Akumin Inc.

EDITED TRANSCRIPT

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PRESENTATION

Operator

Good morning. My name is Jake, and I will be your conference Operator today. At this time, I would like to welcome everyone to Akumin Inc.'s 2021 year-end financial results research analyst call. All lines have been placed on mute to prevent any background noise.

After the speakers' remarks, there will be a question-and-answer session. If you would like to ask a question during this time, simply press *, then 1 on your telephone keypad. If you would like to withdraw your question, please press *, 2. Thank you.

Mr. Cameron, you may begin your conference.

Matt Cameron — Chief Legal Officer and Corporate Secretary, Akumin Inc.

Thank you. Good morning, everybody, and thank you for joining us today for today's investor presentation. My name is Matt Cameron. I'm the Chief Legal Officer and Corporate Secretary of Akumin. Joining me on the call today are Riadh Zine, our Chairman and Co-CEO; Rhonda Longmore-Grund, our President and Co-CEO; and Bill Larkin, our Chief Financial Officer.

There is a slide deck that is meant to accompany today's presentation. A copy of it is available for download from the Investor Relations section of our website at akumin.com.

Before we begin, let me remind you that certain matters discussed on today's conference call or answers that may be given to questions asked could constitute forward-looking statements or information that are subject to risks or uncertainties relating to Akumin's future financial and business performance. Actual results could differ materially from those anticipated in these forward-looking statements. You should not place undue reliance on these statements, particularly on future financial performance.

The risk factors that may affect results in these forward-looking statements are detailed in Akumin's periodic results and public disclosure. These documents can be accessed under our public disclosure at sec.gov and sedar.com. Akumin is under no obligation to update any forward-looking statements discussed today, and investors are cautioned not to place undue reliance on these statements.

We may also refer to certain non-GAAP measures in this conference call such as EBITDA and adjusted EBITDA. These non-GAAP measures are not recognized measures under United States generally accepted accounting principles and do not have standardized meanings prescribed by US GAAP. We believe, in addition to GAAP measures, certain non-GAAP measures are useful for investors for a variety of reasons, including that we regularly use these measures to communicate with our Board of Directors and that EBITDA and adjusted EBITDA are used as analytical indicators by us and the healthcare industry to assess business performance and are measures of leverage capacity and ability to service debt.

EBITDA and adjusted EBITDA should not be considered in isolation or as alternatives to net income, cash flow generated by operating, investing, or financing activities, or other financial statement data presented in the consolidated financial statements as indicators of financial performance or liquidity.

You can find additional information regarding these non-GAAP measures on Slide 2 of our presentation, which is available in the Investor Relations section of our website at www.akumin.com, under Events and Presentations.

A reconciliation of EBITDA and adjusted EBITDA to net loss, the most comparable GAAP measure, is included in the presentation as an appendix.

We have not provided reconciliation for any forward-looking, non-GAAP measure referred to in this presentation as we would not be able to produce such a reconciliation without unreasonable efforts.

And now I'll turn things over to Riadh Zine.

Riadh Zine — Chairman and Co-CEO, Akumin Inc.

Thanks, Matt. My name is Riadh Zine, and I'm the Chairman and Co-CEO of Akumin. I'm very happy to be able to speak to everyone today to discuss our 2021 and Q4 financial results.

2021 was an eventful year for Akumin. Not only did we manage through another year of COVID-related disruptions, but we also successfully closed the acquisition of Alliance Healthcare Services on September 1, 2021.

We also completed a comprehensive review and integration of our accounting procedures between the two companies. Q4 marks the first full quarter of results for the combined company. The acquisition of Alliance is transformational for the company, bringing together two great teams and two powerful companies.

As you can see in Slide 3, the combination of Akumin and Alliance has created an exciting platform in radiology and oncology, with deep expertise in outpatient service delivery. Together, we are one of the largest providers of radiology and oncology outpatient services in the country, with a presence in 46 states.

We also serve over 1,000 hospitals and health systems, which is an important component of our growth strategy as hospitals continue to move outpatient services.

The new Akumin platform has significant scale, with combined trailing 12-month revenues of approximately $730 million in our radiology and oncology businesses.

