UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

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

For the fiscal year ended 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 001-41346

NUTEX HEALTH INC.

Delaware	**11-3363609**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

6030 S. Rice Ave, Suite C,
Houston, Texas 77081
Telephone Number (713) 660-0557

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.001 par value	**NUTX**	**NASDAQ Capital Market**

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, 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 Act). Yes ☐ No ☑

The aggregate market value of voting common stock held by non-affiliates at June 30, 2024 was approximately $18.2 million. At March 24, 2025, there were 5,528,448 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2025 Annual Meeting of Shareholders (the "Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K and will be filed within 120 days of the registrant's fiscal year end.

INTRODUCTORY NOTE

On April 1, 2022, Nutex Health Holdco LLC merged with Clinigence Holdings, Inc., a publicly traded Delaware corporation ("Clinigence"), which was renamed Nutex Health Inc. after the merger. Immediately prior to the merger, holders of 84% of the aggregate equity interests in subsidiaries and affiliates of Nutex Health Holdco LLC contributed these ownership interests to Nutex Health Holdco LLC in exchange for Nutex Health Holdco LLC equity interests. Immediately thereafter, in the merger, each unit representing an equity interest in Nutex Health Holdco LLC was converted into the right to receive shares of Clinigence (n/k/a Nutex Health Inc.) common stock.

Unless the context dictates otherwise, references in this Annual Report on Form 10-K to "Nutex," the "Company," "we," "us," "our," and similar words are references to Nutex Health Inc. (formerly known as Clinigence Holdings, Inc.), a Delaware corporation, and its consolidated subsidiaries and affiliated entities, as appropriate, including its consolidated variable interest entities ("VIEs") and "Nutex" refers to Nutex Health Inc.

Effective as of 11:59 p.m. Eastern time on April 9, 2024, the Company effected a 1-15 reverse stock split and effective as of 11:59 p.m. Eastern time on July 2, 2024, the Company effected an additional 1-10 reverse stock split (the "2024 Reverse Stock Splits").

Unless otherwise indicated, all authorized, issued, and outstanding stock and per share amounts referred to in this Annual Report on Form 10-K have been adjusted to reflect the 2024 Reverse Stock Splits for all prior periods presented. Proportionate adjustments for the 2024 Reverse Stock Splits were made to the exercise prices and number of shares issuable under the Company's equity incentive plans, and the number of shares underlying outstanding equity awards, as applicable. See Note 1 for information and disclosures relating to adjustments related to the 2024 Reverse Stock Splits.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and include this statement for purposes of complying with these safe harbor provisions.

This document contains certain forward-looking statements with respect to our financial condition, results of operations and business, plans, objectives and strategies. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as "estimate," "project," "predict," "will," "would," "should," "could," "may," "might," "anticipate," "plan," "intend," "believe," "expect," "aim," "goal," "target," "objective," "commit," "advance," "likely" or similar expressions that convey the prospective nature of events or outcomes. There are several factors which could cause actual plans and results to differ materially from those expressed or implied in forward-looking statements. Such factors include, but are not limited to:

- our ability to successfully execute our growth strategy, including identifying and developing successful new geographies, physician partners and patients;
- changes in applicable laws or regulations, including changes in the laws and regulations related to reimbursements;
- uncertainties in the amounts, timing and process of reimbursements by third-party payors and individuals;
- we may be adversely affected by other economic, business, and/or competitive factors;
- the difficulty in evaluating our future prospects, as well as risks and challenges, due to the new and rapidly evolving business and market;
- we may need to raise additional capital to fund our existing operations, develop and commercialize new services or expand our operations;
- possible difficulty managing growth and expanding operations;
- our ability to retain qualified personnel;

- the effectiveness and efficiency of our marketing efforts;
- spending changes in the healthcare industry;
- we, our affiliated professional entities and other physician partners may become subject to medical liability claims;
- a failure in our information technology systems,
- security breaches, loss of data or other disruptions could compromise sensitive information related to our business or prevent us from accessing critical information, expose us to liability and our reputation may be harmed and we could lose sales, clients and members;
- any future litigation against us could be costly and time-consuming to defend;
- failure to adhere to all of the complex government laws and regulations that apply to our business could result in fines or penalties, being required to make changes to our operations or experiencing adverse publicity;
- our arrangements with affiliated professional entities and other physician partners may be found to constitute improper rendering of medical services or fee splitting under applicable state laws;
- we may face inspections, reviews, audits and investigations under federal and state government programs and contracts and adverse findings may have an adverse effect on our business;
- recent healthcare legislation and other changes in the healthcare industry and in healthcare spending has and may in the future adversely affect our revenues and may cause material adverse effects on our financial results;
- the transition from volume to value-based reimbursement models may have a material adverse effect on our operations;
- our ability to remain listed on the NASDAQ; and
- other risks, uncertainties and factors disclosed in the section entitled "Risk Factors" and elsewhere in this Annual Report on Form 10-K.

These forward-looking statements reflect our current views with respect to future events and are based on numerous assumptions and assessments made by us in light of our experience and perception of historical trends, current conditions, business strategies, operating environments, future developments and other factors we believe appropriate. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. The factors described in the context of such forward-looking statements in this document could cause our plans, actual results, performance or achievements, industry results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we cannot assure you that such expectations will prove to have been correct and persons reading this document are therefore cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report. We do not assume any obligation to update the information contained in this document (whether as a result of new information, future events or otherwise), except as required by applicable law.

NUTEX HEALTH INC.

FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2024

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PART I

Item 1. Business

Overview

Nutex Health Inc. ("Nutex Health" or the "Company") is a physician-led, healthcare services and operations company with 24 hospital facilities in 11 states (hospital division), and a primary care-centric, risk-bearing population health management division. Our hospital division implements and operates innovative health care models, including micro-hospitals, specialty hospitals and hospital outpatient departments ("HOPDs"). The population health management ("PHM") division owns and operates provider networks such as independent physician associations ("IPAs").

We employ 800 full-time employees, contract 255 doctors at our facilities and partner with over 2,100 physicians and specialists within our networks. Our corporate headquarters is based in Houston, Texas. We were incorporated on April 13, 2000 in the state of Delaware.

Operating Segments

We report the results of our operations as three segments: (i) the hospital division, (ii) the PHM division and (iii) the real estate division.

Hospital Division. Our hospital division develops and operates a network of micro-hospitals, specialty hospitals and HOPDs providing comprehensive and high-quality 24/7 care. Our full-service care delivery model provides concierge-level care traditionally offered by larger hospitals in a patient-friendly and cost-effective setting. We provide a full spectrum of healthcare services, including emergency room care, inpatient care, and behavioral health, and offer a complementary suite of ancillary services, including onsite imaging (CT scan, X-ray, MRI, ultrasound, etc.), certified and accredited laboratories, and onsite inpatient pharmacies. We own and operate 24 healthcare facilities across 11 states and currently have an additional 10 de novo micro-hospitals under various stages of development.

Our micro-hospitals generate revenue from both emergency services and in-patient services, providing operating leverage and significant earning potential of each facility. We believe that wait times are significantly lower than traditional ER settings and patients are welcomed by a friendly attentive staff and physician team. Our hospital division generally operates as an out-of-network provider and, as such, does not have negotiated reimbursement rates with insurance companies. Our patients with commercial insurance coverage have historically applied out of network benefits and patient co-pays to settle invoices. In the future, we expect to contract directly with more commercial payors whose reimbursement rates for our services are more closely aligned with the value offered.

When developing new hospitals, we provide a turn-key process from location selection, real estate design, and development of the facility to staffing, training and operations. Our management and administrative teams provide a comprehensive suite of operational and managerial services to hospitals, including management, billing, collections, human resources and recruiting, legal, accounting, regulatory, legislative and marketing / business development. Our licensed micro-hospitals average approximately 15,000 to 25,000 square feet and include seven to eight emergency treatment rooms, two to ten in-patient beds for both short- and long-term stays and advanced imaging equipment, laboratory and pharmacy. Our staffing at each facility includes four to ten physicians and hospitalists depending on the community's needs.

Most of our hospitals have contractual relationships with separately owned professional entities (the "Physician LLCs") and real estate entities (the "Real Estate Entities"). The Physician LLCs employ the doctors who work in our hospitals. The Real Estate Entities, which generally have the same ownership as the related Physician LLCs, own the land and hospital buildings in which the hospitals operate and lease the buildings to the hospitals. We have no ownership interests in either the Physician LLCs or Real Estate Entities, but provide back office accounting for each. Many of these entities are owned in part, and in some cases, controlled by our Chairman and Chief Executive Officer.

The Physician LLCs are consolidated by the Company as variable interest entities (VIEs) because they do not have significant equity at risk, and we have historically provided support to the Physician LLCs in the event of cash shortages and received the benefit of their cash surpluses.

Population Health Division. Our population health management division establishes and operates provider networks such as IPAs. Through its Management Services Organization ("MSO"), Nutex provides management, administrative, and other support services to its affiliated hospitals and physician groups.

An IPA is a business entity organized and owned by a network of independent physician practices. Once established, the IPA enrolls patients and negotiates managed care contracts with insurers to provide comprehensive care to their patients, often for a value-based fixed annual fee (capitation). The IPA entities are not owned by us but are managed by our MSO which provides management, administrative, and other support services. Presently, we manage one IPA located in Los Angeles, California having approximately 33,000 patients. We have established two other IPAs, in one Houston and in one South Florida. As of the date of this filing, our Houston IPA manages approximately 800 Medicare Advantage ("MA") patients and our South Florida IPA manages approximately 5,000 members, including 400 MA patients. In total, the Company's IPAs now have approximately 40,000 members across its platform, including commercial and Medicaid managed care members. We are operationalizing our IPA in Phoenix, Arizona in 2025 and plan to enter one to two more new markets in 2025. We consolidate the IPA entities in our financial statements as VIEs since we manage these entities.

Real Estate Division. The Real Estate Entities own the land and hospital buildings which are leased to our hospital entities. The Real Estate Entities have mortgage loans payable to third parties which are collateralized by the land and buildings. We do not have direct ownership interest in these entities but they are owned and, in some instances, controlled by related parties, including our CEO. We consolidate the Real Estate Entities as VIEs in instances where our hospital entities are guarantors or co-borrowers under their outstanding mortgage loans. Since the second quarter of 2022, we deconsolidated 18 Real Estate Entities after the third-party lenders released our guarantees of associated mortgage loans, leaving two Real Estate Entities as current VIEs consolidated in our financial statements.

