accordingly. In no event shall the provisions of this paragraph be used to enable Landlord to collect from the tenants of the Building more than one hundred percent (100%) of the costs and expenses incurred by Landlord in managing, operating and maintaining the Building and the Land.

4.2.6 Audit Right. Landlord shall maintain books and records with respect to Operating Expenses and Taxes and shall determine the same in accordance with generally accepted accounting principles consistently applied, as customarily adjusted for the operation of commercial real estate. Within ninety (90) days after receiving Landlord's statement of Tenant's Proportionate Share of Excess Operating Costs and Tenant's Proportionate Share of Excess Taxes for the applicable calendar year (the "**Costs Data**"), by written notice to Landlord (the "**Review Notice**") given within such period, Tenant shall have the right to audit and review Landlord's books and records relating to the Costs Data for such calendar year, and, with regard to the first audit performed after the first Lease Year, the Base Year. Landlord's Costs Data for any particular calendar year shall be final and conclusive upon Tenant in the event Tenant shall fail to send its Review Notice within the respective time period designated above. Within thirty (30) days after receipt of a timely Review Notice, Landlord shall make such books, records and other documentation reasonably requested by Tenant available to Tenant or Tenant's agent for its review at either Landlord's or its management agent's main office in the Washington, D.C. area or at the office of the Building. If Tenant elects (by timely giving the Review Notice) to review Landlord's books and records, then within thirty (30) days after such books and records are made available to Tenant, Tenant shall have the right to give Landlord written notice (an "**Objection Notice**") stating in reasonable detail any reasonable objection Tenant has to Landlord's statement of Tenant's Proportionate Share of Excess Operating Costs and Tenant's Proportionate Share of Excess Taxes for such calendar year. If Tenant fails to give Landlord written notice of such objection within such thirty (30) day period, then Tenant shall be deemed to have approved Landlord's statement of Tenant's Proportionate Share of Excess Operating Costs and Tenant's Proportionate Share of Excess Taxes and shall thereafter be barred from raising any claims with respect thereto. Upon Landlord's receipt of a timely Objection Notice from Tenant, Landlord and Tenant shall work together in good faith to resolve Tenant's objection. If

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Landlord and Tenant do not agree within thirty (30) days following Tenant's delivery of the Objection Notice, they shall select an independent, certified public accountant or other auditor regularly engaged in the auditing of operating expenses under commercial leases who is engaged by Tenant on other than a contingent fee basis (the "**Independent Auditor**") who shall make an independent review. In the event Landlord and Tenant do not agree on the Independent Auditor within thirty (30) days following the notice of the review results, they shall ask the Chief Executive Officer of the American Institute of Certified Public Accountants ("**AICPA**") to select an independent accountant. If Landlord and Tenant determine, or if the independent account determines and Landlord concurs, that Tenant's Proportionate Share of Excess Operating Costs and Tenant's Proportionate Share of Excess Taxes for the calendar year in question is less than the amount actually paid by Tenant for that calendar year, then Landlord shall provide Tenant with a credit against future Additional Rent actually due in the amount of any overpayment by Tenant until the overpayment is corrected, or, at Landlord's option, Landlord shall promptly refund such amount to Tenant. In addition, if the amount paid by Tenant exceeded the amount to which Landlord was entitled by more than five percent (5%), then interest shall apply on the excess amount from the date of the agreement between Landlord and Tenant or the date of the determination by the independent accountant, as applicable, at a rate per annum equal to the Default Rate. Conversely, if Landlord and Tenant or the independent accountant determine that Tenant's Proportionate Share of Excess Operating Costs or Tenant's Proportionate Share of Excess Taxes due for the calendar year in question is greater than the amount actually paid, Tenant shall pay to Landlord within thirty (30) days from Landlord's request the amount of underpayment by Tenant. Tenant shall bear all costs of any such inspection of Landlord's books and records, unless such review discloses that the amounts paid by Tenant to Landlord exceeded the amounts to which Landlord was entitled by more than five percent (5%) in either the case of Tenant's Proportionate Share of Excess Operating Costs or Tenant's Proportionate Share of Excess Taxes (determined separately for such purposes), in which event Landlord shall promptly reimburse Tenant for the reasonable costs and expenses incurred in connection with Tenant's review (it being understood and agreed that such reimbursed costs shall not be included in Operating Costs). The costs and expenses of the independent auditor or accountant shall be paid equally by Landlord and Tenant, unless (a) the amounts paid by Tenant to Landlord exceeded the amounts to which Landlord was entitled by more than five percent (5%), in which case Landlord shall pay such costs and expenses, not to exceed Five Thousand Dollars (\$5,000.00) or (b) the amounts underpaid by Tenant to Landlord more than five percent (5%) of the amounts to which Landlord was entitled, in which case Tenant shall pay such costs and expenses.

5. **Delinquent Payment; Handling Charges.** All past due payments required of Tenant hereunder, beyond any applicable cure period, shall bear interest from the date due until paid at the lesser of eight (8%) percent per annum or the maximum lawful rate of interest (such lesser amount is referred to herein as the "**Default Rate**"); additionally, Landlord, in addition to all other rights and remedies available to it, may charge Tenant a late fee equal to the greater of (a) five percent of the delinquent payment, or (b) \$250, to reimburse Landlord for its cost and inconvenience incurred as a consequence of Tenant's delinquency. In no event, however, shall the charges permitted under this Section 5 or elsewhere in this Lease, to the extent they are considered to be interest under applicable Law, exceed the maximum lawful commercial rate of interest. Notwithstanding the foregoing, the first (1st) time in any Lease Year that Tenant fails to pay Basic Rent, Additional Rent or any other sums and charges due under this Lease when due, Landlord shall not assess a late charge or interest on the past-due amount if Tenant pays the amount due and owing within four (4) business days following the due date.

6. **Security Deposit.**

6.1 **Amount and Uses.** Landlord acknowledges receipt from Tenant of the Security Deposit, to be held by Landlord as security for the payment of all Rent payable by Tenant and for the faithful performance by Tenant of all other obligations of Tenant under this Lease. Said Security Deposit shall be repaid to Tenant after the termination of this Lease (or any renewal thereof) provided that no default then exists. Landlord shall not be required to maintain the Security Deposit loan will result in a separate account. The Security Deposit shall not be mortgaged, assigned, transferred or encumbered by Tenant without the consent liquidation of Landlord, and any such act shall be void. Landlord may, at Landlord's option, appropriate and apply the entire Security Deposit, or so much thereof as Landlord believes may be necessary, to compensate Landlord for the payment of any past-due Rent and for loss or damage sustained by Landlord due to any Event of Default. In the event Landlord appropriates or applies the Security Deposit in such a manner, Tenant, within ten (10) business days after notice thereof, shall pay to Landlord an amount sufficient to restore the Security Deposit to the original sum deposited or, if the amount of the Security Deposit has been increased in connection with an expansion of the Premises or otherwise, then Tenant shall pay to

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Landlord an amount sufficient to restore the Security Deposit to the amount then required as the Security Deposit hereunder. Tenant's failure to restore any such deficiency shall constitute An Event of Default hereunder. In the event of bankruptcy or other debtor-creditor proceedings by or against Tenant, the Security Deposit shall be applied first to the payment of Rent due Landlord for all periods prior to the filing of such proceedings. Tenant reserves the right to deliver the Security Deposit in the form of an unconditional, irrevocable letter of credit issued by a financial institution acceptable to Landlord in its sole and absolute discretion (the "**Letter of Credit**"), in which case the provisions of Section 6.3 hereof will be applicable. Notwithstanding the foregoing, the Security Deposit shall be reduced to an amount equal to one (1) month of then-escalated Basic Rent after the expiration of the twenty-fourth (24th) month following the Rent Commencement Date, except that there shall be no such reduction if at any time during the term Tenant has been in monetary Event of Default under this Lease or if on the scheduled date of reduction there exists any Event of Default or any circumstance which with the giving of notice or the passage of time would constitute an Event of Default under the Lease. After the end of the twenty-fourth (24th) month following the Rent Commencement Date, the required amount of the Security Deposit at that time shall remain as the Security Deposit for the remainder of the Term hereof.

6.2 **Transferability.** In the event of a sale or transfer of Landlord's interest in the Building or the Project, or any portion thereof, or of the interest of any successor or assign of Landlord, Landlord (or such successor or assign) shall have the right to transfer the Security Deposit to any vendee or transferee and shall thereupon be released automatically from any liability therefor. In the event of such a transfer, Tenant shall look solely to the transferee for the return of the Security Deposit. No Landlord's Mortgagee or purchaser of any some or all of the Building or Company stock fund balance; and (d) an election to pre-pay a plan loan if the Project at any foreclosure proceeding shall

(regardless pre-payment will result in allocation of whether the Lease is at the time subordinated loan proceeds to the lien of said Mortgage) be liable to Tenant or any other person for any of the Security Deposit, or any other payment made by Tenant hereunder, unless Landlord has actually delivered said deposit or other such sum to such Landlord's Mortgagee or purchaser. In the event of any rightful and permitted assignment of Tenant's interest in this Lease, the Security Deposit shall be deemed to be held by Landlord as a deposit made by the assignee, and Landlord shall have no liability to the assignor with respect to the return of the Security Deposit. Company stock fund.

6.3 2. Letter of Credit Rule 10b5-1 Plans. The Letter A purchase or sale of Credit shall be maintained throughout the Term and any renewals thereof, if any, Company Securities in accordance with all a trading plan meeting the requirements of the requirements hereinafter set forth. Any Letter of Credit delivered to Landlord by Tenant shall be an unconditional, irrevocable letter of credit in a form Securities and from a financial institution acceptable to Landlord in its sole discretion and shall be capable of being drawn upon in New York, New York. Said Letter of Credit shall be issued by a commercial bank (1) that is chartered Exchange Commission's Rule 10b5-1(c) under the laws Securities Exchange Act of the United States or any State thereof and which is insured by the Federal Deposit Insurance Corporation or by any U.S. branch of a foreign bank licensed to do business in the United States; (2) whose long-term, unsecured and unsubordinated debt obligations are rated in the highest category by at least two of Fitch Ratings Ltd. ("Fitch"), Moody's Investors Service, Inc. (Moody's) and Standard & Poor's Ratings Services ("S&P") or their respective successors 1934, as amended (the "Rating Agencies") (which shall mean AAA from Fitch, AAA from Moody's and AAA from Standard & Poor's); and (3) which has a short-term deposit rating in the highest category from at least two Rating Agencies (which shall mean F1 from Fitch, P-1 from Moody's and A-1 from S&P) (collectively, the "Letter of Credit Issuers Requirements"). During the Term and any renewals thereof, if any, if (a) the issuer of the Letter of Credit at any time fails to satisfy any one or more of the Letter of Credit Issuer Requirements, or (b) the issuer of the Letter of Credit is insolvent or is placed into receivership or conservatorship, or is closed for any reason, by the Federal Deposit Insurance Corporation, or any successor or similar governmental entity, or (c) a trustee, receiver or liquidator is appointed for the issuer of the Letter of Credit, or (d) the issuer of the Letter of Credit is no longer deemed to be a "well capitalized" depository institution for purposes of the prompt corrective action provisions of the Federal Deposit Insurance Exchange Act and the regulations promulgated thereunder, then, in any of such events, Landlord shall have the right to immediately draw upon the entire Letter of Credit in which event the proceeds thereof shall be held by Landlord and Tenant shall, within ten (10) days of the occurrence of any event described in any of the immediately preceding clauses (a) through (d) (each such occurrence being hereinafter referred to as an "L/C Issuers Requirements Failure"), deliver a substitute Letter of Credit from an issuer that satisfies the Letter of Credit Issuer Requirements and that also complies in all respects with the criteria set forth in this Section 6.4. Tenant's failure to obtain a substitute Letter of Credit within ten (10) days following the occurrence of an L/C Issuer Requirements Failure shall constitute an Event of Default hereunder (as to which no cure period shall be applicable) entitling Landlord to exercise all of Landlord's remedies set forth in this Lease with respect to an Event of Default by Tenant.

Said Letter of Credit shall provide that it shall expire on the sixtieth (60th) day following the date of expiration of the Term of this Lease and shall be transferable by Landlord, without any fee or other cost to Landlord, to any purchaser or transferee of Landlord's interest in the Building or the Project. At Tenant's option, said Letter of Credit shall have a term equal to the period expiring on the first anniversary of the date of issuance thereof, in which

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event Tenant covenants that a renewal of said Letter of Credit shall be delivered to Landlord by that date which is thirty (30) days prior to the expiration date thereof, and thereafter a renewal of the Letter of Credit shall be delivered to Landlord by Tenant by that date which is thirty (30) days prior to each succeeding anniversary of the original expiration date of the Letter of Credit. If Tenant fails to so renew and deliver said Letter of Credit to Landlord by the thirtieth (30th) day preceding each said expiration date, such failure shall constitute an Event of Default hereunder (as to which no cure period shall be applicable) and Landlord may draw upon the Letter of Credit then in effect without the necessity of any other monetary or other default hereunder by Tenant, in which event the proceeds thereof shall be held by Landlord. Said Letter of Credit shall provide that Landlord shall be permitted to draw on same on multiple occasions following the occurrence of an Event of Default by Tenant under this Lease; provided, however, that in the event that said Letter of Credit would expire during the pendency of any litigation to resolve whether such Event of Default has occurred, Landlord may draw upon said Letter of Credit prior to the expiration thereof. In the event that Landlord draws upon the Letter of Credit after a Default by Tenant as aforesaid, Landlord shall use, apply or retain all or any portion of the proceeds thereof for (i) the payment of any Rent or any other sums as to which Tenant is in default, (ii) the payment of any amount which Landlord may spend or become obligated to spend to repair damage to the Premises or the Building or the Project for which repairs Tenant is liable hereunder, or (iii) compensation to Landlord for any losses which Landlord is entitled to recover hereunder by reason of the Event of Default, including any damage or deficiency arising in connection with the reletting of the Premises and all associated reasonable legal fees. In the event that the Letter of Credit is drawn upon by Landlord for failure of Tenant to renew said Letter of Credit as aforesaid, the proceeds thereof shall be held by Landlord in accordance with the provisions respecting the Security Deposit under this Section 6. The use, application or retention of the proceeds of the Letter of Credit, or any portion thereof, by Landlord shall not prevent Landlord from exercising any other right or remedy provided by this Lease or by law, and shall not limit any recovery to which Landlord may otherwise be entitled.

6.4 Return of Security Deposit. Provided that Tenant has performed all of its obligations hereunder, then if the Security Deposit is in the form of cash, Landlord shall, within 60 days after the expiration of the Term and Tenant's surrender of the Premises in compliance with the provisions of this Lease, return to Tenant the portion of the Security Deposit which was not applied to satisfy Tenant's obligations. Notwithstanding the preceding sentence and to the extent permitted by applicable Law, Landlord may retain the Security Deposit until such time after the expiration of the Term that Landlord is able to reconcile and confirm all amounts payable by Tenant under this Lease have been paid in full by Tenant (e.g., Landlord cannot reconcile and confirm Tenant has paid Tenant's Proportionate Share of Excess Taxes for the calendar year in which the Term expires if Landlord has not received a Tax bill from all applicable taxing authorities at the time of such expiration). The Security Deposit may be commingled with other funds, and no interest shall be paid thereon. The rights and obligations of Landlord and Tenant under this Section 6 are subject to any other requirements and conditions imposed by Laws applicable to the Security Deposit.

6.5 **Survival.** The respective rights and obligations of Landlord and Tenant under this Section 6 shall survive the expiration or earlier termination of this Lease.

7. **Landlord's Obligations.**

7.1 **Services.** Landlord shall furnish to Tenant in a manner consistent with typical services provided in similar class office buildings in the market in which the Project is located (hereinafter, "**Comparable Buildings**"): (a) water at those points of supply provided for general use of tenants of the Building; (b) the equipment to provide heated and refrigerated air conditioning ("**HVAC**") as appropriate, at such temperatures and in such amounts as are standard for comparable buildings with comparable densities and heat loads in the vicinity of the Building (not to exceed the current HVAC system's capacity existing as of the Lease Date); (c) janitorial service to the Premises five days per week, other than holidays, for Building-standard installations, in accordance with the cleaning specifications attached hereto as **Exhibit I**; (d) elevators for ingress and egress to the floor on which the Premises are located, in common with other tenants, and at least one (1) elevator during non-business hours and holidays; (e) electrical current during normal business hours for electrical energy consumption that does not exceed six and one-half (6.5) watts per square foot of gross rentable area of the Premises (exclusive of Building standard HVAC and lights) (the "**Premises Standard Electrical Capacity**"), and (f) an access control person in the lobby of the Building during Building Hours. Landlord shall provide business access cards to all of Tenant's employees at the Premises no later than thirty (30) days after the Commencement Date at no cost to Tenant, and thereafter all replacement or additional access cards shall be subject to payment by Tenant of Landlord's prevailing charge

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therefor. If Tenant desires janitorial service at other than normal service times, or HVAC service: at any time other than Building Hours on weekdays and Saturdays, then such services shall be supplied to Tenant following the written request (or such other means as may be requested by Landlord) by Tenant delivered to Landlord's designated property manager before 3:00 p.m. on the business day preceding such extra usage, and Tenant shall pay to Landlord its then standard charge for such services (which shall not be included in Tenant's Proportionate Share of Operating Costs) within ten (10) days after Landlord has delivered to Tenant an invoice therefor. However, with respect to HVAC services on Saturdays, in order to conserve energy and reduce Operating Costs, Tenant shall notify Landlord whether Tenant desires HVAC services to the Premises on Saturdays by 3:00 p.m. on the immediately preceding business day. If Tenant so notifies Landlord that Tenant desires such HVAC services on Saturday, Landlord shall provide such HVAC service during the Building Hours on Saturday (as described above) at no additional separate charge to Tenant. If Tenant desires HVAC services on Saturdays in excess of the Building Hours on Saturdays, then Landlord shall provide such services subject to the additional HVAC charges for such additional hours in excess of BuildingHours. There will be a four (4) hour minimum for after-hours HVAC services which are not continuous with HVAC services provided during the Building hours set forth herein Monday through Friday except for holidays. The charge for after-hour HVAC service is Sixty Dollars (\$60.00) per hour as of the date of this Lease, which rate is subject to change from time to time throughout the Term as determined by Landlord, in Landlord's sole discretion. For purposes of this Lease, holidays are New Year's Day, Martin Luther King, Jr.'s Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the day after Thanksgiving Day, Christmas Day, and, at Landlord's reasonable discretion, other locally or nationally recognized holidays generally observed by landlords of Comparable Buildings; provided, however, that Landlord retains the right, in its sole discretion, to increase or to decrease the legal holidays which it observes.

7.2 **Conservation.** At no additional cost to Tenant, Tenant hereby agrees to comply with all energy conservation procedures, controls and requirements instituted by Landlord pursuant to any government regulations or otherwise, including but not limited to controls on the permitted range of temperatures, light fixtures and lamps, the volume of energy consumption or the hours of operation of the Building. Institution by Landlord of such controls and requirements shall not entitle Tenant to terminate this Lease or to an abatement of any Rent payable hereunder.

7.3 **Recycling.** Without limiting the foregoing, Tenant covenants and agrees, at its sole cost and expense, to comply with all present and future Laws to the extent that any of them or this Lease impose on Tenant duties and responsibilities regarding the collection, sorting, separation, and recycling of trash, including, but not limited to, Laws promulgated by Arlington County, Virginia. Tenant shall pay all costs, expenses, fines, penalties, or damages that may be imposed on Landlord or Tenant by reason of Tenant's failure to comply with the provisions of this Section 12.04., and, at Tenant's sole cost and expense, shall indemnify, defend and hold Landlord harmless (including legal fees and expenses) from and against any actions, claims, and suits arising from such noncompliance, using counsel reasonably satisfactory to Landlord

7.4 **Excess Utility Use.** Landlord shall not be required to furnish electrical power for equipment that requires more than 110 volts or other equipment whose electrical energy consumption exceeds the Premises Standard Electrical Capacity. If Tenant's requirements for or consumption of electricity exceed the Premises Standard Electrical Capacity, Landlord shall, at Tenant's expense, make reasonable efforts to supply such service through the then-existing feeders and risers serving the Building and the Premises, provided the additional use of such feeders and risers caused by Tenant's excess electrical requirements do not adversely affect Landlord's ability to provide reasonable electrical service to the balance of the Building (as determined by Landlord in the exercise of its reasonable discretion); and Tenant shall pay to Landlord the cost of such service within ten (10) days after Landlord has delivered to Tenant an invoice therefor. Landlord may determine the amount of such utility consumption by any verifiable method, including installation of a separate meter or monitor in the Premises installed, maintained, and read by Landlord, at Tenant's expense. Tenant shall not install any electrical equipment requiring special wiring or requiring voltage in excess of 110 volts unless approved in advance by Landlord, which approval shall be granted or withheld in Landlord's sole discretion. Tenant shall not install any electrical equipment requiring voltage in excess of Building capacity unless approved in advance by Landlord, which approval may be withheld in Landlord's sole discretion. The use of electricity in the Premises shall not exceed the capacity of existing feeders and risers to or wiring in the Premises. Any risers or wiring required to meet Tenant's excess electrical requirements shall, upon Tenant's written request, be installed by Landlord, at Tenant's cost, if, in Landlord's sole judgment, the same are necessary and shall not cause permanent damage to the Building or the Premises, cause or create a dangerous or hazardous condition, entail excessive or unreasonable alterations, repairs,

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or expenses, adversely affect Landlord's ability to provide reasonable service to the balance of the Building, or interfere with or disturb other tenants of the Building. If Tenant (a) uses machines or equipment in the Premises or (b) operates within the Premises at a density, either of which (1) affects the temperature otherwise maintained by the air conditioning system or (2) otherwise overloads any utility, Landlord may install supplemental air conditioning units or other supplemental equipment in the Premises, and the cost thereof, including the cost of design, installation, operation, use, and maintenance, in each case plus an administrative fee of ten percent (10%) of such cost, shall be paid by Tenant to Landlord within ten (10) days after Landlord has delivered to Tenant an invoice therefor.

7.5 Restoration of Services. Landlord shall use reasonable efforts to restore any service required of it under Section 7.1 that becomes unavailable; however, such unavailability shall not render Landlord liable for any damages caused thereby, be a constructive eviction of Tenant, constitute a breach of any implied warranty, or, entitle Tenant to any abatement of Tenant's obligations hereunder. If any of the services to be provided by Landlord pursuant to Section 7.1 is suspended and such suspension renders the Premises untenantable and continues for more than five (5) consecutive business days, if the reason for the suspension or the continuation of the suspension is anything other than Force Majeure, all Basic Rent due shall be abated for the period commencing on the sixth (6th) consecutive business day of such suspension and concluding on the date that the service has been restored.