On Slide 4, we capture some of the key differentiators of the Akumin platform and the value proposition, in particular for hospitals and health systems. Akumin's suite of services, including mobile and fixed-site locations in both radiology and oncology, enables us to deliver customized solutions to virtually any customer in any geography. We are able to evaluate the needs of any community and design a solution set that is uniquely tailored to that community's outpatient radiology and oncology needs.

As you can see from the chart, Akumin already has a sizable fixed-site presence with 233 locations, 34 of which are dedicated to oncology. Our fixed-site platform constitutes approximately two-thirds of our revenue stream, with the remaining from mobile.

Given current market dynamics, we see a significant opportunity to grow our fixed-site volume as well as footprint in response to hospital demand with both on-campus and off-campus sites, particularly as hospitals' need for outpatient solutions continue to accelerate.

In particular, we are already in discussions with several potential health systems to leverage our existing fixed-site footprint to accelerate their outpatient strategy for radiology services. This should bring incremental volume to existing facilities. In addition, we have a strong pipeline of potential de novo as well as service expansion opportunities in cancer care with both new and existing partners.

Slide 5 clearly illustrates that the Akumin platform offers a diverse suite of services. It's focused on areas of high growth and high value add. As you will see when Bill walks through the financials, oncology is a high-margin service line. We see an opportunity here as hospitals are increasingly seeking outpatient alternatives in this area.

Akumin is now the second-largest radiology platform in the country, with over 2 million patient visits per year. Akumin's combined capabilities in MRI and PET/CT are unparalleled in the industry and together comprise almost 80% of our radiology revenues.

As you know, these modalities are critical to the delivery of quality patient care utilized by a variety of physician specialists across the care continuum, from screening through diagnosis through treatment.

Akumin is clearly well positioned to benefit from the ongoing shift to outpatient service delivery. As you can see from Slide 6, over 95% of our revenue is derived from outpatient procedures. We have a balanced revenue mix between third-party payers for outpatient services and hospitals, with no one customer representing more than 4% of our consolidated pro forma revenues.

As preferred outpatient solutions providers to hospitals, approximately 50% of our revenues come from our hospital customers, the balance of which is from third-party and government payers. This diversity in payer mix positions us well as we continue to leverage our more extensive suite of services, including our fixed-site expertise, to expand with existing and new hospital customers and partners searching for outpatient solutions.

As I mentioned earlier, Akumin is well positioned to capitalize on these accelerating industry trends towards outpatient service delivery. With the successful completion of Alliance acquisition in 2021, Akumin now has the most comprehensive radiology and oncology solution set available in the industry.

In 2021, the combined platform delivered positive same-store growth. And we expect to achieve in excess of $23 million in integration synergies.

In addition, Akumin completed a number of strategic initiatives in 2021, including expanding our fixed-site footprint in certain core markets with several tuck-in acquisitions; acquiring a significant ownership stake in an AI technology company that we have partnered with for the launch of our patient-driven platform, which we plan to deploy later this year; launching a collaboration with Philips to develop and deploy a remote MRI and CT imaging solutions to standardize operations and minimize labor costs.

As previously noted, we also completed the integration of the finance and accounting functions across the platform, and I want to thank everyone involved for all their hard work and efforts.

I would now like to turn the call over to Rhonda to elaborate on the Q4 2021 results.

Rhonda Longmore-Grund — President and Co-CEO, Akumin Inc.

Thank you, Riadh. This is Rhonda Longmore-Grund, President and Co-CEO of Akumin. It's a pleasure to be here.

If you turn to Slide 8, we'll talk a little bit about Q4 highlights. As Riadh mentioned, the new Akumin platform is exceptionally well positioned to capitalize on the growth trends in the industry, particularly, you see the acceleration in the shift to outpatient service delivery.

In Q4, we saw positive same-store volume growth in all of our key services lines. MRI increased 6.2%. PET/CT volumes increased on a same-store basis by 4.2%. Our total radiology procedures on a same-store basis increased by 3%. And our total oncology patient starts increased by 4.5% as compared to Q4 in 2020.

In addition, we generated net new hospital sales contracts in Q4, the results of which will benefit the Company in 2022 and beyond.