Sources of Revenue

The following table shows revenue for each of our operating segments:

	Year ended December 31,		
	2024	2023	2022
Hospital division revenue	$ 449,063,683	$ 218,070,397	$ 198,508,245
Population health management division revenue	30,884,950	29,575,919	20,786,061
Total revenue	$ 479,948,633	$ 247,646,316	$ 219,294,306

Our hospital division receives payment for facility services rendered by us from federal agencies, private insurance carriers, and patients. The Physician LLCs receive payment for doctor services from these same sources. On average, greater than 90% of our net patient service revenue is paid by insurers, federal agencies, and other non-patient third parties. The remaining revenues are directly paid by our patients in the form of copays, deductibles, and self-payment. As noted, we generally operate as an out-of-network provider and, as such, do not have negotiated reimbursement rates with insurance companies.

The population health management division recognizes revenue for capitation and management fees for services to IPAs and physician groups. Capitation revenue consists primarily of capitated fees for medical services provided by physician-owned entities we consolidate as VIEs. Capitated arrangements are made directly with various managed care providers including HMOs. Capitation revenues are typically prepaid monthly to us based on the number of enrollees selecting us as their healthcare provider. Capitation is a fixed payment amount per patient per unit of time paid in advance for the delivery of health care services, whereby the service providers are generally liable for excess medical costs. We receive management fees that are based on gross capitation revenues of the IPAs or physician groups we manage.

Our Strategy

Our mission is to make exceptional concierge-level healthcare more accessible to communities. Our business strategy is to increase stockholder value through earnings growth and cash flow generation by:

- *Developing and operating innovative micro-hospitals* – We currently operate 24 micro-hospital facilities in 11 states and four IPAs. We plan to grow our operations by expanding our innovative micro-hospital model into several more states and developing IPAs which leverage our presence and physician relationships in each community we serve.

- *Providing a patient-centric care model* – We fulfill a healthcare segment needing immediate and convenient access to primary and emergency care. Producing a compelling work environment for physicians helps us deliver superior patient experiences and clinical outcomes.

- *Offering a differentiated provider engagement and partnership strategy* – Having high satisfaction and retention rates of physicians helps us in delivering superior patient experiences. Financially, we are aligned with our physician partners who are co-investors with us in their community's micro-hospitals or IPAs and, in many instances, are stockholders of Nutex. Our relationships with physician partners are critical to our success.

- *Having a scalable go-to-market strategy* – Robust administrative support where key support functions including billing and collection, purchasing, marketing, legal and compliance, human resources and financial operations are centralized allowing our physicians and hospitalists to focus on patient care. Building out IPA networks in the same communities as our micro-hospitals help drive patient volume and result in greater revenue from increased capitation and full-risk contracts. To complement our organic growth plans, we may, in the normal course of business, consider and review opportunistic acquisitions.

Our Growth Strategy

We are focused on expanding patient access to quality healthcare by expanding our clinical services at our existing facilities and by opening or acquiring new micro-hospital facilities in high demand areas of the United States. We are also seeking to establish IPAs in many of the locales where we operate micro-hospitals in order to leverage our community presence and relationships with in-market physicians.

We expect to open three new hospital facilities in 2025. These facilities are either under construction or in advanced planning stages. We anticipate launching one-to-three additional IPAs per year principally in geographic areas around our existing micro-hospitals. There is no guarantee that any or all of the planned new hospitals or new IPAs will be successfully launched in the anticipated time frames.

The following map shows our existing and planned presence across the United States:

Our process for opening a new micro-hospital begins with identifying high demand markets. Generally, we place our micro-hospitals in larger suburban or rural locations. Before entering a new state, we investigate the regulation and licensing requirements for our business and the construction design and permitting requirements of the targeted community. Next, we identify and contract with in-market physicians who will co-invest with us and become the on-site management of the new facility.

For each new hospital location, three entities are usually created:

- Real estate entity – our hospital facilities are designed and constructed to meet our specific needs and governmental regulations for micro-hospitals. Construction of new facilities or major renovation of existing buildings to meet our specifications requires significant financial resources. In most cases, these financial resources are provided by a newly established real estate entity that is independently owned by the in-market physicians and other partners, including in many cases, members of our executive management team. The real estate entities often enter into mortgage loans to finance the acquisition of the associated land or purchase the build out of facilities. In some instances, Nutex may participate as a co-borrower or guarantor of this indebtedness. Nutex does not own any of the real estate entities but enters into a long-term market rate lease of the facility for its operations with the real estate entity. Nutex also contracts with this entity to provide administrative services including financial accounting and other responsibilities.

- Physician LLC entity – the in-market physicians create and independently own the physician entity. In certain states, state laws and regulations prohibit non-physician ownership of physician practices. The physician entity employs or contracts with physicians who will staff the new location. We contract with the physician entities to provide administrative services including claims billing and collections, financial accounting and other responsibilities.

- Hospital facility entity – Nutex typically has 60% or more equity ownership of new hospital facilities and in-market physicians usually own much of the remaining equity. The participation by in-market physicians in owning the hospital facility is a key factor in our success. The hospital facility contracts with the physician entity to provide physician staffing and enters into a lease of the physical facility with the associated real estate entity. The hospital facility provides the operating equipment and supplies and employs nursing and other staffing for local operations.

Our relationships with physician partners are critical to our success. The physician partners' financial participation through ownership in whole, or in part, of the above entities aligns our interests towards achieving common business goals and helps us target a high satisfaction and retention rate of physicians.

Having good physician relationships is also fundamental to our success in developing and operating IPAs. We begin development of new IPAs by identifying underserved markets. As noted previously, we are focused on launching IPAs in markets around our micro-hospitals. Doing so will leverage our existing physician relationships and increase visibility of our micro-hospitals in the marketplace. Once the physician provider network is secured, we work to contract with health insurance plans and begin enrolling patients in the new IPA.

We may achieve our growth strategy in part by acquiring or contracting existing healthcare facilities and IPAs. We currently have an IPA presence in the top three states for seniors, California, Florida, and Texas, which make up a quarter of the nation's seniors.

Competition

The healthcare industry is highly competitive and highly fragmented. We face competition in every aspect of our business, including in offering a favorable payment structure for existing physician partners and attracting physician partners who are not contracted with us, from a range of large and medium-sized local and national companies that provide care under a variety of models that could attract patients, providers, and payors. Our primary competitors are free-standing emergency departments and traditional large local hospital systems that are developing micro-hospitals to increase their footprint in their local communities. Our competitors typically vary by geography, and we may also encounter competition in the future from other new entrants.

Since there are no substantial capital expenditures required for providing healthcare services, there are few financial barriers to entry in the healthcare industry. Other companies or hospital groups could enter the micro-hospital market in the future and divert some, or all, of our business. Our ability to compete successfully varies from location to location and depends on a number of factors that include, but are not limited to: the number of competing facilities in the local market and the types of services available at those facilities, our local reputation for quality care of members, the commitment and expertise of our medical staff, our local service offerings and community programs, the cost of care in each locality, and the physical appearance, location, age and condition of our facilities.

Our growth strategy and our business could be adversely affected if we are not able to continue to operate in existing geographies, successfully expand into new geographies or maintain or establish new relationships with physician partners. See "Risk Factors."

The principal competitive factors in our business include the nature and caliber of relationships with physicians; patient healthcare quality, outcomes, and cost; the strength of relationships with payors; the quality of the physician experience; local geography leadership position; and the strength of the underlying economic model. We believe our business, partnership and operations model enables us to compete favorably.

The Healthcare Industry

According to the Centers for Medicare & Medicaid Services, or CMS, national healthcare expenditures grew 7.5% in 2023 to $4.9 trillion. Federal expenditure for healthcare increased by 3.4% due to the initial impacts of the Inflation Reduction Act on federal Medicare spendings and faster spending growth for Medicare hospital and physician spending, while private health insurance spending increased by 11.5%. CMS anticipates that total U.S. healthcare annual expenditures will reach nearly $7.7 trillion by 2032, accounting for approximately 19.7% of the total U.S. gross domestic product.

Hospital services, the market within the healthcare industry in which we primarily operate, is the largest single category of healthcare expenditures. In 2023, hospital care expenditures increased 10.4%, faster than the growth rate of 2.2% in 2022, and totaled nearly $1.5 trillion. The faster growth in 2023 was driven by non-price factors (which include the use and intensity of services), with an increased number of hospital discharges and increased Medicare outpatient hospital utilization. CMS projects that the hospital services category will grow at an average of 5.6% annually from 2027 through 2032, reaching nearly $2.4 trillion by 2032.

The U.S. hospital industry includes acute care, rehabilitation and psychiatric facilities that are either public (government owned and operated), not-for-profit private (religious or secular), or for-profit institutions (investor owned). According to the American Hospital Association, there are approximately 5,112 community hospitals in the U.S., which are not-for-profit owned, investor owned, or state or local government owned. Of these hospitals, approximately 35% are located in non-urban communities. Hospital facilities offer a broad range of healthcare services, including internal medicine, general surgery, cardiology, oncology, orthopedics, OB/GYN and emergency services. In addition, hospitals offer other ancillary services, including psychiatric, diagnostic, rehabilitation, home care and outpatient surgery services.

Patients needing the most complex care are more often served by larger and/or more specialized urban hospitals. We believe opportunities exist in selected markets to create micro-hospitals serving the community's emergency needs which expand the reach of healthcare services and have lower wait times for care than often seen in larger hospital emergency departments.

Physician and clinical services expenditures grew 7.4% to $978.0 billion in 2023, faster growth than the 4.6% in 2022. Relative spending for primary care in the U.S. is lower than that of many other developed nations. Preventative primary care is an important focus of U.S. healthcare education to consumers with the goal of improving patient care outcomes through early detection and treatment of illnesses. It also has the added benefit of reducing healthcare costs as extended hospital stays and more costly treatments may be avoided.

Consumers desire affordable primary care with access to specialists as needed. We believe this need may be met in markets we service through our IPAs. Our IPAs offer a trusted network of primary care physicians and specialists fostering closer patient-physician relationships.