7.6 Repair and Maintenance by Landlord. Landlord shall use reasonable efforts to maintain and repair the common areas of the Project, Building's Structure, the Building's Systems, the base Building HVAC systems serving the Premises, the parking areas and other exterior areas of the Project, including driveways, alleys, and utility lines in a good condition, consistent with the operation of Comparable Buildings and shall make such repairs thereto as are necessary promptly after obtaining knowledge of the need for such repairs. All costs in performing the work described in this Section shall be included in Operating Costs except to the extent excluded by Section 4.2. In no event shall Landlord be responsible for alterations to the Building's Structure required by applicable Law because of Tenant's use of the Premises or Alterations (including any initial work performed by or on behalf of Tenant) to the Premises made by or for a Tenant Party (which alterations shall be made by Landlord at Tenant's sole cost and expense and on the same terms and conditions as Landlord performed repairs as described in Section 8.2 below). Notwithstanding anything to the contrary contained herein, Landlord shall, in its commercially-reasonable discretion, determine whether, and to the extent, repairs or replacements are the appropriate remedial action.

8. Improvements; Alterations; Repairs; Maintenance.

8.1 Improvements; Alterations. Any improvements, alterations, fixed decorations or modifications, structural or otherwise, to the Premises, the Building or the Land (including any Work (as that term is defined in Exhibit D) performed pursuant to this Lease, if applicable), including, but not limited to, the installation or modification of carpeting, partitions, counters, doors, air conditioning ducts, plumbing, piping, lighting fixtures, wiring, hardware, locks, ceilings and window and wall coverings (collectively, "Alterations") shall be installed at Tenant's expense and only in accordance with plans and specifications which have been previously submitted to and approved in writing by Landlord, which approval shall be governed by the provisions set forth in this Section 8.1. No Alterations in or to the Premises (including the installation of systems furniture or other equipment or personal property that affects or otherwise connects to the Building's Systems) may be made without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed; provided, however, Landlord's consent may be withheld in Landlord's sole and absolute discretion, with respect to any Alteration that would (a) affect (in the sole discretion of Landlord) the Building's Structure or the Building's Systems (including, but not limited to, the Project's restrooms or mechanical rooms), or (b) affect (in the sole and absolute discretion of Landlord) the (1) exterior appearance of the Project, (2) appearance of the Project's common areas or elevator lobby areas, (3) quiet enjoyment of other tenants or occupants of the Project, or (4) provision of services to other occupants of the Project. To the extent that Landlord grants Tenant the right to use areas within the Project, whether pursuant to the terms of this Lease or through plans and specifications subsequently approved by Landlord (and without implying that Landlord shall grant any such approvals), (A) in no event may Tenant use more than its Proportionate Share of the areas within the Building or utility capacity made available by Landlord for general tenant usage for Tenant's installations and operations in the Premises (including chilled water, electricity, telecommunications room space, electrical room space, plenum space and riser space), and (B) Tenant shall comply with the provisions of this Section with respect to all such items, including Tenant's Off-Premises Equipment. Tenant shall not paint or install

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lighting or decorations, signs, window or door lettering, or advertising media of any type visible from the exterior of the Premises without the prior written consent of Landlord, which consent may be withheld in Landlord's sole and absolute discretion. All Alterations shall be constructed, maintained, and used by Tenant, at its risk and expense, in accordance with all Laws; Landlord's consent to or approval of any Alterations (or the plans therefor) shall not constitute a representation or warranty by Landlord, nor Landlord's acceptance, that the same comply with sound architectural and/or engineering practices or with all applicable Laws, and Tenant shall be solely responsible for ensuring all such compliance. Notwithstanding anything in this Section 8.1 to the contrary, Tenant shall have the right, without Landlord's consent to make Alterations to the Premises that meet the following criteria (a "Cosmetic Alteration"): (i) the alterations or improvements are decorative in nature (such as paint, carpet or other wall or floor finishes, movable partitions or other such

work), (ii) Tenant provides Landlord with ten (10) days' advance written notice of the commencement of such alterations or improvements (which notice shall include the name and contact information for the contractor(s) performing work in connection therewith, required evidence of insurance and such other reasonable information as Landlord may reasonably require, if any), (iii) the alterations or improvements are not covered under clauses (a)-(b) above, (iv) the work does not require a building permit or other governmental permit, and (v) the costs of such alterations or improvements do not exceed Fifty Thousand Dollars (\$50,000.00) in total cost and expense in the aggregate of all costs of alterations or improvements constructed in any twelve (12) month period.

8.2 Repair and Maintenance by Tenant.

Tenant shall maintain the Premises in a clean, safe, and operable condition, and shall not permit or allow to remain any waste or damage to any portion of the Premises. If the Premises include, now or hereafter, one or more floors of the Building in their entirety, all corridors and restroom facilities located on such full floor(s) shall be considered to be a part of the Premises for the purposes of this Section 8.2. Additionally, Tenant, at its sole expense, shall repair, replace and maintain in good condition and in accordance with all Laws and the equipment manufacturer's suggested service programs, all portions of the Premises (excluding the core portion of the Building's Systems and HVAC, which shall be maintained by Landlord pursuant to Section 7.6) and Tenant's Off-Premises Equipment and all areas, improvements and systems exclusively serving the Premises, including the branch lines of the plumbing, electrical and HVAC systems, including all duct work to the extent installed or modified by or on behalf of Tenant and located within or exclusively serving the Premises, and Tenant shall utilize all of the foregoing items in accordance with the applicable design specifications and capacities. Landlord shall be responsible, at its sole cost and expense (subject to the other provisions of this Lease, including, but not limited to, inclusion of such costs in Operating Costs in accordance with Section 4.2.1 hereof) for the maintenance and repair of the VAV boxes serving the Premises as well as all associated ductwork from the core air handler units to the VAV boxes, with Tenant being responsible for the cost of maintenance and repair of any duct work within the Premises that is modified by or on behalf of Tenant. Notwithstanding any other provision in this Lease to the contrary, with respect to any portion of the Premises visible from any common area inside or outside of the Building (the "**Visible Premises**"), Tenant shall (a) maintain such Visible Premises, including the furniture, fixtures and equipment located therein in a neat and first-class condition throughout the Term and any extension thereof, (b) not use the Visible Premises for storage, (c) obtain Landlord's prior written consent to the interior paint color, signage, displays, carpeting, furniture, fixtures and equipment contained in the Visible Premises but only to the extent such interior paint color, signage, displays, carpeting, furniture, fixtures and equipment are not consistent with a first class office building, (d) complete within the Visible Premises any requested cleaning within one business day after Landlord's written request therefor, and (e) complete within the Visible Premises any requested repairs, alterations or changes within five business days after Landlord's written request therefor. Tenant shall repair or replace, subject to Landlord's direction and supervision, any damage to the Project caused by a Tenant Party. If any such damage occurs outside of the Premises, or if such damage occurs inside the Premises but affects the Building's Systems and/or Building's Structure or any other area outside the Premises, then Landlord may elect to repair such damage at Tenant's expense, rather than having Tenant repair such damage. If (1) Tenant fails to commence to make such repairs or replacements within 15 days after the occurrence of such damage and thereafter diligently pursue the completion thereof (or, in the case of an emergency, such shorter period of time as is reasonable given the circumstances), or (2) notwithstanding such diligence, Tenant fails to complete such repairs or replacements within 30 days after the occurrence of such damage (or, in the case of an emergency, such shorter period of time as is reasonable given the circumstances), then Landlord may make the same at Tenant's cost. The cost of all maintenance, repair or replacement work performed by Landlord under this Section 8, in each case plus an administrative fee of ten percent (10%) of such cost, shall be paid by Tenant to Landlord within ten (10) days after Landlord has invoiced Tenant therefor.

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8.3 Performance of Work. All work described in this Section 8 shall be performed only by Landlord or by contractors and subcontractors approved in writing by Landlord and only in accordance with plans and specifications approved by Landlord in writing. Tenant shall reimburse Landlord for any actual sums paid by Landlord for third party examination of Tenant's plans for Alterations, plus a fee to Landlord's property manager paid as additional rent (a) in the amount equal to one percent (1%) of the costs of such Alterations if Tenant manages the Alterations, or (b) in an amount equal to three percent (3%) of the costs of such work if Landlord, or any affiliate of Landlord, or Landlord's property manager manages the Alterations. Tenant shall cause all contractors and subcontractors to procure and maintain insurance coverage naming Landlord, Landlord's Mortgagee, Landlord's property management company and Landlord's asset management company as additional insureds against such risks, in such amounts, and with such companies as Landlord may reasonably require. Tenant shall provide Landlord with the identities, mailing addresses and telephone numbers of all persons performing work or supplying materials prior to beginning such construction and Landlord may post on and about the Premises notices of non-responsibility pursuant to applicable Laws. All such work shall be performed in accordance with all Laws and in a good and workmanlike manner so as not to damage the Building (including the Premises, the Building's Structure and the Building's Systems) and shall use materials of a quality that is at least equal to the quality designated by Landlord as the minimum standard for the Building, and in such manner as to cause a minimum of disruption to the other occupants of the Project and interference with other construction in progress and with the transaction of business in the Project and the related complex and only after Tenant: (i) has obtained all necessary permits from governmental authorities having jurisdiction and has furnished copies thereof to Landlord, (ii) has submitted to Landlord an architect's certificate that the work will conform to all applicable Laws, and (iii) has complied with all other requirements reasonably imposed by Landlord, including any requirements due to the underwriting guidelines of Landlord's insurance carriers. Landlord's consent to any work hereunder and approval of any plans and specifications constitutes approval of no more than the concept of such work and not a representation or warranty with respect to the quality or functioning of such work, plans and specifications. Tenant is solely responsible for all of its work and for the proper integration thereof with the Building, the Building's Systems and existing conditions. Landlord shall have the right, but not the obligation, to supervise the making of any Alterations. Landlord may designate rules, regulations and procedures for the performance of all such work in the Building (including insurance requirements for contractors) and, to the extent reasonably necessary to avoid disruption to the occupants of the Building, shall have the right to designate the time when such work may be performed. All such work which may affect the Building's Structure or the Building's Systems must be approved by Landlord in its sole and absolute discretion, at Tenant's expense and, at Landlord's election, must be performed by Landlord's usual contractor for such work. All work affecting the roof of the Building must be performed by

Landlord's roofing contractor and no such work will be permitted if it would void or reduce or otherwise adversely affect the warranty on the roof. Upon completion of any work described in this Section 8, Tenant shall furnish Landlord with accurate reproducible "as-built" CADD files of the improvements as constructed.

8.4 Mechanic's Liens. All work performed, materials furnished, or obligations incurred by or at the request of a Tenant Party shall be deemed authorized and ordered by Tenant only, and Tenant shall not permit any mechanic's or construction liens to be filed against the Premises or the Project or any portion thereof in connection therewith. Upon completion of any such work, Tenant shall deliver to Landlord final unconditional lien waivers from all contractors, subcontractors and materialmen who performed such work in a form approved by Landlord. If such a lien is filed, then Tenant shall, within ten (10) business days after notice of the filing thereof (or such earlier time period as may be necessary to prevent the forfeiture of the Premises, the Project, any portion thereof, or any interest of Landlord therein or the imposition of a civil or criminal fine with respect thereto), either (a) pay the amount of the lien and cause the lien to be released of record, or (b) diligently contest such lien and deliver to Landlord a bond or other security reasonably satisfactory to Landlord. If Tenant fails to timely take either such action, then Landlord may pay the lien claim, and any amounts so paid, including expenses and interest, shall be paid by Tenant to Landlord within ten days after Landlord has invoiced Tenant therefor. Landlord and Tenant acknowledge and agree that their relationship is and shall be solely that of "landlord-tenant" (thereby excluding a relationship of "owner-contractor," "owner-agent" or other similar relationships) and that Tenant is not authorized to act as Landlord's common law agent or construction agent in connection with any work performed in the Premises. Accordingly, all materialmen, contractors, artisans, mechanics, laborers and any other persons now or hereafter contracting with Tenant, any contractor or subcontractor of Tenant or any other Tenant Party for the furnishing of any labor, services, materials, supplies or equipment with respect to any portion of the Premises, at any time from the date hereof until the end of the Term, are hereby charged with notice that they look exclusively to Tenant to obtain payment for same. Nothing herein shall be deemed a consent by Landlord to any liens being placed upon the

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Premises, the Project, any portion thereof, or Landlord's interest therein due to any work performed by or for Tenant or deemed to give any contractor or subcontractor or materialman any right or interest in any funds held by Landlord to reimburse Tenant for any portion of the cost of such work. Tenant shall defend, indemnify and hold harmless Landlord and its agents and representatives from and against all claims, demands, causes of action, suits, judgments, damages and expenses (including attorneys' fees) in any way arising from or relating to the failure by any Tenant Party to pay for any work performed, materials furnished, or obligations incurred by or at the request of a Tenant Party. This indemnity provision shall survive termination or expiration of this Lease.

9. Use. Tenant shall continuously occupy and use the Premises only for the Permitted Use and shall comply with all Laws relating to the use, condition, access to, and occupancy of the Premises and will not commit waste, overload the Building's Structure or the Building's Systems or subject the Premises to use that would damage the Premises. Notwithstanding anything in this Lease to the contrary, as between Landlord and Tenant, (a) Tenant shall bear the risk of complying with Title III of the Americans With Disabilities Act of 1990, any state laws governing handicapped access or architectural barriers, and all rules, regulations, and guidelines promulgated under such laws, as amended from time to time (the "**Disabilities Acts**") in the Premises, and (b) Landlord shall bear the risk of complying with the Disabilities Acts in the common areas of the Building, other than compliance that is necessitated by the use of the Premises for other than the Permitted Use or as a result of any Alterations, including any initial tenant improvement work, made by or on behalf of a Tenant Party (which risk and responsibility shall be borne by Tenant). The Premises shall not be used for any use which is disreputable, creates extraordinary fire hazards, or results in an increased rate of insurance on the Project or its contents, or for the storage of any Hazardous Materials (other than *de minimis* quantities found in typical office supplies [e.g., photocopier toner] and then only in compliance with all Laws and in a reasonable and prudent manner). Tenant shall not use any substantial portion of the Premises for a "call center," any other telemarketing use, or any credit processing use. If, because of a Tenant's use of the Premises, the rate of insurance on the Building or its contents increases, then Tenant shall pay to Landlord the amount of such increase on demand. Tenant shall conduct its business and control each other Tenant Party so as not to create any nuisance or unreasonably interfere with other tenants or Landlord in its management of the Project.

10. Assignment and Subletting.

10.1 Transfers. Except as provided in Section 10.8, Tenant shall not, without the prior written consent of Landlord, which may be granted or withheld in Landlord's sole and absolute discretion, (a) assign, transfer, or encumber this Lease or any estate or interest herein, whether directly or by operation of law, (b) permit any other entity to become Tenant hereunder by merger, consolidation, or other reorganization, (c) if Tenant is an entity other than a corporation whose stock is publicly traded, permit the transfer of an ownership interest in Tenant so as to result in a change in the current direct or indirect control of Tenant, (d) sublet any portion of the Premises, (e) grant any license, concession, or other right of occupancy of any portion of the Premises, (f) permit the use of the Premises by any parties other than Tenant, or (g) sell or otherwise transfer, in one or more transactions, a majority of Tenant's assets (any of the events listed in Section 10.1(a) through 10.1(g) being a "**Transfer**").

10.2 Consent Standards.

Notwithstanding the foregoing, Landlord shall not unreasonably withhold its consent to any subletting of the Premises, provided that the proposed transferee (a) is creditworthy, (b) will use the Premises for the Permitted Use (thus, excluding, without limitation, uses for credit processing and telemarketing) and will not use the Premises in any manner that would conflict with any exclusive use agreement or other similar agreement entered into by Landlord with any other tenant of the Project or the related complex, (c) will not use the Premises, Building or Project in a manner that would materially increase Operating Costs or the pedestrian or vehicular traffic to the Premises, Building or Project, (d) is not a governmental or quasi-governmental entity, or subdivision or agency thereof, or any other entity entitled to the defense of sovereign immunity, (e) [omitted], (f) is not currently and has not in the past been involved in litigation with Landlord or any of its Affiliates, (g) meets Landlord's reasonable standards for tenants of the Project and is otherwise compatible with the character of the occupancy of the Project and the related complex, and (h) is not a person or entity with whom Landlord is then, or has been within the immediately preceding three-month period prior to the time Tenant seeks to enter into such assignment or subletting, negotiating to lease space in the Project or the related complex or any Affiliate of any such person or entity; otherwise, Landlord may withhold its consent in its sole discretion. Additionally, Landlord may withhold its consent in its sole discretion to

any proposed Transfer if any Event of Default by Tenant then exists. Any Transfer made in violation of this Section 10 shall be void, and any Transfer made while an Event of Default exists

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hereunder, irrespective whether Landlord's consent is required hereunder with respect to the Transfer, shall be voidable by Landlord in Landlord's sole discretion. In agreeing to act reasonably, Landlord is agreeing to act in a manner consistent with the standards followed by large institutional owners of commercial real estate and Landlord is permitted to consider the financial terms of the Transfer and the impact of the Transfer on Landlord's own leasing efforts and the value of the Project.

10.3 Request for Consent. If Tenant requests Landlord's consent to a Transfer, then, at least 15 business days prior to the effective date of the proposed Transfer, Tenant shall provide Landlord with a written description of all terms and conditions of the proposed Transfer, copies of the proposed documentation, and the following information about the proposed transferee: name and address of the proposed transferee and any entities and persons who own, control or direct the proposed transferee; reasonably satisfactory information about its business and business history; its proposed use of the Premises; financial, and other credit information; and general references sufficient to enable Landlord to determine the proposed transferee's creditworthiness and character. Concurrently with Tenant's notice of any request for consent to a Transfer, Tenant shall pay to Landlord a fee of \$2,500 to defray Landlord's expenses in reviewing such request, and Tenant shall also reimburse Landlord immediately upon request for its reasonable out of pocket attorneys' fees and other expenses incurred in connection with considering any request for consent to a Transfer in an amount not to exceed \$2,500. If Landlord does not consent to a Transfer in violation of its obligations hereunder, Tenant's sole remedy against Landlord will be an action for specific performance or declaratory relief, and Tenant shall have no right to terminate this Lease or seek monetary damages.

10.4 Conditions to Consent. If Landlord consents to a proposed Transfer, then the proposed transferee shall deliver to Landlord a written agreement in Landlord's then standard form whereby the transferee expressly assumes Tenant's obligations hereunder; however, any transferee of less than all of the space in the Premises shall be liable only for obligations under this Lease that are properly allocable to the space subject to the Transfer for the period of the Transfer. No Transfer shall release Tenant from its obligations under this Lease, but rather Tenant and its transferee shall be jointly and severally liable therefor. Landlord's consent to any Transfer shall not waive Landlord's rights as to any subsequent Transfers and no subtenant of any portion of the Premises shall be permitted to further sublease any portion of its subleased space. If an Event of Default occurs while the Premises or any part thereof are subject to a Transfer, then Landlord, in addition to its other remedies, may collect directly from such transferee all rents becoming due to Tenant and apply such rents against Rent. Tenant authorizes its transferees to make payments of rent directly to Landlord upon receipt of notice from Landlord to do so following the occurrence of an Event of Default hereunder. Tenant shall pay for the cost of any demising walls or other improvements necessitated by a proposed subletting or assignment.

10.5 Attornment by Subtenants. Each sublease by Tenant hereunder shall be subject and subordinate to this Lease and to the matters to which this Lease is or shall be subordinate, and each subtenant by entering into a sublease is deemed to have agreed that in the event of termination, re-entry or dispossession by Landlord under this Lease, Landlord may, at its option, take over all of the right, title and interest of Tenant, as sublandlord, under such sublease, and such subtenant shall, at Landlord's option, attorn to Landlord pursuant to the then executory provisions of such sublease, except that Landlord shall not be (a) liable for any previous act or omission of Tenant under such sublease, (b) subject to any counterclaim, offset or defense that such subtenant might have against Tenant, (c) bound by any previous modification of such sublease not approved by Landlord in writing or by any rent or additional rent or advance rent which such subtenant might have paid for more than the current month to Tenant, and all such rent shall remain due and owing, notwithstanding such advance payment, (d) bound by any security or advance rental deposit made by such subtenant which is not delivered or paid over to Landlord and with respect to which such subtenant shall look solely to Tenant for refund or reimbursement, or (e) obligated to perform any work in the subleased space or to prepare it for occupancy, and in connection with such attornment, the subtenant shall execute and deliver to Landlord any instruments Landlord may reasonably request to evidence and confirm such attornment. Each subtenant or licensee of Tenant shall be deemed, automatically upon and as a condition of its occupying or using the Premises or any part thereof, to have agreed to be bound by the terms and conditions set forth in this Section 10.5. The provisions of this Section 10.5 shall be self-operative, and no further instrument shall be required to give effect to this provision.

10.6 Cancellation. In the event of any proposed assignment of the Lease, or if the term of any proposed sublease (including all applicable renewal terms) constitutes ninety percent (90%) or more of the then-remaining Term and if the proposed sublease space (when aggregated with all other space subleased by Tenant)

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constitutes the entire Premises, Landlord may, within 30 days after submission of Tenant's written request for Landlord's consent to an assignment or subletting, cancel this Lease as to the portion of the Premises proposed to be sublet or assigned as of the date the proposed Transfer is to be effective; provided, however, Landlord shall not have the right to cancel the Lease in the event the proposed Transfer is a Permitted Transfer. If Landlord cancels this Lease as to any portion of the Premises, then this Lease shall cease for such

portion of the Premises and Tenant shall pay to Landlord all Rent accrued through the cancellation date relating to the portion of the Premises covered by the proposed Transfer. Thereafter, Landlord may lease such portion of the Premises to the prospective transferee (or to any other person) without liability to Tenant.