Q4 revenue of $179.4 million and adjusted EBITDA of $27.5 million were up significantly over Q4 2020. Q4 2021 represented the first full quarter of the newly combined Akumin and Alliance combination.

It's important to note that these results are within our implied guidance range for Q4, which reflected a potential disruption from COVID-19 on both December volumes, as well as potential collection reserves related to the attorney business, largely due to the backlog that the pandemic has created in the court systems, particularly in Georgia.

On a full year basis, revenue of $421.1 million and adjusted EBITDA of $66.9 million were up significantly versus 2020, which, as you will remember, was adversely impacted by the pandemic.

On a consolidated basis, accounts receivable at year-end of $121.5 million or 62 days of sales outstanding. In the quarter, we elected to increase our collection provision over Q3 2021 to take into account elongated collection cycles which had been impacted by large court backlogs. These backlogs have been caused by a COVID-related 15-month shutdown in the State of Georgia. While we expect to see some of this recovery of this incremental provision over time as the courts clear their backlog, timing is uncertain; hence, we took a more conservative position.

I'd like to take a moment on Slide 9 to touch upon the impact of Omicron and what we have seen in Q4 as well as experienced thus far in the first quarter 2022.

As you know, the Omicron variant began to spread widely in late Q4. And like all of the industry participants, we were impacted on both volume as well as staffing fronts. We estimate approximately $2 million of revenue impact, largely in December of Q4 2021, due to staffing shortages which temporarily impacted some mobile and fixed sites, injected some volatility in cancer care, and decreased our patient flow.

As noted on the slide, approximately 19% of our workforce was directly impacted by COVID over the course of Q4, with the vast majority occurring in December. And that impact continued into Q1 where we estimate approximately $6 million of revenue impacted the first eight weeks of the year.

That being said, we've seen a strong rebound in volume to normalized level by the end of February. We expect to recover the pandemic-related volume lag through subsequent quarters, barring any new unforeseen variants.

If you turn to Slide 10, we'll talk a little bit about the volume trends in radiology. As we noted in our last call, given that the consolidated entity includes both hospital and independent sites, we track actual scans by modality across the radiology platform. By providing procedure volumes and mix, together with the radiology procedures, as a percentage of revenues, which we illustrate in Slide 5, you can actually track our operating and financial performance over time.

In Slide 10, you can see that MRI, PET/CT, and total radiology same-store volume changes over the last eight quarters as well as aggregate volumes over the last three fiscal years on a pro forma basis.

Akumin showed strong same-store volume growth in Q4 2021, particularly in our core modalities of MRI and PET/CT. Similarly, our 2021 pro forma volumes were up significantly over 2020.

On Slide 11, we talk about oncology volume trends. In this segment, we track activity level by patient start volume and revenue per patient start.

In Q4 2021, same-store patient starts were up approximately 4.5% over the fourth quarter 2020.

Note that radiation therapy is an essential element of cancer care. Up to 60% of cancer patients receive radiation therapy in the course of their treatment. As such, when you look at the history, this segment saw a more muted decline in 2020 activity levels due to COVID-19 versus the radiology segment. Overall, our patient start volume has returned to pre-pandemic levels.

I'll now turn the call over to our CFO, Bill Larkin, to go over some of the financial metrics.

Bill Larkin — Chief Financial Officer, Akumin Inc.

Thank you, Rhonda, and good morning, everyone. We're on Slide 12, and here you can see our consolidated financial performance on an as reported and pro forma normalized basis for the last three fiscal quarters.

Pro forma figures, represented by the blue bars, are normalized to exclude certain businesses that were divested in 2020 and '21. And the pro formas also exclude the HHS stimulus and other onetime pandemic-related benefits in both 2020 and '21.

In the upper-left chart, the full year '21 pro forma revenue was $727.1 million, which is a 7.1% or $48.3 million increase over 2020 on a comparable basis.

Pro forma adjusted EBITDA of $146.3 million for the full year of '21 was essentially flat compared to 2020. Our adjusted EBITDA growth of approximately $14 million from volume increases was largely offset by approximately $9 million of increases in professional fees, insurance expense, and IT costs, as well as an increase in the fourth quarter collection provision rates, primarily related to the attorney business.