Governmental Regulation

The healthcare industry is heavily regulated and closely scrutinized by federal, state and local governments. Comprehensive statutes and regulations govern the manner in which we provide and bill for services and collect reimbursement from governmental programs and private payors, our contractual relationships with our providers, vendors and clients, our marketing activities and other aspects of our operations. Of particular importance are:

- No Surprises Act;
- the federal physician self-referral law, commonly referred to as the Stark Law;
- the federal Anti-Kickback Act;
- the criminal healthcare fraud provisions of the Health Insurance Portability and Accountability Act (HIPAA);
- the federal False Claims Act;
- reassignment of payment rules that prohibit certain types of billing and collection;
- similar state law provisions pertaining to anti-kickback, self-referral and false claims issues;
- state laws that prohibit general business corporations, such as us, from practicing medicine;
- laws that regulate debt collection practices as applied to our debt collection practices;

No Surprises Act. The No Surprises Act ("NSA") is a federal law that took effect January 1, 2022, to protect consumers from most instances of "surprise" balance billing. With respect to the Company, the NSA limits the amount an insured patient will pay for emergency services furnished by an out-of-network provider. The NSA addresses the payment of these out-of-network providers by

group health plans or health insurance issuers (collectively, "insurers"). In particular, the NSA requires insurers to reimburse out-of-network providers at a statutorily calculated "out-of-network rate." In states without an all-payor model agreement or specified state law, the out-of-network rate is either the amount agreed to by the insurer and the out-of-network provider or an amount determined through an independent dispute resolution ("IDR") process.

Under the NSA, insurers must issue an initial payment or notice of denial of payment to a provider within thirty days after the provider submits a bill for an out-of-network service. If the provider disagrees with the insurer's determination, the provider may initiate a thirty-day period of open negotiation with the insurer over the claim. If the parties cannot resolve the dispute through negotiation, the parties may then proceed to the IDR process.

Independent Dispute Resolution. In the IDR process, the provider and insurer each submit a proposed payment amount and explanation to the arbitrator. The arbitrator must select one of the two proposed payment amounts taking into account the "qualifying payment amount" ("QPA") and additional circumstances, including, among other things, the level of training, outcomes measurements of the facility, the acuity of the individual treated, and the case mix and scope of services of the facility providing the service. The NSA prohibits the arbitrator from considering the provider's usual and customary charges for an item or service, or the amount the provider would have billed for the item or service in the absence of the NSA.

Qualifying Payment Amount. The QPA is generally the median of the contracted rates recognized by the plan or issuer under such plans or coverage, respectively, for the same or a similar item or service that is provided by a provider in the same or similar specialty and provided in the geographic region in which the items or service is furnished, with annual increases based on the consumer price index. At the beginning of each year, the IRS publishes a notice providing the applicable percentage increase of the QPA for each year.

HHS Final Rule. As required by the NSA, the United States Department of Health and Human Services ("HHS") has established an IDR process under which a certified IDR entity determines the ultimate amount of payment. The HHS' final rule became effective October 25, 2022 and requires the certified IDR entity to select the offer that best reflects the value of the item or service provided, by first considering the QPA and then considering specified additional information that is relevant to the dispute.

Legal challenges to HHS Final Rule. The final rule was the subject of legal challenges. Beginning in September 2022, the Texas Medical Association (TMA) filed several actions in federal court, mainly seeking to invalidate the IDR related provisions of the final rule.

The TMA on November 30, 2022 filed a lawsuit challenging the methodology of the federal regulator's calculation of the QPA amount under the final rules, which allows consideration of all negotiated rates, including those provided in contracts with providers who do not actually provide the particular service. On August 24, 2023, the federal district court ruled to vacate several aspects of the regulations mandating the methodology for the QPA calculation. However, on October 30, 2024, Judge Catharina Haynes of the United States Court of Appeals for the Fifth Circuit reversed the district court's vacatur of the QPA calculation methodology, holding that it was consistent with the statutory definition of QPA (as described above). The Appeals Court is currently considering whether to allow the TMA's petition for an *en banc* appeal. On January 17, 2025 the Biden Administration filed a response with the court, arguing that such petition should be denied.

Previously, on August 3, 2023, the district court agreed with the TMA by allowing for the batching of similar items in the IDR process and disallowing the administrative fee increase from $50 to $350.

On August 2, 2024, the 5th Circuit Court of Appeals upheld a ruling by district court disallowing provisions of the federal rules established under the NSA which have required arbitrators to prioritize the QPA over any other factors, such as the complexity of the medical service, the doctor's level of training or the scope of services available at the facility. Under the Appeals Court's ruling, the arbitrators must consider all factors listed above, including, but not prioritizing, the QPA.

Nutex and the NSA. While we are working within the established processes for IDR, we have had varying successes at achieving collections at or higher than the established QPA. We have undertaken several strategic actions designed to improve our collections results. These include:

- engaging a third-party IDR vendor for claims under IDR,
- maximizing our claims coding efficiency,
- increasing efforts to collect co-pays and co-insurance,

- adding additional administrative staff to handle the increased administrative IDR burden,
- having a dedicated IDR team to accelerate resubmission of claims under the IDR process,
- making appeals for additional payment of claims for periods before and after the NSA final rule was adopted through the IDR process,
- making efforts to sign favorable contracts with new insurers,
- working to sign more favorable contracted rates with existing contracted providers,
- working with both local and national legislatures to enforce the NSA rules and guidelines for Insurers, and
- focusing on the value-based IPA side of our business, which is less affected by the NSA.

Arbitration Process. On July 1, 2024, we engaged with a third-party IDR vendor to assist in the recovery of certain out of network claims under the IDR process. The IDR process, including subsequent appeals and insurance payor delays, require extensive administrative time and delays in collections, which can take up to three to five months to receive payments from when we start the open negotiation process. Since implementing its arbitration strategy, the Company has reached its goal of submitting between 60-70% of its billable visits to arbitration each month, achieving an arbitration success rate in excess of 80% during the fourth quarter of 2024.

Cost of Arbitration. There is a significant cost to enter the arbitration process. The arbitration process includes expenses associated with third party providers, including IDR entities, which typically collect fees at the beginning of the process, before the claim award amounts are decided by arbitrators. According to the TMA, as of January 24, 2025, the nonrefundable administrative fee is $115 per party per dispute and the certified IDR entity fee ranges from $200 to $400 for single determinations and $268 to $1,173 for batched determinations.

Future Developments. On September 13, 2024, Congressman Greg Murphy, M.D., along with several colleagues, introduced the bipartisan Enhanced Enforcement of Health Coverage Act to provide penalties for late payment or non-payment by third-party payors after an IDR entity payment determination. While this bill was not voted on, with a new Congress recently returning to session and a new administration in office, we expect to see both legislative and rulemaking efforts related to the NSA continue throughout 2025. While the NSA was passed during President Trump's first term in office, the Biden Administration has been solely responsible for its implementation so far. If so inclined, the Trump Administration could make significant changes to current NSA regulatory implementation.

We are supportive of industry efforts challenging certain provisions of the NSA. Our experience, like that of many other healthcare providers, is that the final rule continues to unfairly favor insurers in the determination of the QPA we receive for our healthcare services. It is difficult to predict the ultimate outcome of future legal challenges or legislative and rulemaking efforts at the federal level. Additionally, there can be no assurance that third-party payors will not attempt to further reduce the rates they pay for our services or that additional rules issued under the NSA will not have adverse consequences to our business.

Regulatory Licensing and Certification. Many states, including Arizona, Arkansas, Florida, Indiana, Kansas, Louisiana, New Mexico, Ohio, Oklahoma, Texas, and Wisconsin, require regulatory approval, including licensure and certification, before establishing certain types of clinics offering certain professional and ancillary services, including the services Nutex offers. The operations of the Nutex owned and managed hospitals are subject to extensive federal, state, and local regulation relating to, among other things, the adequacy of medical care, equipment, personnel, operating policies and procedures, and proof of financial ability to operate. Our ability to operate profitably depends in part on the ability of Nutex owned and managed facilities and its providers to obtain and maintain all necessary licenses and other approvals, and maintain updates to their enrollment in the Medicare and Medicaid programs, including the addition of new hospital locations, providers and other enrollment information. In addition, certain ancillary services such as the provision of diagnostic laboratory testing require additional state and federal licensure and regulatory oversight, including oversight by CMS, under Clinical Laboratory Improvement Amendments of 1988, or CLIA, which requires all clinical laboratories to meet certain quality assurance, quality control and personnel standards, and comparable state laboratory licensing authorities. Standards for testing under CLIA are based on the complexity of the tests performed by the laboratory, with tests classified as "high complexity," "moderate complexity," or "waived." Nutex owned and managed facilities hold CLIA Certificates of Waiver and perform certain CLIA-waived tests, which subject such clinics to certain CLIA requirements. Sanctions for failure to comply with applicable state and federal licensing, certification and other regulatory requirements include suspension, revocation or limitation of the applicable authorization, significant fines and penalties and/or an inability to receive reimbursement from government healthcare programs and other third-party payors.

Nutex' providers must meet minimum requirements to apply for participation or continued participation with Nutex through a credentialing process, including, without limitation, having a valid, current medical license and DEA registration, if required for the

provider's scope of practice, the absence of any debarment, suspension, exclusion or other restriction from receiving payments from any government or other third-party payor program, and clearing National Practitioner Data Bank of any reports and/or disciplinary actions. Nutex' credentialing program is designed to meet CMS and the National Committee for Quality Assurance, or NCQA, credentialing requirements as well as applicable federal and state laws. Providers are generally recredentialed every three years or more often if necessary, which is consistent with industry guidelines. In addition, network providers are required under their participating provider agreements with Nutex to have established an ongoing quality assurance program. Moreover, Nutex' contracts may allow Nutex to withhold compensation from time to time based upon the providers meeting certain quality metrics, including HEDIS quality measures and care coordination metrics.

State Corporate Practice of Medicine and Fee-Splitting Laws. Our arrangements with our affiliated professional entities and other physician partners are subject to various state laws, commonly referred to as corporate practice of medicine and fee-splitting laws, which are intended to prevent unlicensed persons from interfering with or influencing the physician's professional judgment and prohibiting the sharing of professional service fees with non-professional or business interests. These laws vary from state to state, including those where the Company does business, and are subject to broad interpretation and enforcement by state regulators.
A determination of non-compliance against us and/or our affiliated professional entities or other physician partners based on the reinterpretation of existing laws or adoption of new laws could lead to adverse judicial or administrative action, civil or criminal penalties, receipt of cease-and-desist orders from state regulators, loss of provider licenses, and/or restructuring of these arrangements.

Healthcare Fraud and Abuse Laws. We are subject to a number of federal and state healthcare regulatory laws that restrict certain business practices in the healthcare industry. These laws include, but are not limited to, federal and state anti-kickback, false claims, self-referral and other healthcare fraud and abuse laws.

The federal Anti-Kickback Statute, or AKS, prohibits, among other things, knowingly and willfully offering, paying, soliciting, or receiving remuneration, directly or indirectly, in cash or kind, to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under federal and state healthcare programs such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation.