10.7 Additional Compensation. In the event of a Transfer to any party other than a Permitted Transferee (as hereinafter defined), Tenant shall pay to Landlord, immediately upon receipt thereof, fifty percent (50%) of the excess of (a) rent received by Tenant for a Transfer less the actual out-of-pocket costs reasonably incurred by Tenant with unaffiliated third parties (i.e., brokerage commissions and tenant finish work) in connection with such Transfer (such costs shall be amortized on a straight-line basis over the term of the Transfer in question) over (b) the Rent allocable to the portion of the Premises covered thereby.

10.8 Permitted Transfers. Notwithstanding Section 10.1, so long as (a) no default is then continuing beyond any applicable notice and cure period, and (b) no circumstance shall have occurred which with the giving of notice, the passage of time, or both would constitute an Event of Default by Tenant, Tenant may Transfer all or part of its interest in this Lease or all or part of the Premises (a "**Permitted Transfer**") to the following types of entities (a "**Permitted Transferee**") without the written consent of Landlord:

10.8.1 an Affiliate of Tenant, but only so long as (i) such transferee remains an Affiliate of Tenant, and (ii) the proposed transferee satisfies the Tangible Net Worth/Credit Threshold (as hereinafter defined) as of the effective date of the Permitted Transfer;

10.8.2 any corporation, limited partnership, limited liability partnership, limited liability company or other business entity in which or with which Tenant (or any division or business unit or affiliate of Tenant), or its corporate successors or assigns, is merged or consolidated, in accordance with applicable statutory provisions governing merger and consolidation of business entities, so long as (a) Tenant's obligations hereunder are assumed by the entity surviving such merger or created by such consolidation; and (b) the proposed transferee satisfies the Tangible Net Worth/Credit Threshold as of the effective date of the Permitted Transfer; or

10.8.3 any corporation, limited partnership, limited liability partnership, limited liability company or other business entity acquiring all or substantially all of the assets of Tenant (or any division or business unit or affiliate of Tenant), so long as (a) Tenant's obligations hereunder are assumed by the entity acquiring such assets; and (b) the proposed transferee satisfies the Tangible Net Worth/Credit Threshold as of the effective date of the Permitted Transfer.

Tenant shall notify Landlord of any such Permitted Transfer at least ten (10) business days prior to the effective date of the Permitted Transfer. Tenant shall remain liable for the performance of all of the obligations of Tenant hereunder, or if Tenant no longer exists because of a merger, consolidation, or acquisition, the surviving or acquiring entity shall expressly assume in writing the obligations of Tenant hereunder. Additionally, the Permitted Transferee shall comply with all of the terms and conditions of this Lease, including the Permitted Use, and the use of the Premises by the Permitted Transferee may not violate any other agreements affecting the Premises or the Project or the related complex, Landlord or other tenants of the Project or the related complex. No later than ten days after the effective date of any Permitted Transfer, Tenant agrees to furnish Landlord with (1) copies of the instrument effecting any of the foregoing Transfers, (2) documentation establishing Tenant's satisfaction of the requirements set forth above applicable to any such Transfer, and (3) evidence of insurance as required under this Lease with respect to the Permitted Transferee. The occurrence of a Permitted Transfer shall not waive Landlord's rights as to any subsequent Transfers, and any subsequent Transfer by a Permitted Transferee shall be subject to the terms of this Section 10. As used herein, the term "**Tangible Net Worth/Credit Threshold**" shall mean (A) the proposed Permitted Transferee has a Tangible Net Worth equal to or greater than the Tangible Net Worth of Tenant as of the Effective Date (as shown on Tenant's most recent financial

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statement immediately prior to the Effective Date), and with respect to the Transferee, as evidenced by most recent audited financial statements as of the date of the Transfer, as prepared by a reputable certified public accounting firm, or if it is not such proposed Permitted Transferee's normal practice to obtain audited financial statements, then such financial statements shall be certified as true and correct in all material aspects by the Permitted Transferee's president or chief financial officer, and (B) if the proposed Permitted Transferee has been assigned a Corporate Debt Rating, then such proposed Permitted Transferee's Corporate Debt Rating satisfies the Corporate Debt Rating Requirement. As used herein, "**Tangible Net Worth**" means the excess of total assets over total liabilities, in each case as determined in accordance with generally accepted accounting principles consistently applied ("**GAAP**"), excluding, however, from the determination of total assets all assets which would be classified as intangible assets under GAAP including goodwill, licenses, patents, trademarks, trade names, copyrights, and franchises. "**Corporate Debt Rating**" shall mean either a general corporate debt rating or an unsecured corporate debt rating by either Standard & Poor's Corporation ("**S&P**") or Moody's Investor Service ("**Moody's**"), and "**Corporate Debt Rating Requirement**" shall mean a Corporate Debt Rating of BBB or better (as determined by S&P) and Baa2 or better (as determined by Moody's). The right to Transfer to an Affiliate pursuant to Section 10.8.1 shall be subject to the condition that such Permitted Transferee remains an Affiliate of Tenant and that on or before such Transfer being effected both Tenant and such Permitted Transferee must enter into an agreement with Landlord, in a form satisfactory to Landlord, Tenant and such Permitted Transferee, each acting reasonably, that if such Permitted Transferee ceases to be an Affiliate of Tenant, it shall so notify Landlord in writing at least ten days prior to such event and, upon the written request of Landlord, transfer, assign, set over and/or re-assign this Lease and its interest in the Premises, as applicable, to Tenant or, subject to complying with this condition, another Affiliate of Tenant.

11. Insurance; Waivers; Subrogation; Indemnity.

11.1 Tenant's Insurance. Effective as of the earlier of (a) the date Tenant enters or occupies the Premises, or (b) the Commencement Date, and continuing throughout the Term, Tenant shall maintain the following insurance policies: (1) cause of loss-special risk form (formerly "all-risk") insurance covering the full value of all alterations and improvements and betterments in the Premises, naming Landlord and Landlord's Mortgagee as additional loss payees as their interests may appear, (2) cause of loss-special risk form (formerly "all-risk") insurance covering the full value of all furniture, trade fixtures, equipment and personal property (including property of Tenant or others) in the Premises

or otherwise placed in the Project by or on behalf of a Tenant Party (including Tenant's Off-Premises Equipment), including business interruption insurance in an amount equal to the Basic Rent then in effect during any Lease Year, (3) commercial general liability insurance (including property damage, bodily injury and personal injury coverage) in amounts of One Million Dollars (\$1,000,000) per occurrence in primary coverage, with a Two Million Dollars (\$2,000,000.00) annual aggregate, or, following the expiration of the initial Term, such other amounts as Landlord may from time to time reasonably require (and, if the use and occupancy of the Premises include any activity or matter that is or may be excluded from coverage under a commercial general liability policy [e.g., the sale, service or consumption of alcoholic beverages], Tenant shall obtain such endorsements to the commercial general liability policy or otherwise obtain insurance to insure all liability arising from such activity or matter [including liquor liability, if applicable] in such amounts as Landlord may reasonably require), insuring Tenant (and naming as additional insureds Landlord, Landlord's property management company, Landlord's asset management company, Landlord's Mortgagee and any other party requested by Landlord from time to time), against all liability for injury to or death of a person or persons or damage to property arising from the use and occupancy of the Premises and (without implying any consent by Landlord to the installation thereof) the installation, operation, maintenance, repair or removal of Tenant's Off-Premises Equipment, (4) contractual liability insurance sufficient to cover Tenant's indemnity obligations hereunder (but only if such contractual liability insurance is not already included in Tenant's commercial general liability insurance policy), (5) commercial auto liability insurance (if applicable) covering automobiles owned, hired or used by Tenant in carrying on its business with limits not less than One Million Dollars (\$1,000,000) combined single limit for each accident, insuring Tenant (and naming as additional insureds Landlord, Landlord's property management company, Landlord's asset management company and, if requested in writing by Landlord, Landlord's Mortgagee and any other parties identified by Landlord), (6) worker's compensation insurance as required by applicable state law and employer's liability insurance with limits not less than One Hundred Thousand Dollars (\$100,000.00) for each accident, Five Hundred Thousand Dollars (\$500,000.00) per person for illness or disease-policy limit, and One Hundred Thousand Dollars (\$100,000.00) disease for each employee, and (7) umbrella excess liability insurance with an additional Five Million Dollars (\$5,000,000) in umbrella coverage above the underlying aggregate amount of commercial general liability insurance coverage set forth herein, which policy will contain a provision that it will

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drop as primary insurance if the underlying aggregate is exhausted. Tenant's insurance shall (i) be primary and non-contributory when any policy issued to Landlord provides duplicate or similar coverage, and in such circumstance Landlord's policy will be excess over Tenant's policy, (ii) contain an endorsement for cross liability and severability of interests, (iii) contain an endorsement that such policy shall remain in full force and effect notwithstanding that the insured may have waived its right of action against any party prior to the occurrence of a loss (Tenant hereby waiving its right of action and recovery against and releasing Landlord and its employees and agents (including Landlord's managing agent) from any and all liabilities, claims and losses for which they may otherwise be liable to the extent Tenant is covered by insurance carried or would have been covered by insurance it is required to carry under this Lease), and (iv) not contain any deductible provision in excess of Twenty-Five Thousand Dollars (\$25,000.00) except as otherwise approved in writing by Landlord, which approval shall not be unreasonably withheld. Tenant shall furnish to Landlord certificates of such insurance and such other evidence satisfactory to Landlord of the maintenance of all insurance coverages required hereunder at least ten days prior to the earlier of the Commencement Date or the date Tenant enters or occupies the Premises (in any event, within ten days of the effective date of coverage), and at least 15 days prior to each renewal of said insurance, and Tenant shall obtain a written obligation on the part of each insurance company to notify Landlord at least 30 days before cancellation of any such insurance policies. All such insurance policies shall be in form reasonably satisfactory to Landlord and issued by companies with an A.M. Best rating of A+:VIII or better. However, no review or approval of any insurance certificate or policy by Landlord shall derogate from or diminish Landlord's rights or Tenant's obligations hereunder. If Tenant fails to comply with the foregoing insurance requirements or to deliver to Landlord the certificates or evidence of coverage required herein, Landlord, in addition to any other remedy available pursuant to this Lease or otherwise, may, but shall not be obligated to, obtain such insurance and Tenant shall pay to Landlord on demand the premium costs thereof, plus an administrative fee of 10% of such cost.

11.2 Landlord's Insurance.

Effective as of the Commencement Date, and continuing throughout the Term, Landlord shall maintain a cause of loss-special risk form (formerly "all-risk") insurance policy (with replacement cost coverage) covering the Building and Landlord's property therein in an amount required by its insurance company to avoid the application of any coinsurance provision.

11.3 No Subrogation; Waiver of Property Claims. Landlord and Tenant each waives any claim it might have against the other for any damage to or theft, destruction, loss, or loss of use of any property, to the extent the same is insured against under any insurance policy of the types described in this Section 11 that covers the Project, the Premises, Landlord's or Tenant's fixtures, personal property, leasehold improvements, or business, or is required to be insured against under the terms hereof, **regardless of whether the negligence of the other party caused such Loss (defined below).** Additionally, Tenant waives any claim it may have against Landlord for any Loss to the extent such Loss is caused by a terrorist act. Each party shall cause its insurance carrier to endorse all applicable policies waiving the carrier's rights of recovery under subrogation or otherwise against the other party. Notwithstanding any provision in this Lease to the contrary, Landlord, its agents, employees and contractors shall not be liable to Tenant or to any party claiming by, through or under Tenant for (and Tenant hereby releases Landlord and its servants, agents, contractors, employees and invitees from any claim or responsibility for) any damage to or destruction, loss, or loss of use, or theft of any property of any Tenant Party located in or about the Project or the related complex, caused by casualty, theft, fire, third parties or any other matter or cause, **regardless of whether the negligence of any party caused such loss in whole or in part** except to the extent caused by the gross negligence or willful misconduct of Landlord or its employees or, agents; provided, however, in no event shall Landlord be liable for any indirect or consequential damages arising under this Lease. Tenant acknowledges that Landlord shall not carry insurance on, and shall not be responsible for damage to, any property of any Tenant Party located in or about the Project or the related complex.

11.4 Indemnity. Tenant hereby agrees to indemnify and hold harmless Landlord and its shareholders, members, partners, contractors, licensees, invitees, affiliates, and their respective employees, agents, officers and directors, and each ground lessor and Mortgagee from and against all costs, damages, claims, liabilities and expenses, including attorneys' fees, suffered by or claimed against Landlord, directly or indirectly, based on, arising out of or resulting from: (i) Tenant's use and occupancy of the

Premises or the business conducted by Tenant therein or Tenant's presence in the Building or on the Land, (ii) the making by Tenant of any Alterations (including, without limitation, any of the Work (as defined in Exhibit D) performed by or on behalf of Tenant), (iii) any act or omission of Tenant or its employees, agents or invitees, and (iv) any breach or default by Tenant in the observance

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or performance of its covenants and obligations under this Lease; except to the extent caused by the negligence or willful misconduct of Landlord, its employees, agents or invitees. Tenant's obligations under this Section 11.4 shall survive termination or expiration of this Lease and shall not terminate or be waived, diminished or affected in any manner by any abatement or apportionment of Rent under any provision of this Lease. If any proceeding is filed for which indemnity is required hereunder, Tenant agrees, upon request therefor, to defend Landlord in such proceeding at Tenant's sole cost utilizing counsel satisfactory to Landlord. Notwithstanding anything in this Lease to the contrary, Landlord shall look only to Tenant (and any successor entity) and its assets, and not any directors, partners, members, shareholders or principals of tenant (or any successor entity) or such director's, partners', members', shareholders' or principals' assets or the assets of their spouses, families or estates, for the enforcement of any remedy against Tenant (or any successor entity) or satisfaction of any judgment against Tenant (or any successor entity) in connection with this Lease.

12. Subordination; Attornment; Notice to Landlord's Mortgagee

12.1 **Subordination.** This Lease shall be subordinate to any deed of trust, mortgage, or other security instrument (each, a "**Mortgage**"), or any ground lease, master lease, or primary lease (each, a "**Primary Lease**"), that now or hereafter covers all or any part of the Premises (the mortgagee under any such Mortgage, beneficiary under any such deed of trust, or the lessor under any such Primary Lease is referred to herein as a "**Landlord's Mortgagee**"). Any Landlord's Mortgagee may elect, at any time, unilaterally, to make this Lease superior to its Mortgage, Primary Lease, or other interest in the Premises by so notifying Tenant in writing. The provisions of this Section shall be self-operative and no further instrument of subordination shall be required; however, in confirmation of such subordination, Tenant shall execute and return to Landlord (or such other party designated by Landlord) within ten days after written request therefor such documentation, in recordable form if required, as a Landlord's Mortgagee may reasonably request to evidence the subordination of this Lease to such Landlord's Mortgagee's Mortgage or Primary Lease (including a subordination, non-disturbance and attornment agreement) or, if the Landlord's Mortgagee so elects, the subordination of such Landlord's Mortgagee's Mortgage or Primary Lease to this Lease. Landlord shall use commercially reasonable efforts to obtain from any current or future Mortgagee a non-disturbance agreement for the benefit of Tenant in such Mortgagee's usual form which recognizes Tenant's rights under this Lease; provided, however, that if Landlord does not obtain such non-disturbance agreement, the Lease shall be and remain subject and subordinate to the lien of said Mortgage, and to any and all renewals, extensions, modifications, recastings and refinancings thereof.

12.2 **Attornment.** Tenant shall attorn to any party succeeding to Landlord's interest in the Premises, whether by purchase, foreclosure, deed in lieu of foreclosure, power of sale, termination of lease, or otherwise, upon such party's request, and shall execute such agreements confirming such attornment as such party may reasonably request.

12.3 **Notice to Landlord's Mortgagee.** Tenant shall not seek to enforce any remedy it may have for any default on the part of Landlord without first giving written notice by certified mail, return receipt requested, specifying the default in reasonable detail, to any Landlord's Mortgagee whose address has been given to Tenant, and affording such Landlord's Mortgagee a reasonable opportunity to perform Landlord's obligations hereunder.

13. **Rules and Regulations.** Tenant shall comply with the rules and regulations of the Project which are attached hereto as Exhibit C. Landlord may, from time to time, change such rules and regulations, provided that such changes are generally applicable to all tenants of the Project whose leases require such compliance, will not unreasonably interfere with Tenant's use of the Premises and are enforced by Landlord in a non-discriminatory manner among all tenants whose leases require such compliance. Tenant shall be responsible for the compliance or noncompliance with such rules and regulations by each Tenant Party.

14. Condemnation.

14.1 **Total Taking.** If the entire Building or Premises are taken by right of eminent domain or conveyed in lieu thereof (a "**Taking**"), this Lease shall terminate as of the date of the Taking.

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14.2 **Partial Taking - Tenant's Rights.** If any part of the Building becomes subject to a Taking and such Taking will prevent Tenant from conducting on a permanent basis its business in the Premises in a manner reasonably comparable to that conducted immediately before such Taking, then Tenant may terminate this Lease as of

the date of such Taking by giving written notice to Landlord within 30 days after the Taking, and Basic Rent and Additional Rent shall be apportioned as of the date of such Taking. If Tenant does not terminate this Lease, then Basic Rent and Additional Rent shall be abated on a reasonable basis as to that portion of the Premises rendered untenable by the Taking.

14.3 Partial Taking - Landlord's Rights. If any material portion, but less than all, of the Building or Project becomes subject to a Taking, or if Landlord is required to pay any of the proceeds arising from a Taking to a Landlord's Mortgagee, then Landlord may terminate this Lease by delivering written notice thereof to Tenant within 30 days after such Taking, and Basic Rent and Additional Rent shall be apportioned as of the date of such Taking. If Landlord does not so terminate this Lease, then this Lease will continue, but if any portion of the Premises has been taken, Basic Rent and Additional Rent shall abate as provided in the last sentence of Section 14.2.

14.4 Award. If any Taking occurs, then Landlord shall receive the entire award or other compensation for the Project and other improvements taken; however, Tenant may separately pursue a claim (to the extent it will not reduce Landlord's award) against the condemnor for the value of Tenant's personal property which Tenant is entitled to remove under this Lease, moving costs and loss of business.

15. Fire or Other Casualty.

15.1 Repair Estimate. If the Premises or the Project are damaged by fire or other casualty (a "**Casualty**"), Landlord shall, within 90 days after such Casualty, deliver to Tenant a good faith estimate (the "**Damage Notice**") of the time needed to repair the damage caused by such Casualty.

15.2 Tenant's Rights. If the Premises are damaged by Casualty such that Tenant is prevented from conducting its business in the Premises in a manner substantially comparable to that conducted immediately before such Casualty and Landlord estimates that the damage caused thereby for which Landlord is responsible to repair under this Lease pursuant to Section 15.4 below cannot be repaired within 270 days after the commencement of repairs (the "**Repair Period**"), then Tenant may terminate this Lease by delivering written notice to Landlord of its election to terminate within 10 days after the Damage Notice has been delivered to Tenant.

15.3 Landlord's Rights. If a Casualty occurs and (a) Landlord estimates that the damage cannot be repaired within the Repair Period, (b) the damage exceeds 50% of the replacement cost thereof (excluding foundations and footings), as estimated by Landlord, (c) regardless of the extent of damage, the damage is not fully covered by Landlord's insurance policies or Landlord makes a good faith determination that restoring the damage would be uneconomical, or (d) Landlord is required to pay any insurance proceeds arising out of the Casualty to a Landlord's Mortgagee, or Landlord's Mortgagee otherwise does not make insurance proceeds available to Landlord, then Landlord may terminate this Lease by giving written notice of its election to terminate within 30 days after the Damage Notice has been delivered to Tenant.

15.4 Repair Obligation. If neither party elects to terminate this Lease following a Casualty as provided above, then Landlord shall, within a reasonable time after such Casualty, begin to repair the Premises and shall proceed with reasonable diligence to restore the Premises to substantially the same condition as they existed immediately before such Casualty; however, Landlord shall not be required to repair or replace any improvements, alterations or betterments within the Premises (which shall be promptly and with due diligence repaired and restored by Tenant at Tenant's sole cost and expense) or any furniture, equipment, trade fixtures or personal property of Tenant or others in the Premises or the Project, and Landlord's obligation to repair or restore the Premises shall be limited to the extent of the insurance proceeds actually received by Landlord for the Casualty in question. If this Lease is terminated under the provisions of this Section 15, Landlord shall be entitled to the full proceeds of the insurance policies providing coverage for all alterations, improvements and betterments in the Premises (and, if Tenant has failed to maintain insurance on such items as required by this Lease, Tenant shall pay Landlord an amount equal to the proceeds Landlord would have received had Tenant maintained insurance on such items as required by this Lease).

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15.5 Abatement of Rent. If the Premises are damaged by Casualty, Basic Rent and Additional Rent for the portion of the Premises rendered untenable by the damage shall be abated on a reasonable basis from the date of damage until the earlier of (a) completion of Landlord's repairs, (b) the date upon which completion of Landlord's repairs would have occurred but for delays caused by Tenant Parties, or (c) the date of termination of this Lease by Landlord or Tenant as provided above, as the case may be, unless a Tenant Party's gross negligence or willful misconduct caused such damage, in which case, Tenant shall continue to pay Basic Rent and Additional Rent without abatement.

15.6 Waiver of Statutory Provisions. The provisions of this Lease, including this Section 15, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises or the Building and any statute or regulation of the state in which the Premises are located with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between the parties, and any other statute or regulation, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Premises or the Building.

16. Personal Property Taxes. Tenant shall be liable for, and shall pay prior to delinquency, all taxes levied or assessed against personal property, furniture, fixtures, betterments, improvements, and alterations placed by any Tenant Party in the Premises or in or on the Building or Project. If any taxes for which Tenant is liable are levied or assessed against Landlord or Landlord's property and Landlord elects to pay the same, or if the assessed value of Landlord's property is increased by inclusion of such personal property, furniture, fixtures, betterments, improvements, and alterations and Landlord elects to pay the taxes based on such increase, then Tenant shall pay to Landlord, within 10 days following written request therefor, the part of such taxes for which Tenant is primarily liable hereunder; however, Landlord shall not pay such amount if Tenant notifies Landlord that it will contest the validity or amount of such taxes before Landlord makes such payment, and thereafter diligently proceeds with such contest in accordance with Law and if the non-payment thereof does not pose a threat of loss or seizure of the Project or interest of Landlord therein or impose any fee or penalty against Landlord or result in a default under any Mortgage or Primary Lease (as each is defined in Section 12.1 hereof).