For the fourth quarter of '21, pro forma revenue was $178.2 million, which was a 0.8% or $1.4 million increase over Q4 '20 on a comparable basis.

Pro forma adjusted EBITDA of $28.1 million, which excludes the recently divested oncology site in Arizona, was within our Q4 guidance, despite the $2 million revenue impact from Omicron as well as the incremental collection provision.

On a year-over-year basis, pro forma adjusted EBITDA for Q4 '21 was 20% lower or $10.9 million lower than the fourth quarter of '20 on a comparable basis.

Pro forma adjusted EBITDA growth from volume increases was offset by the incremental collection provision booked in Q4 of '21, as well as approximately $5 million of increases in professional fees, insurance expense, and IT costs.

Now turning to CapEx, as presented in the bottom two charts. The left chart shows maintenance CapEx, which consists of break/fix-type maintenance, like replacement of generators, A/C units, and also includes replacement of equipment that has deployed and has reached its end of life with current customers or JV partners. Maintenance CapEx also includes CapEx spent in corporate, which is primarily for IT-related investments.

Maintenance CapEx of $30.2 million for the full year of '21 was significantly above 2020 levels, which 2020 maintenance CapEx was somewhat reduced while we navigated through the first year of the pandemic.

As a general rule, radiology maintenance CapEx is approximately 4% to 5% of radiology revenue, while oncology maintenance CapEx is approximately 2% of oncology revenues. But it can vary from year to year based on the needs of our joint ventures.

The bottom-right chart shows our growth CapEx, which is directly related to new revenue streams. We're acquiring equipment to support new customers that provide new revenue streams.

Growth CapEx of $12.5 million for the full year '21 was slightly below the previous year's levels. Growth CapEx expenditures will vary year to year depending on the execution timing of new hospital contracts, as well as business development opportunities.

We have a number of strong growth opportunities in both our radiology and oncology businesses. In our full year 2022, growth CapEx is expected to be approximately $59 million as per our guidance, which is a significant increase over the 2021 levels.

Recall that, in general, our planned growth CapEx across the consolidated platform assumes approximately a four-year payback on those investments.

Turn the page to Slide 13. This is our quarterly and full year financial performance by segment on an as reported on pro forma normalized basis. Note that the Q4 '21 and the full year '21 pro forma results presented in the bottom two tables assume the Akumin and Alliance businesses were combined for the entire period, while adjusting for divesture of Alliance's interventional segment noted earlier, which was completed in the first half of '21, and our recently divested oncology sites in Arizona.

Also, post acquisition, we're reporting two segments. These are our Radiology and Oncology businesses. This slide illustrates the financial performance of these segments in Q4 '21 and full year 2021. In the chart on the bottom right, you'll see the Radiology segment for the full year '21 contributed $118.8 million of pro forma adjust EBITDA, with a pro forma adjusted EBITDA margin of 20% before the allocation of corporate services.

The Oncology segment for 2021 full year contributed $49.8 million in pro forma adjusted EBITDA, with a pro forma adjusted EBITDA margin of 37.6%. Our full year '21 consolidated pro forma adjusted EBITDA margin was 20.1%.

In Q4, our consolidated pro forma adjusted EBITDA margins came in at 15.8%, which was significantly impacted by both the Omicron volume impacts as well as the additional collection provisions booked during the quarter.

With that, I will turn it over to Rhonda to continue on with our '22 guidance. Rhonda?

Rhonda Longmore-Grund

Thank you, Bill. If you turn to Slide 14, we'll talk about our 2022 guidance and then a bit about some of the assumptions behind our range.

Slide 14 sets out our expectations for this first full year as a combined entity. We expect consolidated revenues to be in the range of $760 million to $780 million, which is predicated on modest organic growth across the platform. Adjusted EBITDA is expected to be in the range of $155 million to $170 million.

On CapEx, we are budgeting $26 million for maintenance CapEx, which is approximately 4% of total revenues, and the $59 million of growth CapEx is primarily geared towards new hospital contracts and partner business development, as well as some capacity expansion. And, as Bill mentioned, growth CapEx will vary year-to-year based on the pipeline of new opportunities that we are ready to execute on during that year.