Several courts have interpreted AKS's intent requirement to mean that if any one purpose of an arrangement involving remuneration is to induce referrals of federal healthcare covered business, the AKS has been violated.

The AKS includes statutory exceptions and regulatory safe harbors that protect certain arrangements. By way of example, the AKS safe harbor for value-based arrangements and the safe harbor for arrangements between managed care organizations and downstream contractors both require, among other things, that the arrangement does not induce a person or entity to reduce or limit medically necessary items or services furnished to any patient. Failure to meet the requirements of an applicable AKS safe harbor, however, does not render an arrangement illegal. Rather, the government may evaluate such arrangements on a case-by-case basis, taking into account all facts and circumstances, including the parties' intent and the arrangement's potential for abuse, and may be subject to greater scrutiny by enforcement agencies.

The Stark Law prohibits a physician who has a financial relationship, or who has an immediate family member who has a financial relationship, with entities providing designated health services, or DHS, from referring Medicare and Medicaid patients to such entities for the furnishing of DHS, unless an exception applies. The Stark Law also prohibits the entity from billing for any such prohibited referral. Unlike the AKS, the Stark Law is violated if the financial arrangement does not meet an applicable exception, regardless of any intent by the parties to induce or reward referrals or the reasons for the financial relationship and the referral.

The Federal False Claims Act, or FCA, prohibits a person from knowingly presenting, or caused to be presented, a false or fraudulent request for payment from the federal government, or from making a false statement or using a false record to have a claim approved. A claim includes "any request or demand" for money or property presented to the United States government. Moreover, the government may assert that a claim including items and services resulting from a violation of the AKS or the Stark Law constitutes a false or fraudulent claim for purposes of the civil False Claims Act. Penalties for a violation of the FCA include fines for each false claim, plus up to three times the amount of damages caused by each false claim. Private individuals also have the ability to bring actions under these false claims' laws in the name of the government alleging false and fraudulent claims presented to or paid by the government (or other violations of the statutes) and to share in any amounts paid by the entity to the government in fines or settlement. Such suits, known as qui tam actions, are pervasive in the healthcare industry.

Further, the Civil Monetary Penalties Statute authorizes the imposition of civil monetary penalties, assessments, and exclusion against an individual or entity based on a variety of prohibited conduct, including, but not limited to offering remuneration to a federal health care program beneficiary that the individual or entity knows or should know is likely to influence the beneficiary to order or receive health care items or services from a particular provider. Moreover, in certain cases, providers who routinely waive copayments and deductibles for Medicare and Medicaid beneficiaries can also be held liable under the AKS and civil FCA. One of the statutory exceptions to the prohibition is non-routine, unadvertised waivers of copayments or deductible amounts based on individualized determinations of financial need or exhaustion of reasonable collection efforts. The HHS' Office of Inspector General emphasizes, however, that this exception should only be used occasionally to address special financial needs of a particular patient. Although this prohibition applies only to federal healthcare program beneficiaries, the routine waivers of copayments and deductibles offered to patients covered by commercial payors may implicate applicable state laws related to, among other things, unlawful schemes to defraud, excessive fees for services, tortious interference with patient contracts and statutory or common law fraud.

HIPAA also established federal criminal statutes that prohibit, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, including private third-party payors, and knowingly and willfully falsifying, concealing, or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the AKS, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation.

Several states in which we operate have also adopted similar fraud and abuse laws as described above. The scope of these laws and the interpretations of them vary from state to state and are enforced by state courts and regulatory authorities, each with broad discretion. Some state fraud and abuse laws apply to items or services reimbursed by any payor, including patients and commercial insurers, not just those reimbursed by a federally funded healthcare program.

Violation of any of these laws or any other governmental regulations that apply may result in significant penalties, including, without limitation, administrative civil and criminal penalties, damages, disgorgement, fines, additional reporting requirements and compliance oversight obligations, in the event that a corporate integrity agreement or other agreement is required to resolve allegations of noncompliance with these laws, the curtailment or restructuring of operations, exclusion from participation in governmental healthcare programs and/ or individual imprisonment.

Healthcare Reform. In the United States, there have been, and we expect there will continue to be, a number of legislative and regulatory changes to the healthcare system, many of which are intended to contain or reduce healthcare costs. By way of example, in the United States, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (collectively, the "ACA") substantially changed the way healthcare is financed by both governmental and private insurers. The ACA required, among other things, CMS to establish a Medicare shared savings program that promotes accountability and coordination of care through the creation of Accountable Care Organizations (ACOs). The Medicare shared savings program allows for providers, physicians and other designated health care professionals and suppliers to form ACOs and voluntarily work together to invest in infrastructure and redesign delivery processes to give coordinated high-quality care to their Medicare patients, avoid unnecessary duplication of services and prevent medical errors. ACOs that achieve quality performance standards established by CMS are eligible to share in a portion of the Medicare program's cost savings. ACO program methodologies and participation requirements are updated by CMS for each performance year and participants are expected to comply with such program requirements and required to report on performance after the close of the year. ACOs that fail to comply with such program requirements can face penalties or even termination of their participation in the Medicare shared savings program.

Additionally, the Center for Medicare and Medicaid Innovation continues to test an array of value-based alternative payment models, including the Global and Professional Direct Contracting Model to allow Direct Contracting Entities to negotiate directly with the government to manage traditional Medicare beneficiaries and share in the savings and risks generated from managing such beneficiaries. Although we currently do not participate in these pilot payment models, we may choose to do so in the future. Additional changes that may affect our business include the expansion of new programs such as Medicare payment for performance initiatives for physicians under the Medicare Access and CHIP Reauthorization Act of 2015, which first affected physician payment in 2019. At this time, it is unclear how the introduction of the Medicare quality payment program will impact overall physician reimbursement. In addition, there likely will continue to be regulatory proposals directed at containing or lowering the cost of healthcare, as government healthcare programs and other third-party payors transition from FFS to value-based reimbursement models, which can include risk-sharing, bundled payment and other innovative approaches. It is possible that the federal or state governments will implement additional reductions, increases, or changes in reimbursement in the future under government programs that may adversely affect us or increase the cost of providing our services. The implementation of cost containment measures or other

healthcare reforms may prevent us from being able to generate revenue or attain growth, any of which could have a material impact on our business.

Further, healthcare providers and industry participants are also subject to a growing number of requirements intended to promote the interoperability and exchange of patient health information. An example is the 21st Century Cures Act, also known as the Cures Act, which was passed and signed into law in December 2016, which includes provisions related to data interoperability, information blocking and patient access. On April 5, 2021, healthcare providers and certain other entities became subject to information blocking restrictions pursuant to the Cures Act that prohibit practices that are likely to interfere with the access, exchange or use of electronic health information, except as required by law or specified by the HHS as a reasonable and necessary activity. Violations may result in penalties or other disincentives. It is unclear at this time what the costs of compliance with the new rules will be, and what additional risks there may be to our business. Additionally, the potential impact of new policies that may be implemented as a result of the new administration is currently uncertain.

Data Privacy and Security Laws. We are subject to a number of federal and state laws and regulations that govern the collection, use, disclosure, and protection of health-related and other personal information, including health information privacy and security laws, data breach notification laws, and consumer protection laws and regulations (e.g., Section 5 of the FTC Act). For example, HIPAA imposes obligations on "covered entities," including certain healthcare providers, such as the affiliated professional entities, health plans, and healthcare clearinghouses, and their respective "business associates" that create, receive, maintain or transmit individually identifiable health information for or on behalf of a covered entity, as well as their covered subcontractors with respect to safeguarding the privacy, security and transmission of individually identifiable health information. Entities that are found to be in violation of HIPAA, whether as the result of a breach of unsecured PHI, a complaint about privacy practices, or an audit by HHS, may be subject to significant civil, criminal, and administrative fines and penalties and/or additional reporting and oversight obligations if required to enter into a resolution agreement and corrective action plan with HHS to settle allegations of HIPAA non-compliance.

In addition, certain state laws, such as the California Confidentiality of Medical Information Act (CMIA), the California Consumer Privacy Act of 2018 (CCPA), and the California Privacy Rights Act (CPRA), govern the privacy and security of personal information, including health-related information in certain circumstances, some of which are more stringent than HIPAA and many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

Failure to comply with these laws, where applicable, can result in the imposition of significant civil and/or criminal penalties and private litigation. Privacy and security laws, regulations, and other obligations are constantly evolving, may conflict with each other to complicate compliance efforts, and can result in investigations, proceedings, or actions that lead to significant civil and/or criminal penalties and restrictions on data processing.

Federal and State Insurance and Managed Care Laws. Regulation of downstream risk-sharing arrangements, including, but not limited to, at-risk and other value-based arrangements, varies significantly from state to state. Some states require downstream entities and risk-bearing entities to obtain an insurance license, a certificate of authority, or an equivalent authorization, in order to participate in downstream risk-sharing arrangements with payors. In some states, statutes, regulations and/or formal guidance explicitly address whether and in what manner the state regulates the transfer of risk by a payor to a downstream entity. However, the majority of states do not explicitly address the issue, and in such states, regulators may nonetheless interpret statutes and regulations to regulate such activity. If downstream risk-sharing arrangements are not regulated directly in a particular state, the state regulatory agency may nonetheless require oversight by the licensed payor as the party to such a downstream risk-sharing arrangement. Such oversight is accomplished via contract and may include the imposition of reserve requirements, as well as reporting obligations. Further, state regulatory stances regarding downstream risk-sharing arrangements can change rapidly and codified provisions may not keep pace with evolving risk-sharing mechanisms and other new value-based reimbursement models. Certain of the states where we currently operate or may choose to operate in the future regulate the operations and financial condition of risk bearing organizations like us and our affiliated providers.

Employees

We had 800 full-time employees as of December 31, 2024, including our named executive officers. None of our employees are covered by collective bargaining agreements, and we have not experienced any strikes or work stoppages related to labor relation issues. We believe we have good relations with our employees.

Human Capital Management

Attracting, developing, and retaining talented people who embrace our culture, execute our strategy, and enable us to compete effectively in our industry is critical to our success. Our mission is to make concierge-level health care more accessible to all communities, with a practice centered on patients' experience and satisfaction. Our vision is to be leaders in individualized patient care and innovators in the future of health care. Patient care is our number one priority and every single decision that we make as a company revolves around creating the best possible patient care. We understand that our success is directly correlated to ensuring that we have the right team members and that each of our team members is passionate about the important role that they play in executing our mission and improving the health outcomes for all of our patients. As such, we aim to attract and retain qualified and passionate partner doctors, hospitalists and support staff who represent a diverse array of perspectives and skills who work together as a cohesive team that embodies our values and support our mission.