17. Events of Default. Each of the following occurrences shall be an “Event of Default”:

17.1 Payment Default. Tenant's failure to pay Rent within five business days after Landlord has delivered written notice to Tenant that the same is due; however, an Event of Default shall occur hereunder without any obligation of Landlord to give any notice if Tenant fails to pay Rent when due and, during the 12 month interval preceding such failure, Landlord has given Tenant written notice of failure to pay Rent on one or more occasions;

17.2 Abandonment. Tenant (a) abandons or vacates the Premises or any substantial portion thereof and (b) fails to pay rent, provided, the failure to conduct business from the Premises due to Force Majeure, pandemic or governmental order or regulation shall not be deemed an abandonment or vacation of the Premises;

17.3 Estoppel; Subordination; Financial Reports. Tenant fails to provide any estoppel certificate, documentation regarding the subordination of this Lease or financial reports after Landlord's written request therefor pursuant to Section 25.5, Section 12.1, and Section 25.19 respectively;

17.4 Insurance. Tenant fails to procure, maintain and deliver to Landlord evidence of the insurance policies and coverages as required under Section 11.1;

17.5 Mechanic's Liens. Tenant fails to pay and release of record, or diligently contest and bond around, any mechanic's or construction lien filed against the Premises or the Project for any work performed, materials furnished, or obligation incurred by or at the request of a Tenant Party, within the time and in the manner required by Section 8.4;

17.6 Other Defaults. Tenant's failure to perform, comply with, or observe any agreement or obligation of Tenant under this Lease other than provided in this Section 17 and the continuance of such failure for a period of more than thirty (30) days after Landlord has delivered to Tenant written notice thereof, or if such default

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cannot be cured within a 30 day period, Tenant fails to commence a cure within the 30 day period or fails to complete the cure within 60-days after the expiration of the 30 day period; and

17.7 Insolvency. The filing of a petition by or against Tenant (the term “Tenant” shall include, for the purpose of this Section 17.7, any guarantor (“Guarantor”) of Tenant's obligations hereunder or, if Tenant is a partnership, any partner of Tenant (“Partner”)) (a) in any bankruptcy or other insolvency proceeding; (b) seeking any relief under any state or federal debtor relief law; (c) for the appointment of a liquidator or receiver for all or substantially all of Tenant's property or for Tenant's interest in this Lease; (d) for the reorganization or modification of Tenant's capital structure; or (e) in any assignment for the benefit of creditors proceeding; however, if such a petition is filed against Tenant, then such filing shall not be an Event of Default unless Tenant fails to have the proceedings initiated by such petition dismissed within 60 days after the filing thereof.

18. Remedies. Upon any Event of Default, Landlord may, in addition to all other rights and remedies afforded Landlord hereunder or by law or equity, take any one or more of the following actions:

18.1 Termination of Lease. Terminate this Lease by giving Tenant written notice thereof, in which event Tenant shall pay to Landlord the sum of (a) all Rent accrued hereunder through the date of termination, (b) all amounts due under Section 19.1(a), and (c) an amount equal to (but in no event less than zero) (1) the total Rent that Tenant would have been required to pay for the remainder of the Term discounted to present value at the rate of five percent (5%) per annum rate on the date this Lease is terminated, minus (2) the then present fair rental value of the Premises for such period, similarly discounted;

18.2 Termination of Possession. Terminate Tenant's right to possess the Premises and re-enter the Premises without terminating this Lease, in which event Tenant shall pay to Landlord (a) all Rent and other amounts accrued hereunder to the date of termination of possession, (b) all amounts due from time to time under Section 19.1(a), and (c) all Rent and other net sums required hereunder to be paid by Tenant during the remainder of the Term, diminished by any net sums thereafter received by Landlord through reletting the Premises during such period, after deducting all costs incurred by Landlord in reletting the Premises. If Landlord elects to terminate Tenant's right to possession without terminating this Lease, and to retake possession of the Premises (and Landlord shall have no duty to make such election), Landlord shall have no obligation to relet the Premises. Landlord shall not be liable for, nor shall Tenant's obligations hereunder be diminished because of, Landlord's failure to relet the Premises or to collect rent due for such reletting. Tenant shall not be entitled to the excess of any consideration obtained by reletting over the Rent due hereunder. Reentry by Landlord in the Premises shall not affect Tenant's obligations hereunder for the unexpired Term; rather, Landlord may, from time to time, bring an action against Tenant to collect amounts due by Tenant, without the necessity of Landlord's waiting until the expiration of the Term. Unless Landlord delivers written notice to Tenant expressly stating that it has elected to terminate this Lease, all actions taken by Landlord to dispossess or exclude Tenant from the Premises shall be deemed to be taken under this Section 18.2. If Landlord elects to proceed under this Section 18.2, it may at any time elect to terminate this Lease under Section 18.1;

18.3 Perform Acts on Behalf of Tenant. Perform any act Tenant is obligated to perform under the terms of this Lease (and enter upon the Premises in connection therewith if necessary) in Tenant's name and on Tenant's behalf, without being liable for any claim for damages therefor, and Tenant shall reimburse Landlord on demand for any expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease (including collection costs and legal expenses), plus interest thereon at the Default Rate;

18.4 Self-Help.

Following a termination of this Lease in accordance with Section 18.1 hereof or a termination of Tenant's right to possession of the Premises pursuant to Section 18.2 hereof, to the extent permitted by applicable laws, suspend any services required to be provided by Landlord hereunder without being liable for any claim for damages therefor. Additionally, with or without notice, and to the extent permitted by Law, Landlord may alter locks or other security devices at the Premises to deprive Tenant of access thereto, and Landlord shall not be required to provide a new key or right of access to Tenant.

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19. Payment by Tenant; Non-Waiver; Cumulative Remedies.

19.1 Payment by Tenant.

Upon any Event of Default, Tenant shall pay to Landlord all amounts, costs, losses and/or expenses incurred, abated or foregone by Landlord (including court costs and reasonable attorneys' fees and expenses) in (a) obtaining possession of the Premises, (b) removing, storing and/or disposing of Tenant's or any other occupant's property, (c) repairing, restoring, altering, remodeling to the condition as of the date of this Lease, reasonable wear and tear excepted, (d) if Tenant is dispossessed of the Premises, reletting all or any part of the Premises (including brokerage commissions, cost of tenant finish work, and other costs incidental to such reletting), (e) performing Tenant's obligations under this Lease which Tenant failed to perform, (f) enforcing, or advising Landlord of, its rights, remedies, and recourses arising out of the default, (g) securing this Lease, including all commissions, allowances, reasonable attorneys' fees, and if this Lease or any amendment hereto contains any abated Rent granted by Landlord as an inducement or concession to secure this Lease or amendment hereto, the then unamortized amount of all Rent so abated (and such abated amounts shall be payable immediately by Tenant to Landlord, without any obligation by Landlord to provide written notice thereof to Tenant, and Tenant's right to any abated rent accruing following such Event of Default shall immediately terminate), and (h) any other damages incurred by Landlord resulting from such Event of Default. Notwithstanding the foregoing, in no event shall Tenant be liable to Landlord for any special, consequential or punitive damages other than with respect to damages caused by Tenant's failure to comply with the provisions of Article 22 and Section 25.24 hereof. **No Waiver.** Landlord's acceptance of Rent following an Event of Default shall not waive Landlord's rights regarding such Event of Default. No waiver by Landlord of any violation or breach of any of the terms contained herein shall waive Landlord's rights regarding any future violation of such term. Landlord's acceptance of any partial payment of Rent shall not waive Landlord's rights with regard to the remaining portion of the Rent that is due, regardless of any endorsement or other statement on any instrument delivered in payment of Rent or any writing delivered in connection therewith; accordingly, Landlord's acceptance of a partial payment of Rent shall not constitute an accord and satisfaction of the full amount of the Rent that is due.

19.3 Cumulative Remedies. Any and all remedies set forth in this Lease: (a) shall be in addition to any and all other remedies Landlord may have at law or in equity, (b) shall be cumulative, and (c) may be pursued successively or concurrently as Landlord may elect. The exercise of any remedy by Landlord shall not be deemed an election of remedies or preclude Landlord from exercising any other remedies in the future. Additionally, Tenant shall defend, indemnify and hold harmless Landlord, Landlord's Mortgagee and their respective representatives and agents from and against all claims, demands, liabilities, causes of action, suits, judgments, damages and expenses (including reasonable attorneys' fees) arising from Tenant's failure to perform its obligations under this Lease.

20. Intentionally Deleted.

21. Surrender of Premises. No act by Landlord shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept a surrender of the Premises shall be valid unless it is in writing and signed by Landlord. At the expiration or termination of this Lease or Tenant's right to possess the Premises, Tenant shall (a) deliver to Landlord the Premises broom-clean with all Alterations, additions, betterments and improvements (collectively, **"Improvements"**) located therein in good repair and condition (except for condemnation and Casualty damage not caused by Tenant, as to which Sections 14 and 15 shall control), free of any liens or encumbrances and free of Hazardous Materials placed on the Premises during the Term; (b) deliver to Landlord all keys to the Premises and all access cards to the Project (and shall reimburse Landlord for the then-current replacement cost charged by Landlord for all such keys and access cards that are not returned); (c) remove all unattached trade fixtures, furniture (including demountable walls), and personal property placed in the Premises or elsewhere in the Project by a Tenant Party and unattached equipment located in the Premises (but Tenant may not remove any such item which was paid for, in whole or in part, by Landlord unless Landlord requires such removal); (d) [intentionally omitted]; and (e) remove such Improvements and Tenant's Off-Premises Equipment as Landlord may require and restore the areas surrounding such Improvements and Tenant's Off-Premises Equipment to their conditions existing immediately prior to the installation of such Improvements and Tenant's Off-Premises Equipment; however, Tenant shall not be required to remove any Improvement to the Premises or the Project if Landlord has specifically agreed in writing at the time of installation that the Improvement in question need not be removed. Notwithstanding the foregoing, Tenant shall not be responsible for removing from the Premises any telephone, computer, or related data cabling and

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wiring that may be installed within the Premises' walls or above the Premises' ceiling, nor for removing any associated data wiring related wall fixtures, provided that in all cases all such cabling and wiring is capped, neatly bundled and clearly identified by Tenant. Tenant shall repair all damage caused by the removal of the items described above. If Tenant fails to remove any property, including any of the property described above, Landlord may, at Landlord's option, (1) deem such items to have been abandoned by Tenant, the title thereof shall immediately pass to Landlord at no cost to Landlord, and such items may be appropriated, sold, stored, destroyed, or otherwise disposed of by Landlord without notice to Tenant and without any obligation to account for such items; any such disposition shall not be considered a strict foreclosure or other exercise of Landlord's rights in respect of the security interest granted hereunder or otherwise, (2) remove such items, perform any work required to be performed by Tenant hereunder, and repair all damage caused by such work, and Tenant shall reimburse Landlord on demand for any expenses which Landlord may incur in effecting compliance with Tenant's obligations hereunder (including collection costs and attorneys' fees), plus interest thereon at the Default Rate, or (3) elect any of the actions described in clauses (1) and (2) above as Landlord may elect in its sole discretion. Notwithstanding anything to the contrary contained herein, (i) Tenant shall not be required to remove Tenant's initial Alterations to the Premises, and (ii) Tenant shall not be required to remove any Alterations which constitute improvements which are typically found in businesses conducting only an office use and other incidental uses in Class "A" office buildings which are located in the Rosslyn, Virginia area, and which are comparable to the Building (the "**Typical Office Improvements**") (such items which are excluded from being Typical Office Improvements being hereinafter referred to as "**Items Subject to Removal**"). With respect to such Items Subject to Removal, Landlord shall notify Tenant, at the time that Landlord approves Tenant's plans for such Alterations, whether Landlord reserves the right to require removal of any such Items Subject to Removal as provided above in this Section 21. Items Subject to Removal shall include but not be limited to any raised flooring (i.e., flooring which is raised above the concrete slab, with a cavity between the raised flooring and the concrete slab), cafeteria improvements, catering kitchens (not including pantries), internal stairwells, and computer server rooms, and any other similar non-standard office installations within the Premises. The provisions of this Section 21 shall survive the end of the Term.

22. Holding Over.

If Tenant fails to vacate the Premises at the end of the Term, then such failure shall be deemed to be an Event of Default, Tenant shall be a tenant at sufferance and, in addition to all other damages and remedies to which Landlord may be entitled for such holding over, (a) Tenant shall pay, in addition to the other Rent, Basic Rent equal to one hundred fifty percent (150%) of the Rent payable during the last month of the Term, and (b) Tenant shall otherwise continue to be subject to all of Tenant's obligations under this Lease. The provisions of this Section 22 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at Law. If Tenant fails to surrender the Premises upon the termination or expiration of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from all loss, costs (including reasonable attorneys' fees) and liability resulting from such failure, including any claims made by any succeeding tenant founded upon such failure to surrender, and any consequential damages to Landlord resulting therefrom first if such breach of this Section 22 extends beyond thirty (30) days.

Notwithstanding the above, on the condition that (i) Tenant is not in default under this Lease, (ii) Tenant has given Landlord at least 90 days' prior written notice of its intent to remain in the Premises beyond the expiration or termination of this Lease, and (iii) Landlord does not have a signed letter of intent or lease with another tenant for the Premises, at the time Tenant gives its notice of intent, then no new tenancy shall be created and Tenant shall be a tenant at sufferance for a period of up to sixty (60) days (the "Permitted Holdover Period") (a) at a rate (the "Permitted Holdover Rate") equal to (1) the Rent payable by Tenant during the last month of the Term for the first thirty (30) days of such Permitted Holdover Period, and (2) at the rate of one hundred fifty percent (150%) of the Rent payable during the last month of the Term during the next thirty (30) days of the Permitted Holdover Period, and (b) Tenant shall otherwise continue to be subject to all of Tenant's obligations under this Lease. Tenant shall not be liable for consequential, direct or indirect damages suffered by Landlord on account of such holding over during the Permitted Holdover Period. If Tenant continues to holdover in the Premises following the end of the Permitted Holdover Period, such holding over shall be without right and subject to all of the provisions set forth above.

23. Certain Rights Reserved by Landlord. Landlord shall have the following rights:

23.1 Building Operations. To decorate (excluding the Premises) and to make inspections, repairs, alterations, additions, changes, or improvements, whether structural or otherwise, in and about the Project,

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or any part thereof; to enter upon the Premises (after giving Tenant reasonable notice of not less than twenty-four (24) hours thereof, which may be verbal notice, except in cases of real or apparent emergency, in which case no notice shall be required) to perform Landlord's obligations under this Lease or for any other purposes which Landlord considers necessary or advisable, and, during the continuance of any such work, to temporarily close doors, entryways, public space, and corridors in the Building; to interrupt or temporarily suspend Building services and facilities; to change the name of the Building; and to change the arrangement and location of entrances or passageways, doors, and doorways, corridors, elevators, stairs, restrooms, or other public parts of the Building;

23.2 Access Control. To take such reasonable measures as Landlord deems advisable for limiting access to the Building for the benefit of its occupants; evacuating the Building for cause, suspected cause, or for drill purposes; temporarily denying access to the Building; and closing the Building after normal business hours and on Sundays and holidays, subject, however, to Tenant's right to enter when the Building is closed after normal business hours under such regulations as Landlord may prescribe from time to time, which may include, by way of example but not limitation, that persons entering or leaving the Building, whether or not during normal business hours, identify themselves to access control personnel by registration or otherwise and that such persons establish their right to enter or leave the Building;

23.3 Prospective Purchasers and Lenders. Upon reasonable prior notice of not less than twenty-four (24) hours (which notice may be verbal) to Tenant except in cases of emergency, to enter the Premises at all reasonable hours to show the Premises to prospective purchasers or lenders; and

23.4 Prospective Tenants. At any time during the last 12 months of the Term (or earlier if Tenant has notified Landlord in writing that it does not desire to extend the Term) upon reasonable prior notice of not less than twenty-four (24) hours (which notice may be verbal) to Tenant, or at any time following the occurrence of an Event of Default, to enter the Premises at all reasonable hours to show the Premises to prospective tenants. In exercising the foregoing rights in this Section 23, Landlord shall use commercially reasonable efforts to minimize any interference with Tenant's occupancy of the Premises.

24. Intentionally Deleted.

25. Miscellaneous.

25.1 Landlord Transfer. Landlord (and any successor or affiliate of Landlord) may freely sell, assign or transfer all or any portion of its interest in this Lease or the Premises, the Building or the Project and, in the event of any such sale, assignment or transfer, shall be relieved of any and all obligations under this Lease from and after the date of the sale, assignment or transfer so long as the purchaser has expressly assumed in writing the obligations of Landlord hereunder. From and after said date, Tenant shall be bound to such purchaser, assignee or other transferee, as the case may be, as though the latter had been the original Landlord hereunder, provided that the purchaser, assignee or transferee agrees to assume the obligations of Landlord hereunder first arising on and after the date of the sale, assignment or transfer.

25.2 Landlord's Liability. Notwithstanding any other provision of this Lease, it is expressly understood and agreed that the total liability of Landlord (and its successors, partners, shareholders or members) to Tenant (or any person or entity claiming by, through or under Tenant) arising out of or in connection with this Lease, the relationship of Landlord and Tenant hereunder and/or relating to or arising out of the occupancy or use of the Premises and/or other areas of the Building shall be limited to the estate of Landlord in the Building. No other property or assets of Landlord or any member, partner or owner of Landlord shall be subject to levy, execution, or other enforcement proceedings or other judicial process for the satisfaction of any judgment or any other right or remedy of Tenant arising out of or in connection with this Lease, the relationship of Landlord and Tenant hereunder and/or Tenant's use of the Premises. Landlord shall not be liable to Tenant or any other individual or entity for any damage, loss or claim whatsoever, except actual damages, losses and claims that are the direct result of Landlord's gross negligence or willful misconduct; however, in no event shall Landlord be liable for consequential damages. . The provisions of this Section shall survive any expiration or termination of this Lease.

25.3 Force Majeure. Other than for Tenant's obligations under this Lease that can be performed by the payment of money (e.g., payment of Rent and maintenance of insurance), whenever a period of

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time is herein prescribed for action to be taken by either party hereto, such party shall not be liable or responsible for, and there shall be excluded from the computation of any such period of time, any delays due to strikes, riots, acts of God, shortages of labor or materials, war, terrorist acts or activities, governmental laws, regulations, pandemics or restrictions, or any other causes of any kind whatsoever which are beyond the control of such party (collectively, "**Force Majeure**").

25.4 Brokerage. Neither Landlord nor Tenant has dealt with any broker or agent in connection with the negotiation or execution of this Lease, other than CBRE, Inc., as agent of Tenant, and Monday Properties Services, LLC, as agent of Landlord, whose commissions shall be paid by Landlord pursuant to separate written agreements. Tenant and Landlord shall each indemnify the other against all costs, expenses, attorneys' fees, liens and other liability for commissions or other compensation claimed by any other broker or agent claiming the same by, through or under the indemnifying party.

25.5 Estoppel Certificates. Not more frequently than annually, except in connection with a sale or re-financing of the Building or following an Event of Default, Tenant shall furnish to any party designated by Landlord, within ten (10) business days after Landlord has made a request therefor, a certificate signed by Tenant confirming and containing such factual certifications and representations as to this Lease as Landlord may reasonably request. Unless otherwise required by Landlord's Mortgagee or a prospective purchaser or mortgagee of the Project, the initial form of estoppel certificate to be signed by Tenant is attached hereto as **Exhibit F**. If Tenant does not deliver to Landlord the certificate signed by Tenant within such required time period, Landlord, Landlord's Mortgagee and any prospective purchaser or mortgagee, may conclusively presume and rely upon the following facts: (a) this Lease is in full force and effect; (b) the terms and provisions of this Lease have not been changed except as otherwise represented by Landlord; (c) not more than one monthly installment of Basic Rent and other charges have been paid in advance; (d) there are no claims against Landlord nor any defenses or rights of offset against collection of Rent or other charges; and (e) Landlord is not in default under this Lease. In such event, Tenant shall be estopped from denying the truth of the presumed facts.

25.6 Notices. All notices and other communications given pursuant to this Lease shall be in writing and shall be (a) mailed by first class, United States Mail, postage prepaid, certified, with return receipt requested, and addressed to the parties hereto at the address specified in the Basic Lease Information, (b) hand-delivered to the intended addressee, or (c) sent by a nationally recognized overnight courier service. All notices shall be effective upon delivery to the address of the addressee (even if such addressee refuses delivery thereof). The parties hereto may change their addresses by giving notice thereof to the other in conformity with this provision.

25.7 Separability. If any clause or provision of this Lease is illegal, invalid, or unenforceable under present or future laws, then the remainder of this Lease shall not be affected thereby and in lieu of such clause or provision, there shall be added as a part of this Lease a clause or provision as similar in terms to such illegal, invalid, or unenforceable clause or provision as may be possible and be legal, valid, and enforceable.

25.8 Amendments; Binding Effect; No Electronic Records. This Lease may not be amended except by instrument in writing signed by Landlord and Tenant. No provision of this Lease shall be deemed to have been waived by either party unless such waiver is in writing signed by the other party, and no custom or practice which may

evolve between the parties in the administration of the terms hereof shall waive or diminish the right of Landlord or Tenant to insist upon the performance by Tenant or Landlord, as applicable, in strict accordance with the terms hereof. Landlord and Tenant hereby agree not to conduct the transactions or communications contemplated by this Lease by electronic means, except by electronic signatures as specifically set forth in Section 25.9; nor shall the use of the phrase "in writing" or the word "written" be construed to include electronic communications except electronic signatures as specifically set forth in Section 25.9. The terms and conditions contained in this Lease shall inure to the benefit of and be binding upon the parties hereto, and upon their respective successors in interest and legal representatives, except as otherwise herein expressly provided. This Lease is for the sole benefit of Landlord and Tenant, and, other than Landlord's Mortgagee, no third party shall be deemed a third-party beneficiary hereof.

25.9 Counterparts. This Lease (and amendments to this Lease) may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute

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one document. To facilitate execution of this Lease, the parties may execute and exchange, by electronic mail PDF, counterparts of the signature pages. Signature pages may be detached from the counterparts and attached to a single copy of this Lease to physically form one document.

25.10 Quiet Enjoyment. Provided Tenant has performed all of its obligations hereunder, Tenant shall peaceably and quietly hold and enjoy the Premises for the Term, without hindrance from Landlord or any party claiming by, through or under Landlord, but not otherwise, subject to the terms and conditions of this Lease and all matters of record as of the date of this Lease which are applicable to the Premises.