As Bill previously mentioned, in our experience, our investments and new customers and sites provide high return, typically with a four-year payback on growth capital. We continue to evaluate our markets and our opportunities and prioritizing those that, based on our criteria, have the greatest near-term potential for growth. We anticipate that the impact of this growth capital will be evident as we exit 2022.

Of the total CapEx, we expect the cash outlay to be approximately $10 million, with the balance being financed with equipment loans, typically over a five-year period.

If you turn to Slide 15, we'll talk a little bit about the assumptions. We thought it'd be helpful to review some of these with you as we build out the guidance.

You can see from the table on Slide 15, we assume 7% revenue growth and 10% adjusted EBITDA growth in our 2022 guidance versus 2021.

Revenue growth expectations of approximately $50 million in 2022 is primarily predicated on same-store organic growth across the platform, as well as contributions from some business development initiatives that are in our pipeline.

The adjusted EBITDA growth of approximately $14 million is expected to be driven by new business development initiatives; some moderate synergies of approximately $4 million that we expect to realize in 2022. We're also forecasting net organic same-store growth from new hospital contracts. We are, however, projecting to largely offset that with the competition increases, given market conditions.

Given the developments thus far in 2022, we've identified a number of risk factors that could impact our expected adjusted EBITDA growth in 2022. These include the inability to recapture volumes that were down in January and February due to Omicron; some further court delays continuing to impact collection timelines in our attorney business; other issues, including supply chain disruptions and higher fuel costs, which could negatively impact the timing of our CapEx initiatives and new business start-up; as well as higher operating costs. While we think it's premature at this point in the year to predict a potential of any of these items, we thought it would be helpful for you to address some of the questions that we and others in our industry are receiving.

We do not expect any significant impact in 2022 from legislative actions at this time. For example, the Surprise Billing Act will impact physician practices providing care within hospitals for the most part; very different from our platform.

We do, however, expect continued positive momentum and support for screening and early diagnosis. For example, The U.S. Preventive Services Task Force recently recommended annual low-dose CT screening for lung cancer for adults aged 50 to 80 with a specific history of smoking.

If you turn to Slide 16, this is an outline of the synergies that we've talked to you about in the past. We see many opportunities to capitalize on the potential of a combined enterprise. We've identified approximately $23 million that we're confident that we can realize over time, specifically through the integration of back office and corporate functions, the consolidation of our purchasing power, and equipment maintenance overhaul.

Longer term, we see numerous opportunities, including some of the technological developed deployment initiatives discussed earlier, which will result in further cost savings through process standardizations.

I'll now turn it back over to Riadh.

Riadh Zine

Thanks, Rhonda. On Slide 17, you will see how the guidance translates into free cash flow expectations for 2022.

Note that the cash interest payment assumes that amounts due on the Stonepeak note will be met through a PIK—payment in kind—during 2022, as provided for in the agreement. Capital lease payments are primarily associated with equipment financing.

The middle column, the 2022 midpoint free cash flow of approximately $29 million excludes any material impact of expected integration synergies and growth initiatives, which are expected to be realized toward the end of the year.

The 2022 run rate includes the contribution of such integration synergies and growth initiatives that we expect to have captured as we exit 2022.

Note that all of the free cash flow estimates take into account the cash minority interest payments made to our JV partners.

Slide 18 illustrates our capital structure at the end of Q4. As you can see, Akumin's secured leverage is about 5.4 times. As an organization, we are very focused on reducing this leverage over time. The primary driver of leverage reduction will come from EBITDA growth initiatives, including synergy capture, technology-driven standardization, and the streamlining of our service delivery. As we have discussed, we have an abundance of growth levers in our purview, which we expect will meaningfully increase EBITDA, thus reducing the leverage over time. Over the medium to long term, we believe that our secured leverage will decline less than four times as we continue to focus on organic growth and new hospital partnerships.

Note that, as significant shareholders, we are very highly incentivized to prudently optimize the capital structure as well, and we will continue to evaluate options to do so as market conditions permit.