Our ability to recruit and retain partner doctors, hospitalists and support staff depends on a number of factors, including providing ownership opportunities, competitive compensation and benefits, development and career advancement opportunities, and a collegial work environment. We invest in those areas in an effort to ensure that we continue to be the employer of choice for our team members.

Where You Can Find More Information

We file annual, quarterly and current reports, proxy statements and other information required by the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with the Securities and Exchange Commission (the "SEC"). Our SEC filings are also available to the public from the SEC's internet site at http://www.sec.gov.

On our Internet website, http://www.nutexhealth.com, on the "Investors" webpage under the caption "SEC Filings", we post the following recent filings as soon as reasonably practicable after they are electronically filed with or furnished to the SEC: our annual reports on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act.

Item 1A. Risk Factors

Our business, financial condition, and operating results are affected by a number of factors, whether currently known or unknown, including risks specific to us or the healthcare industry, as well as risks that affect businesses in general. The risks disclosed in this Annual Report could materially adversely affect our business, financial condition, cash flows, or results of operations and thus our stock price. These risk factors may be important to understanding other statements in this Annual Report and should be read in conjunction with the consolidated financial statements and related notes in Part I, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Part I, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K. Because of such risk factors, as well as other factors affecting the Company's financial condition and operating results, past financial performance should not be considered to be a reliable indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods.

Our operations and financial results are subject to various risks and uncertainties, including but not limited to those described below, which could harm our business, reputation, financial condition, and operating results.

Risks Related to Nutex Health Inc.

Sales of a substantial amount of our Common Stock by our stockholders, or the perception that such sales could occur, could cause the price of our Common Stock to fall.

As of March 24, 2025, there were 5,528,448 shares of Common Stock outstanding, including 1,949,581 shares of Common Stock held by our affiliates, including our Chairman and Chief Executive Officer.

Sales of substantial amounts of our Common Stock in the public market, or the perception that such sales will occur, could adversely affect the market price of our Common Stock and make it difficult for us to raise funds through securities offerings in the future.

For the year ended December 31, 2024, we identified material weaknesses in our internal control over financial reporting. If our internal control over financial reporting is not effective, we may not be able to accurately report our financial results or file our periodic reports in a timely manner, which may cause adverse effects on our business and may cause investors to lose confidence in our reported financial information and may lead to a decline in the price of our Common Stock.

Effective internal control over financial reporting is necessary for us to provide reliable financial reports in a timely manner. In connection with the preparation of the Company's annual consolidated financial statements for the years ended December 31, 2024, we concluded that there were material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. These material weaknesses are related to our logical access controls for certain financially relevant systems, our financial reporting processes, and key spreadsheets supporting the financial statements.

Throughout 2024, the Company designed and implemented internal control measures to remediate material weaknesses. The Company's efforts include reducing reliance on manual processes and spreadsheets supporting the financial statements. The Company engaged an accounting firm to assist in the proper design, implementation and testing of internal controls over financial reporting. We added key personnel to our accounting and financial reporting teams in 2024.

While we believe that these efforts will improve our internal control over financial reporting, our remediation efforts are continuing and subject to validation and testing of the design and operating effectiveness of internal controls in 2024. The actions were subject to senior management review, as well as audit committee oversight. We will not be able to conclude whether the steps we are taking will fully remediate the remaining material weakness in our internal control over financial reporting until we have completed our remediation efforts and subsequent evaluation of their effectiveness. We may also conclude that additional measures may be required to remediate the material weaknesses in our internal control over financial reporting.

If we are unable to successfully remediate the material weaknesses or identify any future significant deficiencies or material weaknesses, the accuracy and timing of our financial reporting may be adversely affected, a material misstatement in our financial statements could occur, and we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports, which may adversely affect our business and the price of our Common Stock may decline as a result.

In addition, even if we remediate the material weaknesses, we will be required to expend significant time and resources to further improve our internal controls over financial reporting, including by further expanding our finance and accounting staff to meet the demands that placed upon us as a public company, including the requirements of the Sarbanes-Oxley Act. If we fail to adequately staff our accounting and finance function to remediate our material weaknesses or fail to maintain adequate internal control over financial reporting, any new or recurring material weaknesses could prevent our management from concluding that our internal control over financial reporting is effective and impair our ability to prevent material misstatements in our financial statements, which could cause our business to suffer.

We may be required to take write-downs or write-offs, restructuring and impairment or other charges that could have a significant negative effect on our financial condition, results of operations and stock price, which could cause you to lose some or all of your investment.

We may be forced to write down or write off assets, restructure operations, or incur impairment or other charges that could result in losses. Even though these charges may be non-cash items and not have an immediate impact on liquidity, any report of charges of this nature could contribute to negative market perceptions about us or our securities. In addition, charges such as write-downs or impairments may make future financing difficult to obtain on favorable terms or at all. From time to time, our intangible assets are subject to impairment testing. Under current accounting standards, our goodwill, including acquired goodwill, is tested for impairment on an annual basis and may be subject to impairment losses as circumstances change (e.g., after an acquisition).

For example, in 2023, we incurred a non-cash asset impairment charge of $29.1 million and a non-cash goodwill impairment charge of $1.1 million due to the closures of two facilities in January 2023 and two facilities in January 2024 and, in 2022, we recorded a non-cash impairment charge of $398.1 million to reduce the carrying amount of goodwill for the population health management division reporting unit acquired in the reverse business combination in connection with the Merger. The Company may have to record a significant goodwill impairment in the future, which could materially adversely affect its reported financial results and negatively impact the trading value of its Common Stock.

The laws and regulations applicable to public companies are complex and may require an increasing amount of our management's time and increase staffing and compliance costs.

As a publicly traded company, we are subject to significant and increasing regulatory oversight and reporting obligations under federal securities laws. Laws pertaining to public companies, including new regulations proposed by the SEC, are increasingly complex and could force management to devote increasing amounts of time to compliance with such laws and potentially impact time available to the management of our business. The Company may be required to continue to expand its employee base and hire additional employees to support its operations as a public company, which will increase operating costs in future periods.

Our business and the markets in which we operate are new and rapidly evolving, which makes it difficult to evaluate our prospects and the risks and challenges we may encounter.

Our business and the markets in which we operate are new and rapidly evolving which make it difficult to evaluate and assess the success of our business to date, our prospects and the risks and challenges that we may encounter. These risks and challenges include our ability to:

- attract new partner physicians;
- retain our current physician partners;
- comply with existing and new laws and regulations applicable to our business and in our industry;
- anticipate and respond to changes in reimbursement rates and the markets in which we operate;
- react to challenges from existing and new competitors;
- maintain and continually enhance our reputation;
- effectively manage our growth and business operations, including new geographies;
- forecast our revenue, which includes reimbursements, and budget for, and manage, our expenses, including our medical expense amounts, and capital expenditures;
- hire and retain talented individuals at all levels of our organization;
- maintain and continually improve our infrastructure to adjust for the growth of the company, including our data protection, intellectual property and cybersecurity; and
- successfully execute our ambitious growth strategy.

If we fail to understand fully or adequately address these challenges that we may encounter in the future, including those challenges described here and elsewhere in this "*Risk Factors*" section, our business, financial condition and results of operations could be adversely affected. If the risks and uncertainties that we plan for when operating our business are incorrect or change, or if we fail to manage these risks successfully, our results of operations could differ materially from our expectations and our business, financial condition and results of operations could be adversely affected.

Our current business plans require a significant amount of capital. If we are unable to obtain sufficient funding or do not have access to capital, we may not be able to execute our business plans and our prospects, financial condition and results of operations could be materially adversely affected.

We experienced operating losses in 2022 and 2023 and could incur operating losses in the future as we implement our business plans. We anticipate making significant capital expenditures for the foreseeable future as we expand our business, including the development of new hospital facilities and acquisition of additional IPAs.

In addition to the net proceeds from capital raise offerings, we expect to continue to seek other sources of funding, including by offering additional equity, and/or equity-linked securities, through one or more credit facilities and potentially by offering debt securities, to finance a portion of our future expenditures.

The sale of additional equity or equity-linked securities could dilute our stockholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations or our ability to pay dividends to our stockholders. Our ability to obtain the necessary additional financing to carry out our business plans or to refinance, if necessary, any outstanding debt when due is subject to a number of factors, including general market conditions and investor acceptance of our business model. These factors may make the timing, amount, terms and conditions of such financing not commercially viable or unavailable to us.

If we are unable to raise sufficient funds on favorable terms, we may have to significantly reduce our spending, delay or cancel our planned activities or substantially change our corporate structure. We may not be able to obtain any such funding or have sufficient resources to conduct our business as projected, both of which could mean that we would be forced to curtail or discontinue our operations and our business, financial condition and results of operation could be materially adversely affected.

We may decide to close underperforming hospitals which may result in a temporary decrease in overall revenues.

In the ordinary course of business, we continuously review the individual performance of each of our hospital facilities. As previously disclosed, we have historically closed underperforming facilities. Our commitment to providing high-quality healthcare services demands that we continually assess the performance of our hospitals. In some instances, we may find it necessary to make the difficult decision to close underperforming facilities. This could be due to various factors such as declining patient admissions, increasing operational costs, or changes in healthcare regulations. The closure of any hospital within our portfolio carries inherent risks, including a potential negative impact on our overall revenues. The closure process may involve staff reallocation or severance, and asset dispositions, all of which can be complex and costly. Additionally, the closure of a hospital may temporarily disrupt patient referrals and relationships with healthcare providers in the affected region.

While we believe that such strategic decisions are essential for the long-term sustainability of our organization and the continued provision of high-quality care, there is a risk that the closure of underperforming hospitals could lead to a short-term decrease in our overall revenues. This revenue decline may occur due to the time it takes to execute the closure process as well as potential legal or regulatory challenges associated with hospital closures.

The closure of underperforming hospitals is part of our ongoing effort to optimize our operations and improve financial performance. While we intend to carefully plan and execute our closure strategies, there can be no assurance that such strategies will successfully offset the temporary revenue decrease resulting from hospital closures.

We may experience difficulties in managing our growth and expanding our operations.

We are targeting significant growth in the scope of our operations. Our ability to manage our operations and future growth will require us to continue to improve our operational, financial and management controls, compliance programs and reporting systems. We may not be able to implement improvements in an efficient or timely manner and may discover deficiencies in existing controls, programs,

systems and procedures, which could have an adverse effect on our business, reputation and financial results. Additionally, rapid growth in our business may place a strain on our human and capital resources.