25.11 No Merger. There shall be no merger of the leasehold estate hereby created with the fee estate in the Premises or any part thereof if the same person acquires or holds, directly or indirectly, this Lease or any interest in this Lease and the fee estate in the leasehold Premises or any interest in such fee estate.

25.12 No Offer. The submission of this Lease to Tenant shall not be construed as an offer, and Tenant shall not have any rights under this Lease unless Landlord executes a copy of this Lease and delivers it to Tenant.

25.13 Entire Agreement; No Reliance. This Lease constitutes the entire agreement between Landlord and Tenant regarding the subject matter hereof and supersedes all verbal statements and prior writings relating thereto. Except for those set forth in this Lease, no representations, warranties, or agreements have been made by Landlord or Tenant to the other with respect to this Lease or the obligations of Landlord or Tenant in connection therewith. Except as otherwise provided herein, no subsequent alteration, amendment, change or addition to this Lease shall be binding unless in writing and signed by Landlord and Tenant. The normal rule of construction that any ambiguities be resolved against the drafting party shall not apply to the interpretation of this Lease or any exhibits or amendments hereto. Further, Tenant disclaims any reliance upon any and all representations, warranties or agreements not expressly set forth in this Lease.

25.14 Waiver of Jury Trial. TO THE MAXIMUM EXTENT PERMITTED BY LAW, TENANT (ON BEHALF OF ITSELF AND ITS RESPECTIVE SUCCESSORS, ASSIGNS AND SUBTENANTS) AND LANDLORD EACH, AFTER CONSULTATION WITH COUNSEL, KNOWINGLY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY LITIGATION OR TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE ARISING OUT OF OR WITH RESPECT TO THIS LEASE OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS RELATED HERETO.

25.15 Governing Law; Jurisdiction. This Lease shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia. The proper place of venue to enforce this Lease will be the county or district in which the Premises are located. In any legal proceeding regarding this Lease, including enforcement of any judgments, Tenant irrevocably and unconditionally (a) submits to the jurisdiction of the courts of law in the county or district in which the Premises are located; (b) accepts the venue of such courts and waives and agrees not to plead any objection thereto; and (c) agrees that (1) service of process may be effected at the address specified for Tenant and Landlord in this Lease, or at such other address of which Landlord has been properly notified in writing, and (2) nothing herein will affect Tenant's or Landlord's right to effect service of process in any other manner permitted by applicable law.

25.16 Recording. Tenant shall not record this Lease or any memorandum of this Lease without the prior written consent of Landlord, which consent may be withheld or denied in the sole and absolute discretion of Landlord, and any recordation by Tenant shall be a material breach of this Lease. Tenant grants to Landlord a power of attorney to execute and record a release releasing any such recorded instrument of record that was recorded without the prior written consent of Landlord, which power is coupled with an interest and is irrevocable.

25.17 Water or Mold Notification. To the extent Tenant or its agents or employees discover any water leakage, water damage or mold in or about the Premises or Project, Tenant shall promptly notify Landlord thereof in writing.

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25.18 Joint and Several Liability. If Tenant consists of more than one party (or if Tenant permits any other party to occupy the Premises), each such party shall be jointly and severally liable for Tenant's obligations under this Lease. All unperformed obligations of Tenant hereunder not fully performed at the end of the Term shall survive the end of the Term, including payment obligations with respect to Rent and all obligations concerning the condition and repair of the Premises. No individual officer, director, employee, partner, or shareholder ("**Partner**") of Tenant shall have any personal liability for the performance of the Lease or any covenant or agreement herein and Landlord shall not have any recourse to the assets or capital of any Partner of Tenant subject only to fraud and/or criminal misconduct or as otherwise permissible under applicable law.

25.19 Financial Reports. If Tenant is an entity that is domiciled in the United States of America, and whose securities are funded through a public securities exchange subject to regulation by the United States of America publicly traded over exchanges based in the United States and whose financial statements are readily available at no cost to Landlord, the terms of this Section 25.19 shall not apply. Otherwise, within ten (10) days after Landlord's request, Tenant will furnish Tenant's most recent audited financial statement (including any notes to them) to Landlord, which shall be no older than a financial statement for the immediately preceding calendar year. Tenant will discuss its financial statements with Landlord and, following the occurrence of an Event of Default hereunder, will give Landlord access to Tenant's books and records in order to enable Landlord to verify the financial statements. Tenant shall not be required to deliver the financial statements required under this Section 25.19 more than once in any 12-month period unless requested by Landlord's Mortgagee or a prospective buyer or lender of the Building or an Event of Default occurs. Landlord, and Landlord's employees, agents, attorneys, accountants and consultants, shall keep such non-public financial statements confidential in the same manner as Landlord would treat its own confidential information, provided that Landlord shall be permitted to disclose such information on an as needed basis (i) to affiliated companies, lenders, prospective lenders, and prospective purchasers, provided that the recipient is advised of the confidential nature thereof and is bound to maintain the confidentiality of the same (subject to the exclusions herein); and (ii) to the extent legally required by any subpoena, court order, or other applicable administrative, regulatory, or legal process or proceeding, however only to the extent required by law, provided that the recipient is advised of the confidential nature thereof or the information is provided as aggregated data and not specifically identifying this Lease.

25.20 Landlord's Fees. Whenever Tenant requests Landlord to take any action not required of Landlord hereunder or give any consent required or permitted under this Lease, Tenant will reimburse Landlord for Landlord's reasonable, out-of-pocket costs payable to third parties and incurred by Landlord in reviewing and taking the proposed action or consent, including reasonable engineers' or architects' fees and reasonable attorneys' fees (including reasonable fees and expenses charged by outside counsel engaged by Landlord), within 30 days after Landlord's delivery to Tenant of a statement of such costs. Tenant will be obligated to make such reimbursement without regard to whether Landlord consents to any such proposed action.

25.21 Telecommunications. Tenant and its telecommunications companies, including local exchange telecommunications companies and alternative access vendor services companies, shall have no right of access to and within the Building, for the installation and operation of telecommunications systems, including voice, video, data, Internet, and any other services provided over wire, fiber optic, microwave, wireless, and any other transmission systems ("**Telecommunications Services**"), for part or all of Tenant's telecommunications within the Building and from the Building to any other location unless Landlord has previously reviewed and approved all plans, specifications and contracts pertaining to telecommunication service entry points, and any documents to which Landlord is a party or which may encumber the Project, which consent will not be unreasonably withheld. All providers of Telecommunications Services shall be required to comply with the rules and regulations of the Project, applicable Laws and Landlord's policies and practices for the Project, and shall be required, at Landlord's election, to enter into a license agreement with Landlord to confirm and approve items such as, without limitation, the proposed location (and labeling requirements) of wiring, cabling, fiber lines, points of demarcation, entry into the Project, insurance requirements and the like, all at no cost to Landlord. Tenant acknowledges that Landlord shall not be required to provide or arrange for any Telecommunications Services and that Landlord shall have no liability to any Tenant Party in connection with the installation, operation or maintenance of Telecommunications Services or any equipment or facilities relating thereto. Tenant, at its cost and for its own account, shall be solely responsible for obtaining all Telecommunications Services.

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25.22 Confidentiality. Tenant acknowledges that the terms and conditions of this Lease are to remain confidential for Landlord's benefit, and may not be disclosed by Tenant to anyone, by any manner or means, directly or indirectly, without Landlord's prior written consent; however, Tenant may disclose the terms and conditions of this Lease to (i) its attorneys, accountants, auditors, employees and existing or prospective financial partners, or if required by Law or court order, in connection with a litigation between Landlord and Tenant, or (ii) in the event any terms and conditions of the Lease become public by any reason other than a breach by Tenant of this Section 25.22; provided in the case of any condition set forth in clause (i) all parties to whom Tenant is permitted hereunder to disclose such terms and conditions are advised by Tenant of the confidential nature of such terms and conditions and agree to maintain the confidentiality thereof (in each case, prior to disclosure). Tenant shall be liable for any disclosures made in violation of this Section by Tenant or by any entity or individual to whom the terms of and conditions of this Lease were disclosed or made available by Tenant. The consent by Landlord to any disclosures shall not be deemed to be a waiver violation of this Policy even though such trade takes place during a Blackout Period or while the Covered Individual making such trade was aware of material, non-public information. However, the trading plan must be adopted outside of a Blackout Period and

at a time when such Covered Individual is not aware of material, non-public information. A trading plan is a contract, instruction or written plan regarding the purchase or sale of securities, as more fully described in Rule 10b5-1(c). Each trading plan must be pre-cleared by the General Counsel of the Company, or the designee of the General Counsel (the "Clearance Officer"), prior to being established and must meet the requirements of Rule 10b5-1 and the Company's "Guidelines for Rule 10b5-1 Plans", which are attached hereto as Annex B. In general, a Rule 10b5-1 plan must be entered into at a time when the person entering into the plan is not aware of material nonpublic information. Once the plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party. The plan must include a cooling-off period before trading can commence that, for directors or officers of the Company for purposes of Section 16 of Exchange Act ("Section 16 Officers"), ends on the part later of Landlord 90 days after the adoption of any prohibition against any future disclosure.

25.23 Authority. Tenant (if a corporation, partnership the Rule 10b5-1 plan or other two business entity) hereby represents and warrants to Landlord that Tenant is and will remain during days following the Term a duly formed and existing entity qualified to do business disclosure of the Company's financial results in an SEC periodic report for the state fiscal quarter in which the Premises plan was adopted (but in any event, the required cooling-off period is subject to a maximum of 120 days after adoption of the plan), and for persons other than directors or Section 16 Officers, 30 days following the adoption or modification of a Rule 10b5-1 plan. A person may not enter into overlapping Rule 10b5-1 plans (subject to certain exceptions) and may only enter into one single-trade Rule 10b5-1 plan during any 12-month period (subject to certain exceptions). Directors and Section 16 Officers must include a representation in their Rule 10b5-1 plan certifying that: (i) they are located, not aware of any material nonpublic information; and (ii) they are adopting the plan in good faith and not as part of a plan or scheme to evade the prohibitions in Rule 10b-5. All persons entering into a Rule 10b5-1 plan must act in good faith with respect to that Tenant plan. Approval of a trading plan shall not be deemed a representation by the Company or any counsel of the Company that such plan complies with Rule 10b5-1 under the Exchange Act, nor an assumption by the Company or any counsel of the Company of any liability or responsibility to the individual or any other party if the trading plan does not comply with Rule 10b5-1 under the Exchange Act. No further pre-approval of transactions conducted pursuant to the Rule 10b5-1 trading plan, once approved, will be required.

3. Stock Option Exercise. The exercise of stock options issued by the Company (but *not* the sale of any shares issued upon such exercise or purchase) is exempt from this Policy. This Policy, however, applies to the "cashless" exercise of a stock option.

4. Tax Withholding. The exercise of a tax withholding right pursuant to which a Covered Individual elects to have the Company withhold Company Securities to satisfy tax withholding requirements upon the vesting of any stock award is exempt from this Policy.

V. Post-Termination Transactions

This Policy continues to apply to transactions in Company Securities even after the termination of service with the Company. If a Covered Individual is in possession of *material non-public information* when his or her service terminates, the Covered Individual may not engage in transactions in Company Securities until that information has full right become public or is no longer material.

VI. Confidentiality Policy

The unauthorized disclosure of non-public information about the Company, whether or not for the purpose of facilitating improper trading in Company Securities, could cause serious harm to the Company. Covered Individuals should treat all such information as confidential and authority proprietary to execute the Company. All employees of the Company should refrain from discussing non-public information about the Company or developments within the Company with anyone outside the Company, except as required in the performance of their regular Company duties and deliver this Lease, and for legitimate business reasons.

This provision applies specifically (but not exclusively) to inquiries about the Company that each person signing may be made by the financial press, investment analysts or others in the financial community. Only certain designated officers may make communications on behalf of Tenant the Company. Unless an employee is expressly authorized to do so, any inquiries of this nature should be referred to the Company's Chief Financial Officer.

VII. Consequences

Purchases and sales of Company Securities while aware of *material non-public information* or engaging in any other action to take advantage of such information or to pass it on to others (regardless of whether or not the Covered Individual receives any benefit from the use of the information) is prohibited by federal and state laws. The consequences of insider trading violations can be severe and include civil penalties, criminal fines and imprisonment.

VIII. Assistance

The ultimate responsibility for adhering to this Policy and avoiding improper transactions rests with the Covered Individual. It is imperative that Tenant's organizational identification number assigned Covered Individuals use their best judgment. The existence of a personal financial emergency does not excuse compliance with this policy. Any person who has any questions about specific transactions may obtain additional guidance from the Company's legal department.

IX. Acknowledgement

Covered Individuals may, from time to time, be required to acknowledge their receipt of, and compliance with, this Policy.

X. Administration

The day-to-day administration of this Policy will be carried out by the Delaware Secretary Company's legal department. The senior officers of State the Company reserve the right to amend this Policy from time to time in consultation with the Nominating and Governance Committee of the Board of Directors.

Annex A

Additional Insider Trading Policies and Procedures of Evolent Health, Inc.

These Additional Insider Trading Policies and Procedures only apply to the directors of the Company, officers designated by the Company as officers of the Company for purposes of Section 16 of the Exchange Act (such officers, collectively, the "Section 16 Officers"), other employees of the Company in roles at the level of "Vice President" and above and certain other persons as the Company may determine from time to time (collectively, the "Specified Persons"). All Specified Persons must strictly comply with these Additional Insider Trading Policies and Procedures. Any questions regarding these Additional Insider Trading Policies and Procedures should be directed to Jonathan Weinberg, General Counsel of the Company (the General Counsel, or the General Counsel's designee, the "Clearance Officer"), by e-mail at JWeinberg@evolenthealth.com.

1. Additional Pre-Clearance Requirement for Specified Persons. Before any Specified Person engages in any transaction involving Company Securities, such Specified Person must pre-clear the proposed transaction with the Clearance Officer. Until the Clearance Officer provides pre-clearance for the proposed transaction, such Specified Person shall not execute any transaction. If the Specified Person receives pre-clearance, he or she will have until the end of four trading days following the day pre-clearance is 5021826. Landlord hereby represents and warrants to Tenant that Landlord is a duly formed and existing entity qualified to do business in the state in which the Premises are located, that Landlord has full right and authority received to execute and deliver the transaction. For example, if a Specified Person receives pre-clearance from the Clearance Officer on a Tuesday, that Specified Person generally will have until the end of trading on Monday of the following week to execute the transaction. If for any reason the transaction is not completed within this Lease, and that each person signing on behalf period of Landlord is authorized to do so, time, pre-clearance must be obtained again from the Clearance Officer before any Company Securities can be traded.

25.24 Remember, even if a proposed trade is pre-cleared, Hazardous Materials you are prohibited from trading any Company Securities while in possession of material non-public information relating to the Company.

2. Specified Persons Must Pre-Clear All Transactions in Company Securities. The term "pre-clearance requirement applies to all proposed transactions in Company Securities. Specified Persons must also pre-clear Hazardous Materials all " means any substance, material, or waste which is now or hereafter classified or considered to be hazardous, toxic, or dangerous under any Law relating to pollution or the protection or regulation potential changes in their beneficial ownership of human health, natural resources or the environment, or poses or threatens to pose a hazard to the health or safety of persons on the Premises or in the Project. No Tenant Party shall use, generate, store or Release (defined below), or permit the use, generation, storage or Release of Hazardous Materials on or about the Premises or the Project except in a manner and quantity necessary for the ordinary performance of Tenant's business, and then in compliance with all Laws and in a reasonable and prudent manner. As used herein, "Release" means depositing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing. If any Tenant Party breaches its obligations under this Section 25.24, Landlord may immediately take any and all action reasonably appropriate to remedy the same, including taking all appropriate action to clean up or remediate any contamination resulting from such Tenant Party's use, generation, storage or disposal of Hazardous Materials. Tenant shall defend, indemnify, and hold harmless Landlord and its representatives and agents from and against any and all claims, demands, liabilities, causes of action, suits, judgments, damages and expenses (including, but not limited to, reasonable attorneys' fees, cost of clean up and remediation, enforcement actions of any kind, administrative or judicial proceedings (and orders or judgments arising out of or resulting therefrom), consultants' and experts' fees, court costs and amounts paid in settlement of any claims or actions, fines, forfeitures or other civil, administrative or criminal penalties, injunctive or other relief (whether or not based upon personal injury, property damage, or contamination of, or adverse effects upon, the environment) arising from any Tenant Party's failure to comply with the provisions of this Section 25.24. Landlord represents that to the best of its actual knowledge without inquiry or investigation, there are no Hazardous Materials on or about the Premises in violation of applicable Laws.

In the event that Hazardous Materials are discovered upon, in, or under the Project, and any governmental agency or entity having jurisdiction over the Project requires the removal or other treatment of such Hazardous Materials, Tenant shall be responsible for the removal or other treatment of those Hazardous Materials only to the extent such Release is caused by Tenant or any Tenant Party but not those of its predecessors. Notwithstanding the foregoing, Tenant shall not take any remedial action in or about the Project or any portion thereof without first notifying Landlord of Tenant's intention to do so and affording Landlord the opportunity to protect Landlord's interest with respect thereto. Tenant agrees that Landlord shall have the right to manage or perform (or any combination thereof), at Tenant's sole cost and expense, any work required in connection with the inspection, identification, removal or treatment of any such Hazardous Materials, Company Securities, including, but not limited to, any changes in beneficial ownership of Company Securities through a gift to a charitable organization or a transfer to a family trust.

3. Specified Persons Must Pre-Clear All Transactions in Company Securities by Certain Family Members, Members of Their Household, Others They Financially Support and Controlled Entities. Under the right to interrupt securities laws, the performance of any initial Alterations (including any Company Securities held in the name of the Work performed spouse or minor children of a Specified Person will generally be regarded as beneficially owned by the Specified Person. In addition, in many circumstances, Company Securities held in the name of other persons who are members of the Specified Person's household or on behalf financially supported by the Specified Person (regardless of Tenant) and to assert control over the procedures and work necessary to accomplish such inspections, identification, removal whether these other

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Annex A – 1

persons are related or other treatment of Hazardous Materials, and Tenant shall reimburse Landlord for all costs incurred unrelated to the Specified Person), will generally be regarded as beneficially owned by Landlord in connection the Specified Person.

You must, therefore, pre-clear with the foregoing within thirty (30) days following Landlord's written demand to Tenant therefor.

Tenant immediately shall notify Landlord Clearance Officer any potential transactions in writing of: (i) any spill, release, discharge or disposal of any Hazardous Material in, on or under the Project or any portion thereof; (ii) any enforcement, cleanup, removal or other governmental or regulatory action instituted, contemplated, or threatened (if Tenant has notice thereof) pursuant to any laws respecting Hazardous Materials; (iii) any claim made or threatened Company Securities held by any person against Tenant or the Project or any portion thereof relating to damage, contribution, cost recovery, compensation, loss or injury resulting from or claimed to result from any Hazardous Materials; and (iv) any reports made to any governmental agency or entity arising out of or in connection with any Hazardous Materials in, on under or about or removed from the Project or any portion thereof, including any complaints, notices, warnings, reports or asserted violations in connection therewith. Tenant also shall supply to Landlord as promptly as possible, and in any event within five (5) business days after Tenant first receives or sends the same, copies of all claims, reports, complaints, notices, warnings or asserted violations relating in any way to the Premises, the Project or Tenant's use or occupancy thereof.

Tenant's obligations under this Section 25.24 shall survive termination or expiration of this Lease.

25.25 **List of Exhibits.** All exhibits and attachments attached hereto are incorporated herein by this reference.

- Exhibit A - Outline of Premises
- Exhibit B - Rent Payment Address
- Exhibit C - Building Rules and Regulations
- Exhibit D - Tenant Finish-Work: Allowance
- Exhibit E - Form of Confirmation of Commencement Date Letter
- Exhibit F - Form of Tenant Estoppel Certificate
- Exhibit G - Parking
- Exhibit H - Extension Option
- Exhibit I - Cleaning Specifications

25.26 **Prohibited Persons and Transactions.** Tenant represents and warrants that neither Tenant nor any of its affiliates, nor any of their respective partners, members, shareholders or other equity owners, and none of their respective employees, officers, directors, representatives or agents is, nor will they become, a person or entity with whom U.S. persons or entities are restricted from doing business under regulations of the Office of Foreign Assets Control ("OFAC") of the Department of the Treasury (including those named on OFAC's Specially Designated Nationals and Blocked Persons List) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action and is not and will not Transfer this Lease to, contract with or otherwise engage in any dealings or transactions or be otherwise associated with such persons or entities.

25.27 **UBTI and REIT Qualification.** Landlord and Tenant agree that all Rent payable by Tenant to Landlord shall qualify as "rents from real property" within the meaning of both Sections 512(b)(3) and 856(d) of the Internal Revenue Code of 1986, as amended (the "Code") and the U.S. Department of Treasury Regulations promulgated thereunder (the "Regulations"). In the event that Landlord, in its sole and absolute discretion, determines that there is any risk that all or part of any Rent shall not qualify as "rents from real property" for the purposes of Sections 512(b)(3) or 856(d) of the Code and the Regulations promulgated thereunder, Tenant agrees (a) to cooperate with Landlord by entering into such amendment or amendments as Landlord deems necessary to qualify all Rents as "rents from real property," and (b) to permit an assignment of this Lease; provided, however, that any adjustments required pursuant to this Section 25.27 shall be made so as to produce the equivalent Rent (in economic terms) payable prior to such adjustment at no additional cost to Tenant.

25.28 **Appointment of Resident Agent.** For purposes of Section 55-218.1 of the Code of Virginia (1950), as amended, Landlord appoints as its resident agent National Corporate Research, Ltd., whose office address is 13354 Midlothian Turnpike, Midlothian, Virginia 23113-0000. Landlord reserves the right to change its resident agent and/or the address of its resident agent by delivering notice to Tenant.

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25.29 **Deed of Lease.** For purposes of Section 55-2 of the Code of Virginia (1950), as amended, this Lease shall be deemed a deed of lease executed under seal. The parties stipulate that the Premises is being leased exclusively for commercial purposes and that the provisions of Section 55-243 of the Code of Virginia (as amended), or any future statute, pertaining to the redemption of interests under leases shall be inapplicable and any other provision relating to the redemption of interests are hereby waived to the greatest extent permitted by Law.

25.30 **No Construction Contract.** Landlord and Tenant acknowledge and agree that this Lease, including all exhibits a part hereof, is not a construction contract or an agreement collateral to or affecting a construction contract.