As we built this platform over the last seven years, we have accessed capital from bank markets, private markets, and public markets. The support of our banking relationships, our equity investors, our high-yield investors, and, more recently, Stonepeak, $45 billion infrastructure fund that enabled and facilitated the acquisition of Alliance Healthcare Services, are crucial not just in executing our growth, but also in facing some of the difficult times in the execution of the growth plans ahead. The fact that we already have in place this relationship with a diverse set of capital providers provides flexibility as we execute our strategy going forward.

This concludes the prepared remarks portion of the presentation. I hope it provided an informative window into the new Akumin and the potential of the combined platform going forward.

On behalf of Rhonda, Bill, and myself, I would like to take the opportunity to thank all of our employees, physicians, customers, and partners for all of their efforts in making this quarter a success.

We would now ask the Operator to start the question-and-answer period.

Q&A

Operator

Yes. Ladies and gentlemen, if you would like to ask a question, please signal by pressing *, 1 on your telephone keypad. Just keep in mind if you are using your speakerphone, make sure the mute function's released so your signal can reach our equipment. Once again, *, 1 for questions. We'll pause for just a moment.

We'll hear first from Noel Atkinson with Clarus. Please go ahead.

Noel Atkinson — Clarus

Hi. Good morning, folks. Well done in the fourth quarter. Nice to see it as a combined entity for a full quarter. First off, the change to the collection reserve for that legacy business in Georgia, how much was the impact to revenue and adjusted EBITDA in Q4?

Riadh Zine

So I think what we've said—first of all, thanks, Noel. Thanks for the question. But obviously, I think what we said is the impact of that provision, together with the $2 million Omicron would've put us way above the high end of our guidance range. So I think, obviously, it's a meaningful impact.

Noel Atkinson

Okay. And would you expect to see any sort of further reserve increase in Q1? Or is that now sort of stabilized?

Riadh Zine

I think, as Rhonda and Bill made in their remarks, what has changed, the courts are now open. Having said that, they have a significant backlog. So, if the kind of the rate at which these cases settle goes back to normal, then obviously we don't expect similar provisions. I think the provision in this quarter took into account the timing or the impact of that 15-month shutdown of courts. The courts are now open. However, the rate at which we collect, we don't have as much visibility yet. And that's the only risk that Rhonda and Bill have already outlined.

Noel Atkinson

Okay. Thanks. My next question relates to operating expenses. So in Q4 versus our estimates here, most of your cash operating expenses are actually really well contained, but there was a pretty significant increase in professional fees in third-party service provider costs. And we were just kind of wondering if you can discuss what that reflects and what we should expect for trend of that into 2022.

Riadh Zine

Sure. Maybe, Bill, you could go through that question.

Bill Larkin

Sure. I can provide some color. We did, in the fourth quarter, incur an increase principally around our professional fees. That's going to be audit tax and other third-party services. So that's just part of the integration, trying to get through the year-end audit process. And so, as we look forward, we are going to have a little bit higher operating cost structure, and that's going to be reflected in our guidance that we have provided.

Noel Atkinson

Okay. And then, could you just maybe give a little bit about quarterly seasonality for Radiology and Oncology? It looked like the Oncology was a little bit softer in Q4 than what we were expecting given what was shown for that period in September. So if you could provide some detail on that, that'd be great.

Riadh Zine

Sure. Happy to. Rhonda, do you want to take that question?

Rhonda Longmore-Grund

Sure. Happy to do so. Probably if you look at the seasonality of the business, our lowest quarters, we tend to see Q1 quite low. We tend to see a bit of a dip in Q4 as well as we get into the end November through December time frame.

In this particular case for this year, in December in particular, the business in Oncology and Radiology was quite impacted from Omicron. So we saw a fairly significant dip across the platform, and Oncology was included.

And if you were looking at the Q3 earnings release that we provided for Oncology, we also had a business that we had divested that was still in the structure in Q3, which we divested in Q4. So that also provided some of those big dips from a revenue perspective.

Noel Atkinson

Okay. Great. And then just lastly, Riadh, maybe you could talk about where you are with some of the various sort of tech projects that you've had going over the last little while; the ERP system, the Philips relationship, that sort of thing.