Risks Related to Our Business and Industry

Recovery of certain out of network claims under the arbitration process is subject to change, and our arbitration success rate could be subject to a significant and sustained decline.

We cannot predict whether arbitration successes and claim recovery will continue at current levels. Any significant revisions to the federal arbitration process may result in a substantial decrease in claim amounts recovered in the future. In addition, the Company is unable to predict future regulatory changes, evolving arbitration practices, and payor responses to ongoing enforcement of the NSA, all of which may have an adverse impact on the Company's ability to recover on its claims.

Reimbursement methodology and timing for our medical services is subject to change, and the reimbursement amount that we receive for emergency services could be subject to a significant and sustained decline.

Because we provide emergency medicine services, we do not have extensive relationships with large commercial payors and are generally out-of-network. Although some licensed facilities are in-network with payors, the Company's general payor contracting/government enrollment strategy is to remain out of network. Since we do not have any contractual arrangements with insurance companies, we cannot predict the timing and amount of the payments we ultimately receive for our services and estimates and assumptions, which are based on historical insurance payment amounts and timing.

In addition, as a result of the NSA becoming effective on January 1, 2022, we initially experienced a significant decline in collections of patient claims for emergency services and have had only limited success at achieving collections at or higher than the established qualifying payment amount, which is the median in-network contracted rate for the same insurance market. Any sustained decline in the collections we receive for our emergency services could have a material adverse effect on our operations and financial performance and may negatively affect the trading value of our Common Stock.

The federal regulations promulgated under the NSA, including those establishing the IDR process, have been and continue to be subject to legal challenges. For example, in August 2023, a federal district court vacated certain provisions of these rules and related guidance documents regarding nonrefundable administrative fees and dispute batching criteria. As a result, federal agencies issued a final rule in December 2023 that set forth new provisions governing the calculation of payments associated with the IDR process. Appeals to district court rulings disallowing portions of regulations implementing the NSA are ongoing, and regulatory uncertainty continues to delay claims resolution and may negatively impact our ability to receive appropriate revenue for the services our hospitals provide.

The estimates and assumptions we are required to make in connection with the preparation of our financial statements may prove to be inaccurate.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

We apply ASC 606 – *Revenue from Contracts with Customers* in making estimates of its earned revenue and accounts receivable at each reporting date. This estimation process for variable consideration is highly subjective. The Company regularly conducts a comparative analysis of its actual results to its previously estimated results in order to evaluate whether changes to its estimation process are required. The estimation of variable consideration is particularly complex within the healthcare industry generally because of the broad range of services provided, the range of reimbursements by patient insurance companies and collectability of patient responsible amounts. In addition, our hospital division generally operates as an out-of-network provider and, as such, does not have negotiated reimbursement rates with insurance companies, adding to the complexity and potential uncertainty of the estimation process.

Our estimates with respect to the claims processing by insurance companies and our resulting cash collections may differ from previous estimated results, and we may be required to make periodic adjustments to our estimation process for new facts or circumstances.

Additionally, our estimates with respect to arbitration wins and our resulting cash collections from arbitration may differ due to significant administrative time built into the federal arbitration process and delays in collections.

Ultimate amounts collected may differ from anticipated collections, and, as a result, may impact our ability to generate revenue at expected levels.

Public health emergencies could negatively affect our operations, business and financial condition, and our ability to generate revenue could be negatively impacted if the U.S. economy remains unstable for a significant amount of time.

As a front-line provider of health care services, we have been and will be affected by the health and economic effects of public health emergencies such as COVID-19. If the COVID-19 virus and its potentially more contagious variants cause an additional resurgence of infection of COVID-19, or if new variants continue to develop resistance to government approved COVID-19 vaccinations, or if an influenza or other pandemic were to occur, our business, results of operations, financial condition and liquidity could be negatively impacted.

As a result of public health emergencies, we experienced, and in the future could experience, supply chain disruptions, including shortages and delays, and could experience significant price increases, in equipment and medical supplies, particularly personal protective equipment or PPE. Staffing, equipment, and medical supplies shortages may also impact our ability to serve patients at our centers.

In addition, our results and financial condition may be adversely affected by future federal or state laws, regulations, orders, or other governmental or regulatory actions addressing public health emergencies such as a COVID-19 or the U.S. health care system, which, if adopted, could result in direct or indirect restrictions to its business, financial condition, results of operations and cash flow.

We rely on our management team and key employees and our business, financial condition, cash flows and results of operations could be harmed if we are unable to retain qualified personnel.

Our success depends largely upon the continued services of key members of senior management, including our chief executive officer. We also rely on our leadership team in the areas of operations and general and administrative functions. From time to time, there may be changes in our management team resulting from the hiring or departure of executives, which could disrupt our business. 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. Our business would also be adversely affected if we fail to adequately plan for succession of our executives and senior management; or if we fail to effectively recruit, integrate, retain and develop key talent and/or align our talent with our business needs, in light of the current rapidly changing environment. While we have succession plans in place and we have employment arrangements with our key executives, these do not guarantee that the services of these or suitable successor executives will continue to be available to us.

Competition for qualified personnel in our field is intense due to the limited number of individuals who possess the skills and experience required by our industry. As a result, as we enter new geographies, it may be difficult for us to hire additional qualified personnel with the necessary skills to work in such geographies. If our hiring efforts in new or existing geographies are not successful, our business will be harmed. In addition, we have experienced employee turnover and expect to continue to experience employee turnover in the future. New hires require significant training and, in most cases, take significant time before they achieve full productivity. New employees may not become as productive as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals. If our retention efforts are not successful or our employee turnover rate increases in the future, our business, financial condition, cash flows and results of operations will be harmed.

In addition, in making employment decisions, job candidates often consider the value of the stock options or other equity instruments they are to receive in connection with their employment. Volatility in the price of our stock may, therefore, adversely affect our ability to attract or retain highly skilled personnel. Further, the requirement to expense stock options and other equity instruments may discourage us from granting the size or type of stock option or equity awards that job candidates require to join our company. Failure to attract new personnel or failure to retain and motivate our current personnel, could have a material adverse effect on our business, financial condition and results of operations.

Our growth depends in part on our ability to identify and develop successful new geographies, physician partners and patients. If we are not able to successfully execute upon our growth strategies, there may be a material adverse effect on our business, financial condition, cash flows and results of operations.

Our business depends on our ability to identify and develop successful geographies and relationships with physician partners and healthcare professionals, and to successfully execute upon our growth initiatives to increase the profitability of our physician partners and healthcare professionals. In order to pursue our strategy successfully, we must effectively implement our partnership model, including identifying suitable candidates and successfully building relationships with and managing integration of new physician partners. We contract with a limited number of physician partners and rely on such physicians within each geography. Our growth initiatives in our existing geographies depend, in part, on our physician partners' ability to increase their capacity and to effectively meet increased patient demand. We may encounter difficulties in recruiting additional physicians to work at our hospitals due to many factors, including significant competition in their respective geographies. Accordingly, the loss or dissatisfaction of any physician partners, our inability to recruit, or the failure of our hospitals to recruit additional physicians or manage and scale capacity to timely meet patient demand, could substantially harm our reputation, impact our competitiveness, and impair our ability to attract new physician partners and maintain existing physician partnerships, both in new geographies and in geographies in which we currently operate, which could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Further, our growth strategy depends, in part, on securing and integrating new high-caliber physician partners and expanding into new geographies in which we have little or no operating experience. Integration and other risks can be more pronounced for larger and more complicated relationships or relationships outside of our core business space, or if we pursue multiple relationships simultaneously. New geographies, into which we seek to expand, may have laws and regulations that differ from those applicable to our current operations. As a rapidly growing company, we may be unfamiliar with the regulatory requirements in each geography that we enter, and we may be forced to incur significant expenditures to ensure compliance with regulatory requirements to which we are subject. If we are unable or unwilling to incur such costs, our growth in new geographies may be less successful than in our current geographies.

Our growth to date has significantly increased the demands on our management, operational and financial systems, infrastructure and other resources. We must continue to improve our existing systems for operational and financial management, including our reporting systems, procedures and controls. These improvements could require significant capital expenditure 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. If we do not successfully manage these processes, our business, financial condition, cash flow and results of operations could be harmed.

In his capacity as the co-owner of the real estate entities that lease the land and buildings to our hospital facilities, Dr. Vo, our Chairman, CEO and major stockholder, may have conflicts of interest with the Company and its public stockholders.

The majority of our hospital facilities have contractual relationships with separately owned real estate entities (the "Real Estate Entities") and each hospital has contractual relationships with separately owned professional entities (the "Physician LLCs").

The Physician LLCs are owned by the doctors providing services to the corresponding hospital, provide physician and provider services to the hospitals, and employ the doctors and other providers.

The Real Estate Entities, also partially owned by the doctors providing services to the corresponding hospital, own the land and/or buildings that are leased to our hospitals. The Real Estate Entities incur debt to purchase or construct the hospital facility. Lease payments received from our hospitals are used by the Real Estate Entities to make payments on their debt. Each hospital facility's lease payments are guaranteed by the Company.

In addition to its respective doctor owners, each Real Estate Entity is partially owned or controlled by Dr. Vo, our Chairman, CEO and major stockholder, holding approximately 33% of our outstanding Common Stock. As a result, the interests of Dr. Vo, in his capacity as part owner of the Real Estate Entities, may differ from the interests of the Company and its public shareholders, both in the re-negotiation of existing contractual relationships between the Company-owned hospital facilities and the Real Estate Entities and in the establishment of new hospital entities and their respective Real Estate Entities.

If the estimates and assumptions we use to project the size, revenue or medical expense amounts of our target geographies are inaccurate or the cost of providing services exceeds the amounts received by us, our future growth prospects may be impacted, and we may generate losses or fail to attain financial performance targets.

We often do not have access to reliable historical data regarding the size, revenue or medical expense levels of our target geographies or potential physician partners. As a result, our market opportunity estimates and financial forecasts developed as we enter into a new

geography, are subject to significant uncertainty, and are based on assumptions and estimates that may not prove to be accurate. The estimates and forecasts in this prospectus relating to the size and expected growth of the market for our services, and the estimates of our market opportunity may prove to be inaccurate.

Changes in our anticipated ratio of medical expenses to revenue can negatively impact our financial results. Accordingly, the failure to adequately predict and control medical costs and expenses could have a material adverse effect on our business, results of operations, financial condition and cash flows. Additionally, the medical expenses of patients may be outside of our physician partners' control in the event patients take certain actions that increase such expenses, such as unnecessary hospital visits. If we underestimate or do not correctly predict the cost of the care our partner physicians furnish to patients, we might be underpaid for the care that must be provided to patients, which could have a negative impact on our results of operations and financial condition.