26. Other Provisions.

26.1 **Fitness Center.** From and after the Commencement Date, Tenant shall have the non-exclusive use of the Building fitness center (the "**Fitness Center**"), which shall include a men's and women's locker room with showers and towel service and shall be operated and maintained in a manner commensurate with fitness centers located in other Comparable Buildings, for the exclusive use of Landlord, its agents, employees and the office tenants of the Building, including Tenant and its on-site employees; provided, however, that (i) Landlord shall not be required to provide an attendant for the Fitness Center, and (ii) such use shall be at Tenant's sole risk and Landlord assumes no liability therefor. Admission to the Fitness Center will be obtained through the use of the Building access control system. Use of the Fitness Center and the hours of operation thereof will be subject to such rules and regulations as Landlord or its agent may reasonably promulgate, and amend, from time to time. It is understood that no person shall be entitled to use the Fitness Center until (a) such person has signed a waiver of liability to be prepared by Landlord or its agent, and (b) if Landlord charges a fee for the use of the Fitness Center until such person has paid such fee, it being understood and agreed that Landlord shall not charge any fees for use of the Fitness Center, other than for specialty services (e.g., personal training, massage and similar services). Notwithstanding anything contained herein to the contrary, all expenses of operating and maintaining the Fitness Center (including, but not limited to, equipment leases) shall be included in Operating Costs for the Base Year and each subsequent year. Landlord reserves the right to change the location of the Fitness Center within the Building at any time and from time to time so long as such relocated Fitness Center is commensurate with fitness centers located in Comparable Buildings.

26.2 **Conference Center.** From and after the later to occur of (a) the Effective Date, and (b) July 1, 2023, Tenant shall have the non-exclusive use of the Building conference center (the "**Conference Center**") which shall include furniture, a pantry and WiFi connectivity and shall be operated and maintained in a manner commensurate with conference centers located in Comparable Buildings for the use of Landlord, its agents, employees and the office tenants of the Building, including Tenant. Operating costs and expenses for the Conference Center shall be a part of Operating Costs for the Base Year, and shall thereafter be part of Operating Costs. Tenant's use of the Conference Center shall be subject to the following provisions: (a) the use of the Conference Center shall be limited to those parties who physically occupy space in the Building or certain of Tenant's employees visiting the Premises from Tenant's other offices for the purpose of working in the Premises and shall not be available for use by any employee of Tenant who occupies so called "virtual space" on a permanent basis, i.e., utilizes a portion of the services or facilities at the Premises without having any temporary (including hoteling space) or permanent physical office therein (the "**Virtual Users**"), (b) only Tenant's management personnel may schedule any such use by such employees of Tenant, Tenant's Affiliate(s) or Tenant's approved subtenant(s) or assignee(s) who occupy space in the Building, and (c) the scheduling of the Conference Center shall only be for periods of not less than one (1) hour. Landlord shall provide the set-up, break down and cleaning of all chairs, tables and other equipment in the Conference Center used by Tenant and shall provide maintenance service following Tenant's use of the Conference Center, and Tenant shall reimburse Landlord for all costs of such set up, break down, cleaning and maintenance service (including, but not limited to, overtime costs incurred by Landlord) within fifteen (15) business days following Landlord's issuance of an invoice to Tenant for such costs. All costs of (i) operation, use, maintenance and repair of the Conference Center, and (ii) replacement of any of the improvements within the Conference Center which constitute permitted capital improvements shall be includable in Operating Costs, except to the extent charged directly to Tenant pursuant to the immediately preceding sentence of this Section 26.2 or to other tenants of the Building pursuant to similar provisions in their leases. Landlord reserves the right to change the location of the Conference Center within the Building at any time and from time to time so long as such relocated Conference Center is commensurate with conference centers located in Comparable Buildings.

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26.3 **Tenant Lounge.** From and after the Commencement Date, Tenant shall have the non-exclusive use of the Building common tenant lounge area (including the 17th Floor lounge) (the "**Tenant Lounge**"), which shall include furniture, pantry and WiFi connectivity, and shall be operated and maintained in a manner commensurate with tenant lounges located in Comparable Buildings. The Tenant Lounge shall be subject to the following provisions: (a) the use of the Tenant Lounge shall be limited to those parties who physically occupy space in the Building or certain of Tenant's employees visiting the Premises from Tenant's other offices for the purpose of working in the Premises and shall not be available for use by any of Tenant's Virtual Users, (b) the use of the Tenant Lounge shall be on a first-come, first served basis and available to all tenants and other users of the Building, (c) Tenant shall be responsible for causing its employees to use the Tenant Lounge in a manner commensurate with a first-class office building, including, but not

limited to, using the Tenant Lounge solely for the purposes of gathering for meals and cleaning and disposing of any and all food and associated materials in trash receptacles provided by Landlord, and (d) all costs of (i) operation, use, maintenance and repair of the Tenant Lounge and (ii) replacement of any of the improvements within the Tenant Lounge (but not any rental factor) which constitute permitted capital improvements shall be includable in Operating Costs.

26.4 **Bicycle Storage.** From and after the Commencement Date, Tenant shall have the non-exclusive use of a secured bicycle storage area (with access using the Building's access control system), which shall be provided during the Term for use by Building tenants in the Parking Area (the "**Bicycle Storage Area**"). Landlord shall have the right, from time to time, to relocate the Bicycle Storage Area to a different location in the Parking Area. Tenant shall use the Bicycle Storage Area solely for purposes of storing and/or "parking" bicycles. The use of the Bicycle Storage Area shall be subject to such rules and regulations as Landlord may promulgate from time to time. Tenant hereby indemnifies Landlord against, and holds Landlord harmless from, any cost, damage, claim, liability or any other expenses (including, but not limited to, reasonable attorneys' fees) Landlord may suffer arising out of any injury to any employee, agent or any invitee of Tenant in, on or from the Bicycle Storage Area, irrespective of whether any such person is authorized to use the Bicycle Storage Area

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LANDLORD AND TENANT EXPRESSLY DISCLAIM ANY IMPLIED WARRANTY THAT THE PREMISES ARE SUITABLE FOR TENANT'S INTENDED COMMERCIAL PURPOSE, AND TENANT'S OBLIGATION TO PAY RENT HEREUNDER IS NOT DEPENDENT UPON THE CONDITION OF THE PREMISES OR THE PERFORMANCE BY LANDLORD OF ITS OBLIGATIONS HEREUNDER, AND, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, TENANT SHALL CONTINUE TO PAY THE RENT, WITHOUT ABATEMENT, DEMAND, SETOFF OR DEDUCTION, NOTWITHSTANDING ANY BREACH BY LANDLORD OF ITS DUTIES OR OBLIGATIONS HEREUNDER, WHETHER EXPRESS OR IMPLIED.

This Lease is executed under seal as of the Lease Date **Related Parties** (as defined in the **Basic Lease Information**) **Insider Trading Policy**). This term includes certain family members as well as entities you control or influence.

TENANT 4. : **EVOLENT HEALTH, LLC, a Delaware limited liability company**

WITNESS:

By: By:

Name:

Title:

LANDLORD: 1812 HOLDINGS, LLC, a Delaware limited liability company

WITNESS:

By: By:

Name:

Title:

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EXHIBIT A

OUTLINE OF PREMISES

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EXHIBIT B

RENT PAYMENT ADDRESS

If by check, money order, or its equivalent, please mail such items to:

1812 Holdings, LLC
P.O. Box # 419843
Boston, MA 02241-9843
Attention: 1812 Holdings, LLC
Facsimile No.:

(ii) If by wire transfer to:

Payee:	1812 Holdings, LLC
ABA Routing #:	026009593
For Account:	
Account #:	483043659886
Bank Contact:	Bank of America 101 S. Tryon St. Charlotte, NC 28255 Phone: 704-388-1995

(iii) If by ACH to:

Payee:	1812 Holdings, LLC
ABA Routing #:	021000322
For Account:	
Account #:	483043659886
Bank Contact:	Bank of America 101 S. Tryon St. Charlotte, NC 28255 Phone: 704-388-1995

(iv) If by overnight mail to:

Bank of America Lockbox Services
1812 HOLDINGS, LLC
419843
MA5-527-02-07
2 Morrissey Blvd
Dorchester, MA 02125
Attention: 1812 Holdings, LLC
Facsimile No.:

EXHIBIT C

BUILDING RULES AND REGULATIONS

The following rules and regulations shall apply **Former Specified Persons Must Continue** to the Premises, the Building, any parking garage or other parking lot or facility associated therewith, and the appurtenances thereto:

1. Sidewalks, doorways, vestibules, halls, stairways, and other similar areas shall not be obstructed by tenants or used by any tenant **Pre-Clear All Proposed Transactions in Company Securities** for purposes other than ingress and egress to and from their respective leased premises and for going from one to another part of the Building. The halls, passages, exits, entrances, elevators, stairways, balconies and roof are not for the use of the general public and Landlord shall, in all cases, retain the right to control and prevent access thereto by all persons whose presence in the judgment of Landlord, reasonably exercised, shall be prejudicial to the safety, character, reputation and interests of the Project. No Tenant Party shall go upon the roof of the Project.

2. Landlord reserves the right to exclude **Six Months** from the Project at all times other than normal business hours all persons who do not present **Day they Are No Longer** a pass to the Project on a form or card approved by Landlord. Tenant shall be responsible for all of its employees, agents, invitees and guests who have been issued a pass at the request of Tenant and shall be liable to Landlord for all acts of such persons.

3. Plumbing, fixtures and appliances shall be used only for the purposes for which designed, and no sweepings, rubbish, rags or other unsuitable material shall be thrown or deposited therein. Damage resulting to any such fixtures or appliances from misuse by a tenant or its agents, employees or invitees, shall be paid by such tenant.

4. No signs, advertisements or notices (other than those that are not visible outside the Premises) shall be painted or affixed on or to any windows or doors or other part of the Building without the prior written consent of Landlord. No nails, hooks or screws (other than those which are necessary to hang paintings, prints, pictures, or other similar items on the Premises' interior walls) shall be driven or inserted in any part of the Building except by Building maintenance personnel. No curtains or other window treatments shall be placed between the glass and the Building standard window treatments.

5. Landlord shall provide all door locks at the entry of each tenant's leased premises, at the cost of such tenant, and no tenant shall place any additional door locks in its leased premises without Landlord's prior written consent except as provided in the Lease. Landlord shall furnish to each tenant a reasonable number of keys and/or access cards to such tenant's leased premises, at such tenant's cost, and no tenant shall make a duplicate thereof. Replacement keys and/or access cards shall be provided on a reasonable basis and at Tenant's cost.

6. Movement in or out of the Building of furniture or office equipment, or dispatch or receipt by tenants of any bulky material, merchandise or materials which require use of elevators or stairways, or movement through the Building entrances or lobby shall be conducted under Landlord's supervision at such times and in such a manner as Landlord may reasonably require. Each tenant assumes all risks of and shall be liable for all damage to articles moved and injury to persons or public engaged or not engaged in such movement, including equipment, property and personnel of Landlord if damaged or injured as a result of acts in connection with carrying out this service for such tenant.

7. Landlord may prescribe weight limitations and determine the locations for safes and other heavy equipment or items, which shall in all cases be placed in the Building so as to distribute weight in a manner acceptable to Landlord which may include the use of such supporting devices as Landlord may require. All damages to the Building caused by the installation or removal of any property of a tenant, or done by a tenant's property while in the Building, shall be repaired at the expense of such tenant.

8. Corridor doors, when not in use, shall be kept closed. Nothing shall be swept or thrown into the corridors, halls, elevator shafts or stairways. No bicycles, birds or animals (other than those that are medically necessary) shall be brought into or kept in, on or about any tenant's leased premises. No portion of any tenant's leased premises shall at any time be used or occupied as sleeping or lodging quarters or for any immoral, disreputable or illegal purposes.

9. Tenant shall cooperate with Landlord's employees in keeping its leased premises neat and clean. Tenants shall not employ any person for the purpose of such cleaning other than the Building's cleaning and maintenance personnel.

10. To ensure orderly operation of the Building, no ice, mineral or other water, towels, newspapers, etc. shall be delivered to any leased area except by persons approved by Landlord.

11. Tenant shall not make or permit any vibration or improper, objectionable or unpleasant noises or odors in the Building or otherwise interfere in any way with other tenants or persons having business with them.

12. No machinery or appliances of any kind (other than normal office equipment and normal break room appliances) shall be operated by any tenant on its leased area without Landlord's prior written consent, nor shall any tenant use or keep in the Project any flammable or explosive fluid or substance (other than typical office supplies [e.g., photocopier toner] used in compliance with all Laws).

13. Landlord will not be responsible for lost or stolen personal property, money or jewelry from tenant's leased premises or public or common areas regardless of whether such loss occurs when the area is locked against entry or not.

14. No vending or dispensing machines of any kind may be maintained in any leased premises without the prior written permission of Landlord.

15. Tenant shall not conduct any activity on or about the Premises or Building which will draw pickets, demonstrators, or the like.

16. All vehicles are to be currently licensed, in good operating condition, parked for business purposes having to do with Tenant's business operated in the Premises, parked within designated parking spaces, one vehicle to each space. No vehicle shall be parked as a "billboard" vehicle in the parking lot. Any vehicle parked improperly may be towed away. Tenant, Tenant's agents, employees, vendors and customers who do not operate or park their vehicles as required shall subject the vehicle to being towed at the expense of the owner or driver. Landlord may place a "boot" on the vehicle to immobilize it and may levy a charge of Fifty Dollars (\$50.00) to remove the "boot." Tenant shall indemnify, hold and save harmless Landlord of any liability arising from the towing or booting of any vehicles belonging to a Tenant Party.

17. No tenant may enter into phone rooms, electrical rooms, mechanical rooms, or other service areas of the Building unless accompanied by Landlord or the Building manager.

18. Tenant will not permit any Tenant Party to bring onto the Project any handgun, firearm or other weapons of any kind, marijuana, cannabis-based products, illegal drugs or, unless expressly permitted by Landlord in writing, alcoholic beverages.

19. Tenant shall not permit any Tenant Party to smoke (including the use of any form of tobacco, marijuana, cannabis-based products, e-cigarette, electronic cigarette, personal vaporizer or electronic nicotine delivery system) in the Premises or anywhere else on the Project, except for tobacco products in any Landlord-designated smoking area outside the Building. Tenant shall cooperate with Landlord in enforcing this prohibition and use its best efforts in supervising each Tenant Party in this regard.

20. Tenant shall not allow any Tenant Party to use any type of portable space heater in the Premises or the Building.
21. Only artificial holiday decorations may be placed in the Premises, no live or cut trees or other real holiday greenery may be maintained in the Premises or the Building.
22. Tenant shall not park or operate any semi-trucks or semi-trailers in the parking areas associated with the Building.
23. Tenant shall cooperate fully with Landlord to assure the most effective operation of the Premises or the Project's heating and air conditioning, and shall refrain from attempting to adjust any controls, other than room thermostats installed for Tenant's use. Tenant shall keep corridor doors closed and shall turn off all lights before leaving the Project at the end of the day.
24. Without the prior written consent of Landlord, Tenant shall not use the name of the Project or any picture of the Project in connection with, or in promoting or advertising the business of, Tenant, except Tenant may use the address of the Project as the address of its business.
25. Canvassing, soliciting and peddling within the Project is prohibited, and Tenant shall cooperate in preventing such activities.
26. Tenant shall comply with any recycling programs implemented by Landlord from time to time with respect to the Project.
27. Tenant shall not exhibit, sell or offer for sale, rent or exchange in the Premises or at the Project any article, thing or service to the general public or anyone other than Tenant's employees without the prior written consent of Landlord.
28. Tenant shall ensure that all portions of the leased premises visible from any interior Building common areas are lighted at all times during normal business hours regardless of whether the leased premises are occupied.

EXHIBIT D

TENANT FINISH-WORK: ALLOWANCE

(Landlord Performs the Work)

1. **Acceptance of Premises.** Tenant accepts the Premises in their "AS-IS" condition on the date that this Lease is entered into; provided, however, Landlord represents that as of such date, the Building shall be watertight, free of Hazardous Materials and the Building's Systems shall be in good working order. Other than as provided for herein in this Exhibit D, Landlord shall have no obligation to perform any work in the Premises (including demolition of any improvements existing therein or construction of any tenant finish-work or other improvements therein), and, except as set forth in this Exhibit D, shall not be obligated to reimburse Tenant or provide an allowance for any costs related to the demolition or construction of improvements therein. Landlord shall engage RAND Construction as Tenant's general contractor for the Work (as hereinafter defined). Tenant hereby acknowledges that the Work shall be performed while Tenant is in occupancy of the Premises, and Landlord's actions in connection with such Work shall in no way constitute a constructive eviction of Tenant or entitle Tenant to any abatement of rent. Landlord shall have no responsibility or for any reason be liable to Tenant for any direct or indirect injury to or interference with Tenant's business arising from the performance of the Work, nor shall Tenant be entitled to any compensation or damages from Landlord for any inconvenience or annoyance occasioned by such construction or Landlord's actions in connection with such construction. Tenant acknowledges that Landlord and Tenant may have to relocate items of Tenant's furniture, equipment, and personal property in order for Landlord to complete the Work, and that Tenant will be responsible for packing and unpacking any such items, which may cause temporary inconvenience in the use of the Premises during the performance of such Work, and Tenant agrees to coordinate with Landlord's property manager and to cooperate fully with such activities.

2. **Space Plans.** Not later than ten (10) business days following the Effective Date (such date is referred to herein as the "**Space Plans Delivery Deadline**"), Tenant shall deliver to Landlord a complete design plan depicting the desired improvements to the Premises and complete specifications to be installed in the Premises (the "**Space Plans**").

3. **Working Drawings.**

3.1 **Preparation and Delivery.** Following the date that the Space Plans are delivered to Landlord, Landlord shall engage Avison Young as its architect and project manager (the "**Architect**") and cause the Architect to review and correct the Space Plans so that they can be converted into draft working drawings ("**Draft Working Drawings**") of all improvements to be installed in the Premises. Not later than thirty (30) days following Landlord's receipt of the Space Plans from Tenant, Landlord or the Architect shall thereafter deliver the Draft Working Drawings to Tenant for its review and approval (which approval shall not be unreasonably withheld, delayed or conditioned in accordance with Section 3.2 below). Landlord shall engage WB Engineering for mechanical, electrical, and plumbing design modifications required in connection with the Work, if any.

3.2 **Approval Process.** Tenant shall notify Landlord in writing whether it approves of the submitted Draft Working Drawings within seven (7) business days after Landlord's submission thereof. If Tenant disapproves of such Draft Working Drawings, then Tenant shall notify Landlord thereof specifying in reasonable detail the reasons for such disapproval, in which case Landlord shall revise such Draft Working Drawings and submit the revised Draft Working Drawings to Tenant for its review and approval; provided, however, that with respect to items affecting the Building Structure or Building Systems, Landlord shall have the right to reject Tenant's requested changes in Landlord's sole and absolute discretion. Tenant shall notify Landlord in writing whether it approves of the resubmitted Draft Working Drawings within three (3) business days after its receipt thereof. This process shall be repeated until the Draft Working Drawings have been finally approved by Landlord and Tenant. If Tenant fails to notify Landlord that it disapproves of the Draft Working Drawings within seven (7) business days (or, in the case of resubmitted Draft Working Drawings, within three (3) business days) after the submission thereof, then Tenant shall be deemed to have approved the Draft Working Drawings in question.

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3.3 Landlord's Approval; Performance of Work. Landlord's approval of the Draft Working Drawings shall not be unreasonably withheld, provided that (a) they comply with all Laws, (b) the improvements depicted thereon do not (1) affect (in the sole discretion of Landlord) the Building's Structure or the Building's Systems (including, but not limited to, the Project's restrooms or mechanical rooms), or (2) affect (in the sole discretion of Landlord) (A) the exterior appearance of the Project, (B) the appearance of the Project's common areas or elevator lobby areas, or (C) the provision of services to other occupants of the Project, (c) such Draft Working Drawings are sufficiently detailed to allow construction of the improvements and associated work in a good and workmanlike manner for the entire Premises, and (d) the improvements depicted thereon conform to the rules and regulations promulgated from time to time by Landlord for the construction of tenant improvements. As used herein, "**Working Drawings**" means the final version of the Draft Working Drawings once they have been approved by Landlord, as amended from time to time by any Landlord approved changes thereto, and "**Work**" means all improvements to be constructed in accordance with and as indicated on the Working Drawings, together with any work required by governmental authorities to be made to other areas of the Project as a result of the improvements indicated by the Working Drawings. Landlord's approval of the Working Drawings shall not be a representation or warranty of Landlord that such drawings are adequate for any use or comply with any Law, but shall merely be the consent of Landlord thereto. Tenant shall, at Landlord's request, sign the Working Drawings to evidence its review and approval thereof. After the Working Drawings have been approved, Landlord shall cause the Work to be performed in substantial accordance with the Working Drawings.

4. Change Orders. Landlord shall, following completion of the Work, cause to be prepared architectural, mechanical, electrical and plumbing "as-built" plans of the Work as constructed in both blueprint and electronic CADD format, which plan shall be incorporated into this **Exhibit D** by this reference for all purposes. If Tenant requests any changes to the Work described in the Space Plans or the Working Drawings, then any increased costs and any additional design costs incurred in connection therewith as the result of any such change shall be added to the Total Construction Costs.

5. Substantial Completion. As used herein "**Substantial Completion**," "**Substantially Completed**," and any derivations thereof mean the Work in the Premises is substantially completed (as reasonably determined by Landlord) in substantial accordance with the Working Drawings and Landlord has obtained a certificate of occupancy for the Premises on behalf of Tenant. Substantial Completion shall have occurred even though minor punch-list details of construction, decoration, landscaping and mechanical adjustments remain to be completed by Landlord, or (iii) Landlord has not installed any custom or specialty items requested by Tenant for the Work or other items which cannot be completed until said custom or specialty items are delivered, or the Work requiring use of such items is completed.

6. Walk-Through; Punchlist. When Landlord considers the Work in the Premises to be Substantially Completed, Landlord will notify Tenant and, within three (3) business days thereafter, Landlord's representative and Tenant's representative shall conduct a walk-through of the Premises and identify any necessary touch-up work, repairs and minor completion items that are necessary for final completion of the Work. Neither Landlord's representative nor Tenant's representative shall unreasonably withhold his or her agreement on punchlist items. Landlord shall use reasonable efforts to cause the general contractor to complete all punchlist items within thirty (30) days after agreement thereon; however, Landlord shall not be obligated to engage overtime labor in order to complete such items.