Riadh Zine

Yes. No problem. Yeah. We continue to work on any technology-driven initiatives. I think everyone on this call knows the labor cost increasing. And in our case, it's not just also labor increase of labor cost, it's also shortage of clinical workforce. Now that works in the favor of companies of scale as well. So just like it does hurt us, actually, it makes us more relevant in the industry.

So these dynamic of shortage of workforce is not something that investors should look at as a negative factor. It will be, in the short term, but in the long run, all that it does is actually makes the consolidators like ourselves and the companies of large scale even more positioned for capturing market share and for growth.

But in the meantime, given that already have seen that trend and we expected that, we are doing everything we can to bring as much technology as possible to the clinical service delivery, but also to the administrative side of the business, which is the ERP or patient journey, which what we refer to as patient journey now. We will see more developing on that as we approach the second half of the year.

And we continue to make a lot of progress. And I think our goals will still remain to make 2022 a transformational year from technology-driven initiatives and from setting the stage for this company to be a lot more profitable than today. And I think that's what really makes us. I'm glad you asked this question because everyone looking at these numbers, and they look at the levers, they go, where does the comfort come? The comfort doesn't come just from same-store growth. That's not where the comfort is. We have a lot of synergies that we haven't captured yet, and that's just pure cost. And we have a lot of transformative initiatives that will actually take a lot of cost out because we will just deliver the service in a different way.

So that combination, and then on top of that, the ultimate vision of continuing to be a partner of choice for hospitals, so driving more partnerships, all those factors, in our not kind of 12-month guidance but in our mid to long-term plan, we see significant upside and significant deleveraging.

Noel Atkinson

Okay. Great. Thanks very much.

Operator

We'll now take a question from Greg Beaman with Canaccord Genuity.

Greg Beaman — Canaccord Genuity

Hey, guys. First of all, congrats on the quarter. My question was actually answered previously. So nothing from my end. Thanks.

Riadh Zine

Thank you.

Operator

We'll move to Endri Leno with National Bank.

Endri Leno — National Bank

Good morning. Thanks for taking my question. The first one I'll start. I was wondering if you guys can help us bridge Q4 run rate EBITDA to the guidance EBITDA for 2022. Like how do we get from one $110 million run rate to $160 million?

Riadh Zine

I thought Rhonda already did that in her remarks, but maybe, Rhonda, you could help Endri again.

Rhonda Longmore-Grund

Yeah. Sure. No. Happy to do it. So if you look at there are three components of really, if you take the broad strokes, of what's driving our EBITDA move from 2021 into 2022. And you can see that that's a significant amount of that revenue increase, which a large piece of that drops to the bottom line from same store as well as bus dev. And we have actually taken a fairly robust view on labor cost given market conditions. And so when you parse it out, we've got about $4 million of synergies built in. So it's quite modest. We'll be at a higher run rate by the end of the year, but we only have a $4 million synergy portion built in, and they've got same-store dropping to the bottom line offset by some labor and then plus some business development.

So it's, I think, overall, quite modest given the moves that we see potentially from the volumes, just even organically.

Endri Leno

Okay. Okay. Thank you for that. My next question, if you can talk a bit about on the reimbursement side, what would the impact from Medicare financially be for 2022?

Rhonda Longmore-Grund

So at this point in time what we've seen it's pretty modest as a total business for us in the oncology side. So the alternative payment model, which was really set to come out in 2022, was again delayed. It's been delayed now for several years. Overall, we're definitely waiting to see the impact of that, but that was delayed for 2022. So we had a very modest impact going into 2022 for other CMS, just typical changes.

Most of our business is hospital-based on the oncology side, and that has fared, on the oncology side, better than free-standing typically from a rate perspective. And then when you look at the CMS side in radiology, it was, I would say, a fairly nominal, a couple of million dollars across all platforms it would take. So there was not a very, very significant need for us.

Endri Leno

Okay. Got it. That's great color. Thank you. And my last question and then I'll jump in the queue, but if you can talk a bit about the integration and the synergies you plan to realize, at least in Phase 1. I mean how are they going? How are you progressing there? Especially given that that was a bit of a (unintelligible) in January and February?