We primarily depend on reimbursement by third-party payors, as well as payments by individuals, which could lead to delays and uncertainties in the timing and process of reimbursement, including any changes or reductions in Medicare reimbursement rates or rules.

The reimbursement and associated arbitration process is complex and can involve lengthy delays. Although we recognize revenue when we provide services to patients, we may from time-to-time experience delays in receiving reimbursement for the service provided, in particular as a result of the federally mandated independent dispute resolution process. Third-party payors may disallow, in whole or in part, requests for reimbursement based on determinations that the patient is not eligible for coverage, certain amounts are not reimbursable under plan coverage, were for services provided that were not medically necessary, or additional supporting documentation is necessary. Retroactive adjustments may change amounts realized from third-party payors. As described below, we are subject to audits by such payors, including governmental audits of our Medicare claims, and may be required to repay these payors if a finding is made that we were incorrectly reimbursed. Delays and uncertainties in the reimbursement process may adversely affect accounts receivable, increase the overall costs of collection and cause us to incur additional borrowing costs. Third-party payors are also increasingly focused on controlling healthcare costs, and such efforts, including any revisions to reimbursement policies, may further reduce, complicate or delay our reimbursement claims.

In addition, certain of our patients are covered under health plans that require the patient to cover a portion of their own healthcare expenses through the payment of copayments or deductibles. We may not be able to collect the full amounts due with respect to these payments that are the patient's financial responsibility, or in those instances where physicians provide services to uninsured individuals. To the extent permitted by law, amounts not covered by third-party payors are the obligations of individual patients for which we may not receive whole or partial payment. Any increase in cost shifting from third-party payors to individual patients, including as a result of high deductible plans for patients, increases our collection costs and reduces overall collections, which we may not be able to offset with sufficient revenue.

Our business and growth strategy depend on our ability to maintain and expand facilities staffed with qualified physicians. If we are unable to do so, future growth would be limited and our business, operating results and financial condition would be harmed.

Our success is dependent upon a continued ability to maintain an adequate staff of qualified providers to staff the facilities. If we are unable to recruit and retain physicians and other healthcare professionals, it would have a material adverse effect on our business and ability to grow and would adversely affect the results of operations. In any particular market, providers could demand higher payments or take other actions that could result in higher medical costs, less attractive service for our customers or difficulty meeting applicable regulatory or accreditation requirements. Our ability to develop and maintain satisfactory relationships with providers also may be negatively impacted by other factors not associated with us, such as changes in reimbursement levels and consolidation activity among hospitals, physician groups and healthcare providers, the continued private equity investment in physician practice management platforms and other market and operating pressures on healthcare providers. The failure to maintain or to secure new cost-effective provider contracts may result in a loss of or inability to staff existing or new facilities, higher costs, less attractive service for patients and/or difficulty in meeting applicable regulatory requirements, any of which could have a material adverse effect on our business, financial condition and results of operations.

If any of our physician partners lose their regulatory licenses, permits and/or accreditation status, or become ineligible to receive reimbursement under Medicare or Medicaid or from other third-party payors, there may be a material adverse effect on our business, financial condition, cash flows, or results of operations.

The operations of our hospitals through our physician partners are subject to extensive federal, state and local regulation relating to, among other things, the adequacy of medical care, equipment, personnel, operating policies and procedures, fire prevention, rate-

setting and compliance with building codes and environmental protection. Our hospitals and their affiliated professional entities are also subject to extensive laws and regulation relating to facility and professional licensure, conduct of operations, including financial relationships among healthcare providers, Medicare and Medicaid fraud and abuse and physician self-referrals, and maintaining updates to the hospital's affiliated professional entities' enrollment in the Medicare and Medicaid programs, including the addition of new clinic locations, providers and other enrollment information. Our hospitals and their affiliated professional entities are subject to periodic inspection by licensing authorities and accreditation organizations to ensure their continued compliance with these various standards. There can be no assurance that these regulatory authorities will determine that all applicable requirements are fully met at any given time. Should any of our hospitals or their affiliated professional entities be found to be noncompliant with these requirements, we could be assessed fines and penalties, could be required to refund reimbursement amounts or could lose our licensure or Medicare and/or Medicaid certification or accreditation so that we or our hospitals are unable to receive reimbursement from third-party payors, which could materially adversely affect our business, financial condition, cash flows or results of operations.

We are dependent on our physicians and other healthcare professionals to effectively manage the quality and cost of care.

Our success depends upon our continued ability to collaborate with and expand the number of highly qualified physicians and other healthcare professionals, which are key drivers of our profitability.

We operate in a competitive industry, and if we are not able to compete effectively, our business, financial condition and results of operations will be harmed.

Our industry is competitive, and we expect it to attract increased competition. We currently face competition in various aspects of our business, including from a range of companies that provide similar services, including hospitals, managed service organizations and provider networks and data analysis consultants.

Our primary competitors include numerous local provider networks, hospitals and health systems. We may face a more competitive environment and increased challenges to grow at the rates we have projected. We expect that competition will continue to increase as a result of consolidation in the healthcare industry and increased demand for its services.

Some of our competitors may have greater name recognition, particularly in local geographies, longer operating histories, superior products or services and significantly greater resources than we do. Further, our current or potential competitors may be acquired by or partner with third parties with greater resources than we have. As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements and may have the ability to initiate or withstand premium competition. In addition, current and potential competitors have established, and may in the future establish, cooperative relationships with providers of complementary services, technologies or services to increase the attractiveness of their services.

Accordingly, new competitors or alliances may emerge which could put us at a competitive disadvantage. If we are unable to successfully compete, our business, financial condition, cash flows and results of operations could be materially adversely affected.

Developments affecting spending by the healthcare industry could adversely affect our business.

The U.S. healthcare industry has changed significantly in recent years, and we expect that significant changes will continue to occur. General reductions in expenditures by healthcare industry participants could result from, among other things:

- regulatory uncertainty regarding the implementation of and reimbursement processes under the NSA;
- government regulations or private initiatives that affect the manner in which healthcare providers interact with patients, payors or other healthcare industry participants, including changes in pricing or means of delivery of healthcare products and services;
- consolidation of healthcare industry participants;
- reductions in government funding for healthcare; and
- adverse changes in business or economic conditions affecting healthcare payors or providers or other healthcare industry participants.

Any of these changes in healthcare spending could adversely affect our revenue. Even if general expenditures by industry participants remain the same or increase, developments in the healthcare industry may result in reduced spending in some or all of the specific market segments that we serve now or in the future. However, the timing and impact of developments in the healthcare industry are

difficult to predict. Demand for our services may not continue at current levels and we may not have adequate technical, financial, and marketing resources to react to changes in the healthcare industry.

We and our physician partners and other healthcare professionals may become subject to medical liability claims, which could cause us to incur significant expenses and may require us to pay significant damages if the claims are not covered by insurance.

Our overall business entails the risk of medical liability claims. Although we, and our partner professionals carry insurance covering medical malpractice claims in amounts that we believe are appropriate in light of the risks attendant to the services rendered, successful medical liability claims could result in substantial damage awards that exceed the limits of our and those partner professionals' insurance coverage. We carry or will carry professional liability insurance for us and each of our healthcare professionals. Professional liability insurance is expensive, and insurance premiums may increase significantly in the future, particularly as we expand our services. As a result, adequate professional liability insurance may not be available to us and our partner professionals in the future at acceptable costs or at all, which may negatively impact our and our partner professionals' ability to provide services to our hospitals, and thereby adversely affect our overall business and operations.

Any claims made against us or our partner professionals that are not fully covered by insurance could be costly to defend against, result in substantial damage awards, and divert the attention of our management and our partner professional entities from our operations, which could have a material adverse effect on our business, financial condition and results of operations. In addition, any claims may adversely affect our business or reputation.

If we or our partner physicians or other healthcare providers fail to comply with applicable data interoperability and information blocking rules, our consolidated results of operations could be adversely affected.

The 21st Century Cures Act, or the Cures Act, which was passed and signed into law in December 2016, includes provisions related to data interoperability, information blocking and patient access. In March 2020, the U.S. Department of Health and Human Services, or HHS, Office of the National Coordinator for Health Information Technology, or ONC, and CMS finalized and issued complementary rules that are intended to clarify provisions of the Cures Act regarding interoperability and information blocking, and include, among other things, requirements surrounding information blocking, changes to ONC's health IT certification program and requirements that CMS regulated payors make relevant claims/care data and provider directory information available through standardized patient access and provider directory application programming interfaces that connect to provider electronic health record systems. The companion rules will transform the way in which healthcare providers, health IT developers, health information exchanges/health information networks, or HIEs/HINs, and health plans share patient information, and create significant new requirements for healthcare industry participants. For example, the ONC rule, which went into effect on April 5, 2021, prohibits healthcare providers, health IT developers of certified health IT, and HIEs/HINs from engaging in practices that are likely to interfere with, prevent, materially discourage, or otherwise inhibit the access, exchange or use of electronic health information, or EHI, also known as "information blocking." To further support access and exchange of EHI, the ONC rule identifies eight "reasonable and necessary activities" as exceptions to information blocking activities, as long as specific conditions are met. Any failure to comply with these rules could have a material adverse effect on our business, results of operations and financial condition.

Our business and operations could suffer in the event of material information technology system failures, security breaches, or other deficiencies in cybersecurity.

Our information technology systems facilitate our ability to conduct our business. While we have disaster recovery systems and business continuity plans in place, any disruptions in our disaster recovery systems or the failure of these systems to operate as expected could, depending on the magnitude of the problem, adversely affect our operating results by limiting our capacity to effectively monitor and control our operations. Despite our implementation of a variety of reasonable security measures, our information technology systems could be subject to physical or electronic break-ins, and similar disruptions from unauthorized tampering or any weather-related disruptions where our headquarters is located. In addition, in the event that a significant number of our management personnel were unavailable in the event of a disaster, our ability to effectively conduct business could be adversely affected.