7. Excess Costs. Tenant shall pay the entire amount by which the Total Construction Costs (hereinafter defined) exceed the Construction Allowance (hereinafter defined) (such excess amount being referred to herein as the "**Excess Amount**"). Upon approval of the Working Drawings as described in Section 3.1 above, Tenant shall promptly (a) execute a work order agreement prepared by Landlord which identifies such drawings and itemizes the Total Construction Costs and sets forth the Construction Allowance, and (b) pay to Landlord Landlord's estimate of the Excess Amount within fifteen (15) days of Landlord's invoice therefor and prior to the date on which Landlord submits for building permits necessary for the construction of the Work. Upon Substantial Completion of the Work, Tenant shall pay to Landlord any remaining unpaid portion of the Excess Amount. In the event of default of payment of any portion of the Excess Amount, Landlord (in addition to all other remedies) shall have the same rights as for an Event of Default under this Lease. As used herein, "**Total Construction Costs**" means the entire cost of performing the Work, including design of and space planning for the Work and preparation of the Working Drawings (including, but not limited to, all costs of the Architect engaged by Landlord) and the final "as-built" plan of the Work, costs of construction labor and materials, electrical usage during construction, additional janitorial

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services, standard building directory and suite tenant signage, related taxes and insurance costs, licenses, permits, certifications, surveys and other approvals required by Law, any applicable governmental fees, and the construction supervision fee referenced in Section 9 of this Exhibit.

8. Construction Allowance. Landlord shall provide to Tenant a construction allowance not to exceed Seven and 50/100 Dollars (\$7.50) per rentable square foot in the Premises (the "**Construction Allowance**") to be applied toward the Work. The Construction Allowance shall not be disbursed to Tenant in cash, but shall be applied by Landlord to the payment of the Total Construction Costs, if, as, and when the cost of the Work is actually incurred and paid by Landlord. The Construction Allowance must be used (that is, the Work must be fully completed and the Construction Allowance disbursed) within twelve (12) months following the Commencement Date or shall be deemed forfeited with no further obligation by Landlord with respect thereto, time being of the essence with respect thereto. Landlord shall have no obligation to fund any portion of the Tenant Allowance at any time that Tenant is in default under the Lease.

9. **Construction Supervision Fee.** Any third party fees incurred by Landlord in conjunction with its construction supervision/coordination and, in addition, Tenant shall pay to Landlord a construction supervision fee equal to one percent (1%) of the total Hard Costs (as hereinafter defined), which costs shall be paid from the Construction Allowance, to the extent sufficient for the same, otherwise Tenant shall reimburse Landlord for such costs on demand. As used herein, the "**Hard Costs**" shall mean the following costs incurred in connection with the Work: all design costs, architectural and engineering fees, construction, permits, construction management fees, project management fees, costs of materials, labor and materials, construction document costs, telecommunications and data cabling and wiring, and Tenant's security equipment.

10. **Construction Representatives.** Landlord's and Tenant's representatives for coordination of construction and approval of change orders will be as follows, provided that either party may change its representative upon written notice to the other:

Landlord's Representative:

Jennifer Burns
c/o Monday Properties
1000 Wilson Boulevard, Suite 700
Arlington, Virginia 22209
Telephone: 703-284-0200
Email: jburns@mondayre.com

Tenant's Representative:

Heidi Lambert
c/o Evolent Health, LLC
1812 N Moore Street, Suite 1705
Arlington VA 22209
Telephone: 571-302-0459
Email: HLambert@evolent.com

11. **Miscellaneous.** To the extent not inconsistent with this Exhibit, Sections 8 and 21 of this Lease shall govern the performance of the Work and Landlord's and Tenant's respective rights and obligations regarding the improvements installed pursuant thereto.

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EXHIBIT E

CONFIRMATION OF COMMENCEMENT DATE

_____, 202__

_____, Suite _____
Rosslyn, VA _____

Re: Deed of Lease Agreement (the "**Lease**") dated _____, between 1812 HOLDINGS, LLC, a Delaware limited liability company ("**Landlord**"), and EVOLENT HEALTH, LLC a Delaware limited liability company ("**Tenant**"). Capitalized terms used herein but not defined shall be given the meanings assigned to them in the Lease.

Ladies and Gentlemen:

Landlord and Tenant agree as follows:

1. **Condition of Premises.** Tenant has accepted possession of the Premises pursuant to the Lease. Any improvements required by the terms of the Lease to be made by Landlord have been completed to the full and complete satisfaction of Tenant in all respects, and Landlord has fulfilled all of its duties under the Lease with respect to such initial tenant improvements. Furthermore, Tenant acknowledges that the Premises are suitable for the Permitted Use.

2. **Commencement Date.** The Commencement Date of the Lease is _____, 202__.

3. **Expiration Date.** The Term is scheduled to expire on _____, 20__, which is the last day of the _____^{th/nd/st/rd} full calendar month following the Commencement Date.

4. **Ratification.** Tenant hereby ratifies and confirms its obligations under the Lease, and represents and warrants to Landlord that it has no defenses thereto. Additionally, Tenant further confirms and ratifies that, as of the date hereof, (a) the Lease is and remains in good standing and in full force and effect, and (b) Tenant has no claims, counterclaims, set-offs or defenses against Landlord arising out of the Lease or in any way relating thereto or arising out of any other transaction between Landlord and Tenant.

5. **Binding Effect; Governing Law.** Except as modified hereby, the Lease shall remain in full effect and this letter shall be binding upon Landlord and Tenant and their respective successors and assigns. If any inconsistency exists or arises between the terms of this letter and the terms of the Lease, the terms of this letter shall prevail. This letter shall be governed by the laws of the state in which the Premises are located.

Please indicate your agreement to the above matters by signing this letter in the space indicated below and returning an executed original to us.

Sincerely,

_____, a _____, on behalf of Landlord

By:

Name:

Title:

Agreed and accepted:

EVOLENT HEALTH, LLC, a Delaware limited liability company

By:

Name:

Title:

EXHIBIT F

FORM OF TENANT ESTOPPEL CERTIFICATE

The undersigned is the Tenant under the Lease (defined below) between _____, a _____, as Landlord, and the undersigned as Tenant, for the Premises on the _____ floor(s) of the building located at _____, _____ and commonly known as _____, and hereby certifies as follows:

1. The Lease consists of the original Deed of Lease Agreement dated as of _____, 20____, between Tenant and Landlord[*s predecessor-in-interest*] and the following amendments or modifications thereto (if none, please state "none"):

The documents listed above are herein collectively referred to as the "**Lease**" and represent the entire agreement between the parties with respect to the Premises. All capitalized terms used herein but not defined shall be given the meaning assigned to them in the Lease.

2. The Lease is in full force and effect and has not been modified, supplemented or amended in any way except as provided in Section 1 above.

3. The Term commenced on _____, 20____, and the Term expires, excluding any extension options, on _____, 20____, and Tenant has no option to purchase all or any part of the Premises or the Building or, except as expressly set forth in the Lease, any option to terminate or cancel the Lease.

4. Tenant currently occupies the Premises described in the Lease and Tenant has not transferred, assigned, or sublet any portion of the Premises nor entered into any license or concession agreements with respect thereto except as follows (if none, please state "none"):

5. All monthly installments of Basic Rent, all Additional Rent and all monthly installments of estimated Additional Rent have been paid when due through _____. The current monthly installment of Basic Rent is \$_____.

6. All conditions of the Lease to be performed by Landlord necessary to the enforceability of the Lease have been satisfied and Landlord is not in default thereunder. In addition, Tenant has not delivered any notice to Landlord regarding a default by Landlord thereunder.

7. As of the date hereof, there are no existing defenses or offsets, or, to Tenant's knowledge, claims or any basis for a claim, that Tenant has against Landlord and no event has occurred and no condition exists, which, with the giving of notice or the passage of time, or both, will constitute a default under the Lease.

8. No rental has been paid more than 30 days in advance and no security deposit has been delivered to Landlord except as provided in the Lease.

9. If Tenant is a corporation, partnership or other business entity, each individual executing this Estoppel Certificate on behalf of Tenant hereby represents and warrants that Tenant is and will remain during the Term a duly formed and existing entity qualified to do business in the state in which the Premises are located and that Tenant has full right and authority to execute and deliver this Estoppel Certificate and that each person signing on behalf of Tenant is authorized to do so.

10. There are no actions pending against Tenant under any bankruptcy or similar laws of the United States or any state.

11. Other than in compliance with all applicable laws and incidental to the ordinary course of the use of the Premises, Tenant has not used or stored any hazardous substances in the Premises.

12. All tenant improvement work to be performed by Landlord under the Lease has been completed in accordance with the Lease and has been accepted by Tenant and all reimbursements and allowances due to Tenant under the Lease in connection with any tenant improvement work have been paid in full.

Tenant acknowledges that this Estoppel Certificate may be delivered to Landlord, Landlord's Mortgagee or to a prospective mortgagee or prospective purchaser, and their respective successors and assigns, and acknowledges that Landlord, Landlord's Mortgagee and/or such prospective mortgagee or prospective purchaser will be relying upon the statements contained herein in disbursing loan advances or making a new loan or acquiring the property of which the Premises are a part and that receipt by it of this certificate is a condition of disbursing loan advances or making such loan or acquiring such property.

Executed as of _____, 20__.

TENANT: _____, a

By:

Name:

Title:

EXHIBIT G

PARKING

Tenant shall be provided a total of nine (9) parking access cards permitting Tenant to use up to nine (9) unreserved parking spaces in the parking facilities designated by Landlord for the Building from time to time (the "**Parking Area**") subject to such terms, conditions and regulations as are from time to time applicable to patrons of the Parking Area. Notwithstanding the foregoing, Landlord does not guarantee the availability of such monthly parking permits to Tenant during the second (2nd) or any subsequent month of the Term if and to the extent that Tenant does not purchase such monthly parking permits during the first (1st) month and each subsequent month of the Term. Regardless of whether Tenant elects to use such parking spaces, Tenant shall pay to Landlord, contemporaneously with the payment of Basic Rent, parking rent (plus all applicable taxes) during the Term equal to the rate then established by Landlord for reserved and unreserved parking spaces, as applicable, in the Parking Area for each such parking access card, which rate is subject to adjustment by Landlord from time to time throughout the Term and any extensions thereof. As of the Lease Date, the rates for reserved and unreserved parking spaces are as follows:

Monthly Rent per Unreserved Parking Access Card	Monthly Rent per Reserved Parking Access Card
\$180.00	\$340.00

Tenant shall at all times comply with all Laws respecting the use of the Parking Area. Landlord reserves the right to adopt, modify, and enforce rules and regulations governing the use of the Parking Area from time to time including, but not limited to, designation of assigned parking spaces, requiring use of any key-card, sticker, or other identification or entrance systems and charging a fee for replacement of any such key-card sticker or other item used in connection with any such system and hours of operations. The Parking Area will remain open on Monday through Friday (excluding Holidays) and during the Building Hours. Landlord reserves the right to close the Parking Area during periods of unusually inclement weather or for repairs. At all times when the Parking Area is closed, monthly permit holders shall be afforded access to the Parking Area by means of a magnetic card or other procedure provided by Landlord. Landlord reserves the right to institute either a valet parking system or a self-parking system. Any violation of the applicable rules and regulations or failure by Tenant to pay parking fees will constitute a default under the Lease. Upon any such default that continues beyond the expiration of any applicable notice and cure period, in addition to Landlord's other rights and remedies, Landlord may refuse to permit any person who violates such rules and regulations to park in the Parking Area, and any violation of the rules and regulations shall subject the car to removal from the Parking Area.

Unless specified to the contrary above, the parking spaces provided hereunder shall be provided on an unreserved, "first-come, first served" basis. Tenant acknowledges that Landlord has arranged or may arrange for the Parking Area to be operated by an independent contractor, which may or may not be affiliated with Landlord. Tenant's customers and visitors shall pay the then current hourly parking fees established by Landlord and/or the Parking Area operator, as adjusted from time to time, for the privilege of using the Parking Area. The foregoing shall in no way be construed to impose upon Landlord any obligation to provide customer parking for Tenant.

All motor vehicles (including all contents thereof) shall be parked in the Parking Area at the sole risk of Tenant and each other Tenant Party, it being expressly agreed and understood Landlord has no duty to insure any of said motor vehicles (including the contents thereof), and Landlord is not responsible for the protection and security of such vehicles or any of personal property that may be located in such vehicles. If, for any reason, Landlord does not provide all or any portion of the parking spaces to which Tenant is entitled hereunder, then Tenant's obligation to pay for such parking spaces shall be abated for so long as Tenant does not have the use thereof; this abatement shall be in full settlement of all claims that Tenant might otherwise have against Landlord because of Landlord's failure or inability to provide Tenant with such parking spaces. Landlord shall not be responsible for enforcing Tenant's parking rights against any third parties. **NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, LANDLORD SHALL HAVE NO LIABILITY WHATSOEVER FOR ANY PROPERTY DAMAGE OR LOSS WHICH MIGHT OCCUR ON THE PARKING AREA OR AS A RESULT OF OR IN CONNECTION WITH THE PARKING OF MOTOR VEHICLES IN ANY OF THE PARKING SPACES.**

Tenant shall not assign, sublet or transfer any parking permits. Any attempted assignment, sublet, or transfer shall be void.

EXHIBIT H

EXTENSION OPTION

1. **Renewal Period.** Provided that Tenant is not then in default (or, if Tenant is then in default, then provided it cures the default prior to the expiration of any applicable notice and cure period set forth in the Lease) and there have not been more than two (2) Events of Default during the prior two (2) years, in each case both at the time of exercise of the Renewal Option (as hereinafter defined), and at the commencement of the Renewal Period (as hereinafter defined), and Tenant is then in occupancy of the Premises then being leased by Tenant, both at the time of exercise of the Renewal Option, and at the time of the commencement of the Renewal Period, Tenant shall have one (1) option (the "**Renewal Option**") to extend the Term for one (1) additional period of five (5) years (the "**Renewal Period**"), by delivering binding written notice of the exercise thereof to Landlord not earlier than 18 months nor later than 12 months before the expiration of the Term. The Basic Rent payable for each month during such Renewal Period shall be the prevailing rental rate (the "**Prevailing Rental Rate**"), at the commencement of such Renewal Period, which shall be the rent for comparable office space in comparable buildings in Rosslyn, Virginia, taking into account such market concessions, if any, as are then being offered by landlords to renewal tenants leasing comparable office space in comparable buildings in Rosslyn, Virginia. In the event that Tenant does not timely exercise the Renewal Option, said Renewal Option shall be null and void and of no further force or effect, time being of the essence in the exercise of the Renewal Option and it being acknowledged and agreed by Tenant that Landlord shall be entitled to rely on any failure by Tenant to give written notice of its exercise of its Renewal Option by the date set forth herein for such exercise thereof.

2. **Tenant's Acceptance of Prevailing Rental Rate Specified Person.** In the event that Tenant does timely exercise a Specified Person retires, resigns, is terminated or undergoes any other change in his or her relationship with the Renewal Option, then, following receipt of Tenant's notice Company such that the person is no longer a Specified Person, that person must continue to extend, Landlord shall deliver pre-clear any proposed transaction in Company Securities with the Clearance Officer for six months from the day he or she ceases being a Specified Person. Certain reporting requirements may continue to Tenant written notice apply during this period.

5. **Stock Ownership Reporting Requirements.** One purpose of the Prevailing Rental Rate preclearance requirement is to help you to comply with your reporting obligations. The Clearance Officer will assist in preparing and shall advise Tenant filing most forms. You or your broker should not file a Form 3, 4, 5, or 144 described below without consulting with the Clearance Officer. You should, however, be familiar generally with the following reporting requirements:

(a) **Section 16 Compliance.** All directors and Section 16 Officers of the Company are required adjustment under Section 16 of the Exchange Act to Basic Rent, report their initial beneficial ownership, and most changes to their beneficial ownership, of the Equity Securities to the Securities and Exchange Commission (the "**SEC**"). Reporting may be required with respect to Equity Securities held in the name of the spouse or minor children of a director or Section 16 Officer. Reporting may also be required with respect to Equity Securities held in the name of other persons who are members of the director's and Section 16 Officer's household or financially supported by the director or Section 16 Officer (regardless of whether these other persons are related or unrelated to the director or Section 16 Officer). Reporting may also be required of Equity Securities held by a trust for which a director or Section 16 Officer is a trustee or beneficiary, or Equity Securities held by a company in which such person has a controlling interest or a partnership in which such person has an interest. Reportable transactions include acquisitions and dispositions of Equity Securities through gifts, inheritances, stock option grants and exercises, and stock awards under incentive or bonus plans. Furthermore, changes in the nature of such ownership (e.g., from direct to indirect) of Equity Securities, including through the transfer of shares to or from a trust, are likewise reportable.

The SEC requires three forms to be used by directors and Section 16 Officers to satisfy these reporting requirements:

(i) **Form 3 (Initial Report):** Directors and Section 16 Officers must file a Form 3 with the SEC, even if they hold no Equity Securities, within 10 calendar days of becoming a director or Section 16 Officer.

(ii) **Form 4:** Directors and Section 16 Officers must file a Form 4 with the SEC within two business days of most changes in their beneficial ownership of Equity

Annex A – 2

Securities, including dispositions of Equity Securities by *bona fide* gifts, or any changes in the beneficial ownership of others whose holdings may be attributed to such person, such as the Equity Securities held by the spouse or minor children of a director or Section 16 Officer or those held by other persons who are members of the director's or Section 16 Officer's household or financially supported by the director or Section 16 Officer (regardless of whether these other persons are related or unrelated to the director or Section 16 Officer). If such change in beneficial ownership results from a

transaction pursuant to a Rule 10b5-1 trading plan, the “check box” on Form 4 indicating that the trade was made pursuant to a trading plan must be checked.

(iii) **Form 5:** Directors and Section 16 Officers may have to file a Form 5 with the SEC within 45 calendar days following the end of each fiscal year of the Company. Like all of the SEC's reporting requirements, the requirements for filing a Form 5 are technical and you should consult with your broker and the other terms and conditions offered. Tenant shall, within thirty (30) days after receipt of Landlord's notice, notify Landlord in writing whether Tenant accepts or rejects Landlord's determination. Clearance Officer to discuss these requirements as the end of the Prevailing Rental Rate. If, after Tenant exercises fiscal year approaches. You should be aware that a Form 5 is generally filed for holdings and transactions in Equity Securities that *did not have to be* previously reported, and/or those holdings and transactions that *should have been* previously reported but were not.

Each director and Section 16 Officer may execute a power of attorney giving the Renewal Option, Tenant fails Clearance Officer or his designee the authority to sign Forms 3, 4 and 5 on his or her behalf to facilitate timely notify Landlord in writing that Tenant accepts or rejects Landlord's determination filings.

(b) **Section 16(b) Short-Swing Trading Disgorgement.** Directors and Section 16 Officers are subject to Section 16(b) of the Prevailing Rental Rate, time being Exchange Act, which generally requires such persons to disgorge to the Company any “short-swing profits” from purchases and sales of Company Securities (or vice versa) effected within a period of less than six months.

(c) **Rule 144 Compliance.** All directors and Section 16 Officers of the essence with respect thereto, then, at Landlord's option, (a) Tenant's rights under this Exhibit H shall terminate and Tenant shall have no right to extend the Term; or (b) Tenant shall be deemed to have irrevocably renewed the Term and to have accepted Landlord's determination of the Prevailing Rental Rate.

3. **Three Broker Method.** If Tenant timely delivers written notice to Landlord that Tenant rejects Landlord's determination of the Prevailing Rental Rate, time being of the essence with respect thereto, and within thirty (30) days following delivery of Tenant's notice, Landlord and Tenant have not mutually agreed on the Prevailing Rental Rate for the Renewal Period, then within ten (10) days after the expiration of such thirty-day period, each party shall give written notice to the other setting forth the name and address of a Broker (as hereinafter defined) selected by such party who has agreed to act in such capacity, to determine the Prevailing Rental Rate. If either party shall fail to select a Broker as aforesaid, the Prevailing Rental Rate shall be determined by the Broker selected by the other party. Each Broker shall thereupon independently make his determination of the Prevailing Rental Rate within twenty (20) days after the appointment of the second Broker. If the two Brokers' determinations are not the same, but the higher of such two values is not more than one hundred five percent (105%) of the lower of them, then the Prevailing Rental Rate shall Company may be deemed to be the average affiliates of the two values. If Company and, therefore, must comply with the higher requirements of such two values is more than one hundred five percent (105% Rule 144 under the Securities Act of 1933 (“Rule 144”).

6. **Filing Responsibilities: The Ultimate Responsibility Rests with You.** While the policies and procedures set forth herein are intended to help directors and Section 16 Officers comply with the requirements of the lower of them, then the two Brokers shall jointly appoint a third Broker within ten (10) days after the second of the two determinations described above has been rendered. The third Broker shall independently make his determination of the Prevailing Rental Rate within twenty (20) days after his appointment. The highest federal securities laws, directors and the lowest determinations of value among the three Brokers shall be disregarded Section 16 Officers should recognize that legally it remains their obligation to see that their filings are made correctly and the remaining determination shall be deemed to be the Prevailing Rental Rate. on time, and that they do not engage in unlawful short-swing or insider trading transactions.

For the purposes of this Exhibit H, “Broker” shall mean a real estate broker or salesperson licensed in the Commonwealth of Virginia, who has been regularly engaged in such capacity in the business of commercial office leasing in Rosslyn, Virginia for at least ten (10) years immediately preceding such person's appointment hereunder. Each party shall pay for the cost of its Broker and one-half of the cost of the third Broker.

Annex A – 3

Annex B

Guidelines for Rule 10b5-1 Plans

4. Rule 10b5-1 under the Exchange Act provides a defense from insider trading liability under Rule 10b-5. In order to be eligible to rely on this defense, a person subject to this Policy must enter into a Rule 10b5-1 plan for transactions in Company Securities (as defined in the Policy) that meets certain conditions specified in the Rule (a “Amendment Rule 10b5-1 Plan”). Within thirty (30) If the plan meets the requirements of Rule 10b5-1, transactions in Company Securities may occur without regard to certain insider trading restrictions. In general, a Rule 10b5-1 Plan must be entered into at a time when the person entering into the plan is not aware of material nonpublic information. Once the plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party.