Riadh Zine

No problem, Endri. So I think, on that question, from an integration perspective, like we said, and I think we did it in previous conversations or communication, we really don't have much in the guidance from synergies. So that's upside. I think there are only a few million dollars in our guidance for 2022 from synergies, which is obviously a fraction from the $23 million that we've identified that we're working on. And our integration plans are far advanced, despite all the distraction that we had in the last couple months. We managed to get very advanced in our integration plans. And it's a matter of execution and implementation now.

Endri Leno

Right. Great. Thank you.

Riadh Zine

Thank you.

Operator

We'll now hear from Rishi Parekh with Barclays.

Rishi Parekh — Barclays

Hi. Thanks for taking my questions. First, on the question with regards to the legacy reserve, I think you said that if you exclude the legacy reserve and you exclude the $2 million impact in the December quarter, you would've hit your high end of your EBITDA range. Can you just remind me, what was the high end of that EBITDA range that you were expecting for the fourth quarter?

Bill Larkin

Our high end of the EBITDA range for the year was at $72 million for the year. So we came in at right just below, right, $67 million. So taking those into consideration, those incremental costs, would put us in at the high end of the range.

Rishi Parekh

Okay. Then—

Riadh Zine

Between the provision and the Omicron, yeah, we would have been above that high end of the range. Sorry. Go ahead, Rishi.

Rishi Parekh

Okay. So then going back to the previous question around the professional fees, I heard the reasons. I didn't hear a number. So I was just trying to better understand what percentage of that $31 million. I know you've roughly, at least on the Akumin side of the business, did about $7 million to $7.5 million per quarter on that front. But what percentage of that $31 million would you argue was one-time in nature and nonrecurring?

Bill Larkin

Yeah. We had professional fees was a big chunk of it, and we had a balance of $800,000 to $900,000 in what I call one-time fees related to the restatements and other professional fees on that.

And then the other big cost driver for operating expenses is around our insurance. We're seeing higher premiums on director and officer coverage, higher cyber, higher property. And those increases, those higher levels are baked into our '22 plan.

Rishi Parekh

Okay. Okay. And then just for your guidance for next year, it's unchanged from the last quarter. I know you had the $6 million Omicron impact and which I assume that you expect to recover that through the year. Does the guidance include any of these other challenges that you saw, and like specifically in the fourth quarter, these reserves? Anything else that you're just not including that? Or you're thinking that it's just not going to have an impact in '22?

Riadh Zine

So on 2022, I think, Rishi, you're correct. The underlying assumption is that we recapture the balance in the balance of the year, the impact of January, February from Omicron. So that's a correct assumption.

And also, the other implied assumption in our guidance is no further delay in the collection of the attorney business. And, obviously, now the courts are open again. So that's a good assumption. But obviously, we need more data to validate that assumption.

Rishi Parekh

Okay. I'll hop back on. Thanks.

Rhonda Longmore-Grund

Right. Okay.

Operator

And, ladies and gentlemen, this will conclude our question-and-answer session today.

I'll turn the call back over to Riadh Zine for any closing remarks.

Riadh Zine

Thank you. Thank, everyone, for participating on today's call. As I mentioned at the outset, Q4 marked the first full quarter of the new Akumin including Alliance.

Akumin's vision is to be the hospital partner of choice, transforming the delivery of patient care through patient-centric innovation and service delivery excellence, all of which in an outpatient care setting.

We are a leading outpatient healthcare services platform today with significant scale, long-standing hospital and health system relationships, and free-standing operational expertise.

On a pro forma basis, we generated in excess of $725 million in revenues in 2021. And we serve patients in more than 230 fixed sites in radiology and oncology, with more than 4,000 team members across the US.

Our integration and transformative initiatives are underway, and we continue to expect 2022 to be a milestone year as we build on this solid foundation. Our company has never been better positioned to capitalize on the trends and growth opportunities ahead in our industry.

I would like to take this opportunity to thank our team members, radiologists, hospital partners, and all of our stakeholders for their efforts and support during 2021, which was a transformational year for Akumin.

This concludes our call. Thanks again to all participants for your continued interest in Akumin.

Operator

And once again, ladies and gentlemen, this does conclude your conference for today. We thank you for your participation. And you may now disconnect.