A Rule 10b5-1 plan must include a cooling-off period before trading can commence that, for directors or Section 16 Officers, ends on the later of 90 days after the adoption of the Rule 10b5-1 plan or two business days following the disclosure of the Company's financial results in an SEC periodic report for the fiscal quarter in which the plan was adopted (but in any event, the required cooling-off period is subject to a maximum of 120 days after adoption of the plan), and for persons other than directors or Section 16 Officers, 30 days following the adoption or modification of a Rule 10b5-1 plan. A person may not enter into overlapping Rule 10b5-1 plans (subject to written extension by Landlord) after certain exceptions) and may only enter into one single-trade Rule 10b5-1 plan during any 12-month period (subject to certain exceptions). Directors and Section 16 Officers must include a representation in their Rule 10b5-1 plan certifying that: (i) they are not aware of any material nonpublic information; and (ii) they are adopting the later plan in good faith and not as part of a plan or scheme to occur of (i) evade the date on which Landlord and Tenant agree upon prohibitions in Rule 10b-5. All persons entering into a Rule 10b5-1 plan must act in good faith with respect to that plan.

As specified in the Prevailing Rental Rate for the Renewal Period, or (ii) the date on which the Prevailing Rental Rate is determined Company's Insider Trading Policy, a Rule 10b5-1 Plan must be approved by the 3-broker method as aforesaid, Landlord Clearance Officer and Tenant shall execute an amendment to this Lease setting forth meet the terms as to the Renewal Period on the same terms requirements of Rule 10b5-1 and conditions provided in the Lease, except as follows:

(a) Basic Rent shall be adjusted to the Prevailing Rental Rate, with periodic increases therein as described above;

(b) Tenant shall have no further option to extend the Term unless expressly granted by Landlord in writing;

(c) Landlord shall lease to Tenant the Premises in their then-current condition, and, depending on market conditions at the time, Landlord may, but shall not be required to, provide to Tenant allowances (e.g., moving allowance, construction allowance, and the like) and other tenant inducements, and Landlord's agreement to provide or not to provide any such allowances or other tenant inducements these guidelines. Any Rule 10b5-1 Plan must be taken into consideration in the determination of the Prevailing Rental Rate; and

(d) Tenant shall pay submitted for the parking spaces which it is entitled to use approval at the rates from time to time charged to patrons of the Parking Area and/or any other parking area associated with the Building during the Renewal Period (plus all applicable taxes).

If Tenant shall fail to execute said amendment within such thirty (30) day period (as the same may be extended as aforesaid), then Tenant shall nonetheless remain bound by the exercise of the Renewal Option upon the terms and conditions set forth herein.

5. Miscellaneous. Notwithstanding anything to the contrary set forth in this Exhibit H, Tenant's rights under this Exhibit H shall terminate, at Landlord's option, if (a) provided that Tenant is not then in default (or, if Tenant is then in default, then provided it cures the default least five days prior to the expiration entry into the Rule 10b5-1 Plan. No further pre-approval of any applicable notice transactions conducted pursuant to the Rule 10b5-1 Plan will be required. The following guidelines apply to all Rule 10b5-1 Plans:

- You may not enter into, modify or terminate a Rule 10b5-1 Plan during a Blackout Period or otherwise while you are aware of material nonpublic information.
- For Section 16 Officers and cure period set forth directors, no transaction may take place under a Rule 10b5-1 Plan until the later of (a) 90 days after adoption or modification (as specified in Rule 10b5-1) of the Rule 10b5-1 Plan or (b) two business days following the disclosure of the Company's financial results in a Form 10-Q or Form 10-K for the fiscal quarter (the Company's fourth fiscal quarter in the Lease) case of a Form 10-K) in which the Rule 10b5-1 Plan was adopted or modified (as specified in Rule 10b5-1). In any event, the cooling-off period is subject to a maximum of 120 days after adoption of the plan.

Annex B – 1

- For persons other than Section 16 Officers and there have directors, no transaction may take place under a Rule 10b5-1 Plan until 30 days following the adoption or modification (as specified in Rule 10b5-1) of a Rule 10b5-1 Plan.
- Subject to certain limited exceptions specified in Rule 10b5-1, you may not been enter into more than two (2) Events of Default) during one Rule 10b5-1 Plan at the prior two (2) years, both as same time.
- Subject to certain limited exceptions specified in Rule 10b5-1, you are limited to only one Rule 10b5-1 designed to effect an open market purchase or sale of the date total amount of Tenant's exercise of its rights under this Exhibit H or securities subject to the Rule 10b-1 Plan as of the commencement date of the extended Term, (b) this Lease or Tenant's right to possession of a single transaction in any of the Premises is terminated, (c) Tenant assigns its interest 12-month period.
- You must act in this Lease or sublets any portion of the Premises at any time during the Term except good faith with respect to a Permitted Transfer, (d) Tenant fails Rule 10b5-1 Plan. A Rule 10b5-1 Plan cannot be entered into as part of a plan or scheme to lease from Landlord at least evade the same number prohibition of rentable square feet leased Rule 10b5. Therefore, although modifications to Tenant as of an existing Rule 10b5-1 Plan are not prohibited, a Rule 10b5-1 Plan should be adopted with the Lease Date and intention that it will not be amended or terminated prior to occupy the entire rentable area of the Premises then being leased by Tenant, or (e) Tenant fails to timely exercise its option under this Exhibit H, time being of the essence with respect to Tenant's exercise thereof.

EXHIBIT I

CLEANING SPECIFICATIONS

A) GENERAL OFFICE CLEANING- NIGHTLY

- Sweep using landlord approved dust down preparation, all stone , ceramic tile, marble expiration.
- Terrazzo, asphalt tile linoleum, rubber, vinyl Section 16 Officers and directors must include a representation to the Company at the time of adoption or modification of a Rule 10b5-1 Plan that (i) the person is not aware of material nonpublic information about the Company or Company Securities and (ii) the person is adopting the plan in good faith and not as part of plan or scheme to evade the prohibitions of Rule 10b-5.

The Company and the Company's Section 16 Officers and directors must make certain disclosures in SEC filings concerning Rule 10b5-1 Plans. Section 16 Officers and directors of the Company must undertake to provide any information requested by the Company regarding Rule 10b5-1 Plans for the purpose of providing the required disclosures or any other disclosures that the Company deems to be appropriate under the circumstances. Each director, Section 16 Officers and other types Section 16 insider understands that the approval or adoption of flooring.

- Vacuum clean all carpets and rugs.
- Sweep all private stairways and keep a pre-planned selling program in clean condition.
- Empty and clean all wastepaper baskets, ashtrays and receptacles; damp dust as necessary.
- Remove all ordinary dry paper and tenant rubbish to designated areas. Excluded are cafeteria waste, bulk and special materials, furniture, etc.
- Dust all furniture and windowsills.
- Clean all glass furniture tops.
- Dust all chairs rails, trim, partitions and baseboards.
- Wash clean all water fountains.
- Remove finger marks and smudges from walls, doors, and light switch plates.

B) LAVATORIES- NIGHTLY

- Sweep and wash all flooring.
- Clean and polish all mirrors, powder shelves and bright work, including flushometers, piping, toilet seat hinges.
- Wash and disinfect all basins, bowls and urinals.
- Wash and sanitize both sides of all toilet seats; clean underside of fixtures.
- Dust, spot clean, no way reduces or wash all partitions, tile walls, dispensers and receptacles.
- Empty and clean paper towel and sanitary disposal receptacles.
- Supply and fill toilet tissue holders, soap dispensers and paper towel dispensers.
- Remove all wastepaper and refuse to designated areas.

C) LAVATORIES- PERIODIC CLEANING

- Machine scrub flooring once (1) per month.
- Wash all partitions, tile walls and enamel surfaces monthly.
- Clean air grilles once (1) monthly.
- Dust exterior of light fixtures once (1) monthly.
- Wash and sanitize stall doors (front & back) one (1) time per week.

D) SCHEDULE OF CLEANING

- Upon completion eliminates such person's obligations under Section 16 of the nightly chores, all lights shall be turned off, windows closed, doors locked Exchange Act, including such person's disclosure and offices left short-swing trading liabilities thereunder. If any questions arise, such person should consult with their own counsel in implementing a neat and orderly condition.
- All day, nightly and periodic cleaning services as listed herein, to be done five nights each week, Monday through Friday, except Union and Legal Holidays.
- High dust all pictures, frames, charts, graphs, and panel wall hangings not reached in nightly offices cleaning one (1) time per month.
- Dust all Venetian blinds and frames four (4) times per year.

Rule 10b5-1 Plan.

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Annex B – 2

Exhibit 21.1

List of Subsidiaries

Legal Name	Jurisdiction of Organization
Evolent Health LLC	Delaware
Evolent Specialty Services, Inc.	California
Evolent Assurance Solutions, LLC	Vermont
EH Holding Company, Inc.	Delaware
Justify Holdings, Inc.	Kentucky
Evolent Health International Private Ltd.	India
Evolent Care Partners Holding Company, Inc.	Delaware
Evolent Care Partners of Texas, Inc.	Texas
The Accountable Care Organization Ltd.	Michigan
Evolent Care Partners of North Carolina, Inc.	North Carolina
NIA IPA of New York, Inc.	New York
Evolent Health International Philippines, Inc.	Philippines

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-212709, 333-266495 and 333-266495 333-277296 on Form S-3 and Registration Statement Nos. 333-204785, 333-225714, 333-257118, and 333-275287 on Form S-8 of our reports dated February 22, 2024 February 20, 2025, relating to the financial statements of Evolent Health, Inc. and subsidiaries (the "Company") and the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K for the year ended December 31, 2023 December 31, 2024.

/s/ Deloitte & Touche LLP

McLean, Virginia
February 22, 2024 20, 2025

**Certification Pursuant to Section 302 of the
Sarbanes-Oxley Act of 2002**

I, Seth Blackley, certify that:

1. I have reviewed this Annual Report on Form 10-K of Evolent Health, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 22, 2024 20, 2025 /s/ Seth Blackley
 Name: Seth Blackley
 Title: Chief Executive Officer

**Certification Pursuant to Section 302 of the
Sarbanes-Oxley Act of 2002**

I, John Johnson, certify that:

1. I have reviewed this Annual Report on Form 10-K of Evolent Health, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
- a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 22, 2024 20, 2025 /s/ John Johnson

Name: John Johnson

Title: Chief Financial Officer

Exhibit 32.1

**Certification Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906
Of the Sarbanes-Oxley Act of 2002**

I, Seth Blackley, Chief Executive Officer of Evolent Health, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The Annual Report on Form 10-K of the Company for the year ended December 31, 2023 December 31, 2024 (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 22,
2024 20, 2025

/s/ Seth Blackley

Name: Seth Blackley

Title: Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

**Certification Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906
Of the Sarbanes-Oxley Act of 2002**

I, John Johnson, Chief Financial Officer of Evolent Health, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The Annual Report on Form 10-K of the Company for the year ended **December 31, 2023** **December 31, 2024** (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 22,
Dated: **2024 20, 2025** /s/ John Johnson
Name: John Johnson
Title: Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 97

**EVOLENT HEALTH, INC.
CLAWBACK POLICY**

Approved by the Board of Directors on October 26, 2023

1. Purpose. The purpose of this Policy is to describe the circumstances in which Executive Officers will be required to repay or return Erroneously Awarded Compensation to members of the Company Group. This Policy is designed to comply with, and will be interpreted in a manner that is consistent with, Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, Section 10D of the Securities Exchange Act of 1934 and the listing standards of the New York Stock Exchange ("NYSE") or any other national securities exchange on which the Company's securities are listed. Each Executive Officer shall be required to sign and return to the Company the Acknowledgement Form attached hereto as **Exhibit A** pursuant to which such Executive Officer will agree to be bound by the terms and comply with this Policy.

2. Administration. This Policy shall be administered by the Administrator. Any determinations made by the Administrator shall be final and binding on all affected individuals.

3. Definitions. For purposes of this Policy, the following capitalized terms shall have the meanings set forth below.

(a) **"Accounting Restatement"** shall mean an accounting restatement (i) due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial restatements that is material to the previously issued financial statements, or (ii) that corrects an error that is not material to previously issued financial statements, but would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

(b) **"Administrator"** shall mean the Board or, if so designated by the Board, a committee thereof, such as the Committee.

(c) **"Board"** shall mean the Board of Directors of the Company.

(d) **"Clawback Eligible Incentive Compensation"** shall mean, in connection with an Accounting Restatement and with respect to each individual who served as an Executive Officer at any time during the applicable performance period for any Incentive-based Compensation (whether or not such Executive Officer is serving at the time the Erroneously Awarded Compensation is required to be repaid to the Company Group), all Incentive-based Compensation Received by such Executive Officer (i) on or after the Effective Date, (ii) after beginning service as an Executive Officer, (iii) while the Company has a class of securities listed on a national securities exchange or a national securities association and (iv) during the applicable Clawback Period.

(e) **"Clawback Period"** shall mean, with respect to any Accounting Restatement, the three completed fiscal years of the Company immediately preceding the Restatement Date and any transition period (that results from a change in the Company's fiscal year) of less than nine months within or immediately following those three completed fiscal years.

(f) **"Committee"** shall mean the Compensation Committee of the Board.

(g) **"Company"** shall mean Evolent Health, Inc., a Delaware corporation.

(h) **"Company Group"** shall mean the Company, together with each of its direct and indirect subsidiaries.

(i) **"Effective Date"** shall mean October 2, 2023.

(j) **"Erroneously Awarded Compensation"** shall mean, with respect to each Executive Officer in connection with an Accounting Restatement, the amount of Clawback Eligible Incentive Compensation that exceeds the amount of Incentive-based Compensation that otherwise would have been Received had it been determined based on the restated amounts, computed without regard to any taxes paid.

(k) **"Executive Officer"** shall mean (i) the Company's current and former president, principal financial officer, principal accounting officer (or if there is no principal accounting officer, the controller), any vice-president in charge of a principal business unit, division or function (such as sales, administration, or finance), any other officer who performs a policy-making function for the Company, or any other person who performs similar policy-making functions for the Company, as determined by the Administrator in accordance with Federal securities laws, SEC rules or the rules of any national securities exchange or national securities association on which the Company's securities are listed. Identification of an executive officer for purposes of this Policy includes at a minimum executive officers identified pursuant to 17 C.F.R. 229.401(b).

(l) **"Financial Reporting Measures"** shall mean measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and all other measures that are derived wholly or in part from such measures. Stock price and total shareholder return (and any measures that are derived wholly or in part from stock price or total shareholder return) shall for purposes of this Policy be considered Financial Reporting Measures. For the avoidance of doubt, a Financial Reporting Measure need not be presented in the Company's financial statements or included in a filing with the SEC.

(m) **"Incentive-based Compensation"** shall mean any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure. Incentive-based Compensation does not include: (i) bonuses paid solely at the discretion of the Board or the Committee that are not paid from a bonus pool that is determined by satisfying a financial reporting measure performance goal or solely upon satisfying one or more subjective standards and/or completion of a specified employment period, (ii) non-equity incentive plan awards earned solely upon satisfying one or more strategic or operational measures, (iii) equity awards not contingent upon achieving any financial reporting measure performance goal and vesting is contingent solely upon the completion of a specified employment period and/or attaining one or more non-financial reporting measures or (iv) any Incentive-based Compensation received before the Company had a class of securities listed on a national securities exchange.

(n) **"Policy"** shall mean this Clawback Policy, as the same may be amended and/or restated from time to time.

(o) **"Received"** shall, with respect to any Incentive-based Compensation, mean actual or deemed receipt, and Incentive-based Compensation shall be deemed received in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive-based Compensation award is attained, even if payment or grant of the Incentive-based Compensation occurs after the end of that period.

(p) **"Restatement Date"** shall mean the earlier to occur of (i) the date the Board, a committee of the Board or the officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the issuer is required to prepare an Accounting Restatement, or (ii) the date of court, regulator or other legally authorized body directs the issuer to prepare an Accounting Restatement.

(q) “SEC” shall mean the U.S. Securities and Exchange Commission.

4. Repayment of Erroneously Awarded Compensation.

(a) In the event of an Accounting Restatement, the Administrator shall determine the amount of any Erroneously Awarded Compensation for each Executive Officer in connection with such Accounting Restatement and thereafter, provide each Executive Officer with a written notice containing the amount of Erroneously Awarded Compensation and a demand for repayment or return, as applicable. For Incentive-based Compensation based on (or derived from) stock price or total shareholder return where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the applicable Accounting Restatement, the amount shall be determined by the Administrator based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-based Compensation was Received (in which case, the Company shall maintain documentation of such determination of that reasonable estimate and provide such documentation to the NYSE).

(b) The Administrator shall take such action as it deems appropriate to recover Erroneously Awarded Compensation reasonably promptly after such obligation is incurred and shall have broad discretion to determine the appropriate means of recovery of such Erroneously Awarded Compensation based on all applicable facts and circumstances. The Administrator may seek recoupment in the manner it chooses, in its sole discretion, which may include, without limitation, one or a combination of the following: (i) direct reimbursement from the Executive Officer of Incentive-based Compensation previously paid, (ii) deduction of the recouped amount from unpaid compensation otherwise owed by the Company to the Executive Officer, (iii) set-off, (iv) rescinding or cancelling vested or unvested equity or cash based awards, and (v) any other remedial and recovery action permitted by law, as determined by the Administrator. For the avoidance of doubt, except as set forth in Section 4(d) below, in no event may the Company Group accept an amount that is less than the amount of Erroneously Awarded Compensation in satisfaction of an Executive Officer’s obligations hereunder.

(c) To the extent that an Executive Officer fails to repay all Erroneously Awarded Compensation to the Company Group when due (as determined in accordance with Section 4(b) above), the Company shall, or shall cause one or more other members of the Company Group to, take all actions reasonable and appropriate to recover such Erroneously Awarded Compensation from the applicable Executive Officer.

(d) Notwithstanding anything herein to the contrary, the Company shall not be required to take the actions contemplated by Section 4(b) above if the following conditions are met and the Administrator determines that recovery would be impracticable:

(i) The direct expenses paid to a third party to assist in enforcing the Policy against an Executive Officer would exceed the amount to be recovered, after the Company has made a reasonable attempt to recover the applicable Erroneously Awarded Compensation, documented such attempts and provided such documentation to the NYSE.

(ii) Recovery would violate home country law where that law was adopted prior to November 28, 2022, provided that, before determining that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company has obtained an opinion of home country counsel, acceptable to the NYSE, that recovery would result in such a violation and a copy of the opinion is provided to the NYSE; or

(iii) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company Group, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

5. **Reporting and Disclosure.** The Company shall file all disclosures with respect to this Policy in accordance with the requirement of the Federal securities laws, including the disclosure required by the applicable SEC filings.

6. **Indemnification Prohibition.** Notwithstanding the terms of any indemnification or insurance policy or any contractual arrangement to the contrary, no member of the Company Group shall be permitted to indemnify any Executive Officer against (i) the loss of any Erroneously Awarded Compensation that is repaid, returned or recovered pursuant to the terms of this Policy, or (ii) any claims relating to the Company Group's enforcement of its rights under this Policy, in either case, where such indemnity is otherwise prohibited by applicable law or the applicable listing standards. Further, no member of the Company Group shall enter into any agreement that exempts any Incentive-based Compensation from the application of this Policy or that waives the Company Group's right to recovery of any Erroneously Awarded Compensation and this Policy shall supersede any such agreement (whether entered into before, on or after the Effective Date). Subject to compliance with applicable law and the applicable listing standards, the foregoing limitation on indemnification shall not obviate, amend or otherwise supersede any rights to indemnification to which an Executive Officer may be entitled under the Company's organizational certificate or by laws, as a matter of law, individual indemnification agreement or contract or otherwise, or any other power or obligation that any member of the Company Group may have to indemnify such Executive Officer or defend or hold them harmless.

7. **Interpretation.** The Administrator is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. This Policy shall be binding and enforceable against all Executive Officers and their beneficiaries, heirs, executors or other legal representatives.

8. **Effective Date.** This Policy shall be effective as of the Effective Date.

9. **Amendment; Termination.** The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary, including as and when it determines that it is legally required by any Federal securities laws, SEC rules or the rules of any national securities exchange or national securities association on which the Company's securities are listed. The Board may terminate this Policy at any time. Notwithstanding anything in this Section 9 to the contrary, no amendment or termination of this Policy shall be effective if such amendment or termination would (after taking into account any actions taken by the Company contemporaneously with such amendment or termination) cause the Company to violate any Federal securities laws, SEC rules or the rules of any national securities exchange or national securities association on which the Company's securities are listed.

10. **Other Recoupment Rights; No Additional Payments.** The Board intends that this Policy will be applied to the fullest extent of the law. This Policy shall be incorporated by reference into and shall apply to all incentive, bonus, equity, equity-based and compensation plans, agreements, and awards outstanding as of the Effective Date or entered into on or after the Effective Date. The Board may require that any employment agreement, equity award agreement, or any other agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require an Executive Officer to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company Group under applicable law, regulation or rule or pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company Group.

11. **Administrator Indemnification.** Any members of the Board who assist in the administration of this Policy shall not be personally liable for any action, determination or interpretation made with respect to this Policy and shall be fully indemnified by the Company to the fullest extent under applicable law and Company policy with respect to any such action, determination or interpretation. The foregoing sentence shall not limit any other rights to indemnification of the members of the Board under applicable law or Company policy.

12. **Entire Agreement.** This Policy supersedes, replaces and merges any and all previous agreements and understandings regarding the Company's policy on the recovery of compensation, and this Policy constitutes the entire agreement between the Company and the Executive

Officers with respect to such terms and conditions.

13. **Successors.** This Policy shall be binding and enforceable against all Executive Officers and their beneficiaries, heirs, executors, administrators or other legal representatives.

* * *

Exhibit A

**EVOLENT HEALTH, INC.
CLAWBACK POLICY**

ACKNOWLEDGEMENT FORM

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of the **Evolent Health, Inc. Clawback Policy** (the “**Policy**”). Capitalized terms used but not otherwise defined in this Acknowledgement Form (this “**Acknowledgement Form**”) shall have the meanings ascribed to such terms in the Policy.

By signing this Acknowledgement Form, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned’s employment with the Company Group. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any Erroneously Awarded Compensation (as defined in the Policy) to the Company Group to the extent required by, and in a manner permitted by, the Policy.

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Signature

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Print Name

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Date

DISCLAIMER

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