In the ordinary course of our business, we, our partner physicians or other physician partners collect and store sensitive data, including personally identifiable information, protected health information, intellectual property and proprietary business information owned or controlled by us or our employees, members and other parties. We manage and maintain our applications and data utilizing a combination of on-site systems and cloud-based data centers. We utilize external security and infrastructure vendors to provide and manage parts of our information technology systems, including our data centers. These applications and data encompass a wide

variety of business-critical information, including research and development information, customer information, commercial information and business and financial information. We face a number of risks with respect to the protection of this information, including loss of access, inappropriate use or disclosure, unauthorized access, inappropriate modification and the risk of being unable to adequately monitor and audit and modify our controls over our critical information. This risk extends to the third-party vendors and subcontractors we use to manage this sensitive data or otherwise process it on our behalf. A breach or failure of our or our third-party vendors' or subcontractors' network, hosted service providers or vendor systems could result from a variety of circumstances and events, including third-party action, employee negligence or error, malfeasance, computer viruses, cyber-attacks by computer hackers such as denial-of-service and phishing attacks, failures during the process of upgrading or replacing software and databases, power outages, hardware failures, telecommunication failures, user errors, or catastrophic events. If these third-party vendors or subcontractors fail to protect their information technology systems and our confidential and proprietary information, we may be vulnerable to disruptions in service and unauthorized access to our confidential or proprietary information and we could incur liability and reputational damage.

The secure processing, storage, maintenance and transmission of information is vital to our operations and business strategy, and we devote significant resources to protecting such information. Although we take reasonable measures to protect sensitive data from unauthorized access, use or disclosure, our information technology and infrastructure may still be vulnerable to, and we have in the past experienced, low-threat attacks by hackers or breaches due to employee error, malfeasance or other malicious or inadvertent disruptions. Further, attacks upon information technology systems are increasing in their frequency, levels of persistence, sophistication and intensity, particularly in the healthcare industry in which we operate where there is an increased reliance on internet technology and remote employees. Furthermore, because the techniques used to obtain unauthorized access to, or to sabotage, systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures, which could result in an incident that compromises the security of our networks or information and is undetected for an extended period. Our information systems must also be continually updated, patched and upgraded to protect against known vulnerabilities and the sheer volume and criticality of these patches has increased markedly. Each time a new vulnerability is identified we are at risk that cyber-attackers exploit such known vulnerability before we have been able to address it.

Any unauthorized access, breach, or loss of personal information could result in the disruption of our operations, legal claims or proceedings, and liability under federal or state laws that protect the privacy of personal information, and corresponding regulatory penalties. In addition, we could face criminal liability, damages for contract breach, reputational harm that could impact our ability to compete, and incur significant costs for remedial measures to prevent future occurrences and mitigate past violations. Notice of breaches may be required to be made to affected individuals or other state or federal regulators, and for extensive breaches, notice may need to be made to the media or State Attorneys General. Such a notice could harm our reputation and our ability to compete. Although 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 in any event, insurance coverage would not address the reputational damage that could result from a security incident. Despite our implementation of security measures reasonably designed to prevent unauthorized access, there is no guarantee we can protect our data from breach.

Actual or perceived failures to comply with applicable data protection, privacy and security laws, regulations, standards and other requirements, including contractual obligations, could adversely affect our business, financial condition and results of operations.

Numerous state and federal laws, regulations, standards and other legal obligations, including consumer protection laws and regulations, which govern the collection, dissemination, use, access to, confidentiality, security and processing of personal information, including health-related information, could apply to our operations or the operations of our partners.

These privacy and security laws and regulations (including our contractual obligations) are constantly evolving, may conflict with each other, and can result in investigations, procedures, or actions that lead to significant civil and criminal penalties and operational restrictions.

Any failure or perceived failure by us or our employees, representatives, contractors, consultants, collaborators, or other third parties to comply with such requirements or adequately address privacy and security concerns, even if unfounded, could result in additional cost and liability to us, damage our reputation, and adversely affect our business and results of operations.

Any future litigation against us could be costly and time-consuming to defend.

We may become subject, from time to time, to legal proceedings, federal and state audits, government investigations, and payor audits, investigations, overpayments, and claims that arise in the ordinary course of business such as claims brought by our clients in connection with commercial disputes or employment claims made by our current or former associates. Litigation and audits may result in substantial costs and may divert management's attention and resources, which may substantially harm our business, financial condition and results of operations. Insurance may not cover such claims, may not provide sufficient payments to cover all of the costs to resolve one or more such claims and may not continue to be available on terms acceptable to us. A claim brought against us that is uninsured or underinsured could result in unanticipated costs, thereby reducing our earnings and leading analysts or potential investors to reduce their expectations of our performance, which could reduce the market price of our Common Stock.

Changes in U.S. tax laws, and the adoption of tax reform policies could adversely affect our operating results and financial condition.

We are subject to federal and state income and non-income taxes in the United States. Tax laws, regulations, and administrative practices in various jurisdictions may be subject to significant change, with or without notice, due to economic, political, and other conditions, and significant judgment is required in evaluating and estimating these taxes. Our effective tax rates could be affected by numerous factors, such as entry into new businesses and geographies, changes to our existing business and operations, acquisitions and investments and how they are financed, changes in our stock price, changes in our deferred tax assets and liabilities and their valuation, and changes in the relevant tax, accounting, and other laws, regulations, administrative practices, principles and interpretations. We are required to take positions regarding the interpretation of complex statutory and regulatory tax rules and on valuation matters that are subject to uncertainty, and tax authorities may challenge the positions that we take.

Our quarterly results may fluctuate significantly, which could adversely impact the value of our Common Stock.

Our quarterly results of operations, including our revenue, net loss and cash flows, have varied and may vary significantly in the future, and period-to-period comparisons of our results of operations may not be meaningful. Accordingly, our quarterly results should not be relied upon as an indication of future performance. Our quarterly financial results may fluctuate as a result of a variety of factors, many of which are outside of our control, including, without limitation, the following:

- the timing of recognition of revenue, including possible delays in the recognition of revenue due to sometimes unpredictable implementation timelines;
- the amount and timing of operating expenses related to the maintenance and expansion of our business, operations and infrastructure;
- our ability to respond to competitive developments;
- security or data privacy breaches and associated remediation costs; and
- the timing of expenses related to the development or acquisition of additional hospitals or businesses.

Any fluctuation in our quarterly results may not accurately reflect the underlying performance of our business and could cause a decline in the trading price of our Common Stock.

Obligations under the term loans of our hospitals, and our related loan and leases guarantees could restrict our operations, particularly our ability to respond to changes in our business or to take specified actions. An event of default under the term loans could harm our business, and creditors having security interests over the hospital assets as well as the leased real estate would be able to foreclose on such assets.

Each of our hospitals is a party to term loans and lines of credit guaranteed by Nutex Holdco to finance hospital equipment and related assets, for aggregate borrowings of approximately $34.0 million as of December 31, 2024.

In addition, Nutex Holdco has assumed in the Merger and subsequently entered into guarantees of finance lease obligations of each of our hospitals and mortgage debt of Real Estate Entities affiliated with Dr. Vo, the Company's chairman and Chief Executive Officer.

The term loans and lease and mortgage loan guarantees require us to comply with a number of financial and other obligations, which include maintaining debt service coverage and leverage ratios and maintaining insurance coverage, and may impose significant operating and financial restrictions on us, including restrictions on our ability to take actions that may be in our interests. These obligations may limit our flexibility in our operations, and breaches of these obligations could result in defaults under the term loans

or guarantees, even if we had satisfied our payment obligations. Moreover, if we defaulted on these obligations, creditors having security interests over the hospital assets or real estate assets could exercise various remedies, including foreclosing on and selling our assets or the real estate assets underlying our hospitals. Unless waived by creditors, for which no assurance can be given, defaulting on these obligations could result in a material adverse effect on our financial condition and ability to continue our operations.

The arrangements we have with our VIEs are not as secure as direct ownership of such entities.

Because of corporate practice of medicine laws, we entered into contractual arrangements to manage certain affiliated physician practice groups or independent physician associations, which allow us to consolidate those groups for financial reporting purposes. We do not have direct ownership interests in any of our VIEs and are not able to exercise rights as an equity holder to directly change the members of the board of directors of these entities so as to affect changes at the management and operational level. Under our arrangements with our VIEs, we must rely on their equity holders to exercise our control over the entities. If our affiliated entities or their equity holders fail to perform as expected, we may have to incur substantial costs and expend additional resources to enforce such arrangements.

Any failure by our affiliated entities or their owners to perform their obligations under their agreements with us would have a material adverse effect on our business, results of operations and financial condition.

The Physician LLCs are owned by individual physicians who could die, become incapacitated, or become no longer affiliated with us. Although the Management Services Agreements (MSAs) of our hospitals with these affiliates provide that they will be binding on successors of current owners, as the successors are not parties to the MSAs, it is uncertain in case of the death, bankruptcy, or divorce of a current owner whether their successors would be subject to such MSAs.

If there is a change in accounting principles or the interpretation thereof affecting consolidation of VIEs, it could impact our consolidation of total revenues derived from our affiliated physician groups.

Our financial statements are consolidated and include the accounts of our majority-wholly owned subsidiary AHP Health Management Services Inc., non-owned affiliated physician groups and real estate entities that each is a VIE, which consolidation is effectuated in accordance with applicable accounting rules promulgated by the Financial Accounting Standards Board ("FASB"). Such accounting rules require that, under some circumstances, the VIE consolidation model be applied when a reporting enterprise holds a variable interest (e.g., equity interests, debt obligations, certain management, and service contracts) in a legal entity. Under this model, an enterprise must assess the entity in which it holds a variable interest to determine whether it meets the criteria to be consolidated as a VIE. If the entity is a VIE, the consolidation framework next identifies the party, if one exists, that possesses a controlling financial interest in the VIE, and then requires that party to consolidate as the primary beneficiary. An enterprise's determination of whether it has a controlling financial interest in a VIE requires that a qualitative determination be made and is not solely based on voting rights. If an enterprise determines the entity in which it holds a variable interest is not subject to the VIE consolidation model, the enterprise should apply the traditional voting control model which focuses on voting rights.

In our case, the VIE consolidation model applies to our controlled, but not owned, physician-affiliated entities including our IPA and PLLCs. Our determination regarding the consolidation of our affiliates, however, could be challenged, which could have a material adverse effect on our operations. In addition, in the event of a change in accounting rules or FASB's interpretations thereof, or if there were an adverse determination by a regulatory agency or a court or a change in state or federal law relating to the ability to maintain present agreements or arrangements with our affiliated physician group, we may not be permitted to continue to consolidate the revenues of our VIE.

Risk Related to our Population Health Management Division

New physicians and other providers must be properly enrolled in governmental healthcare programs before we can receive reimbursement for their services, and there may be delays in the enrolment process.

Each time a new physician joins us or our affiliated IPA groups, we must enroll the physician under our applicable group identification number for Medicare and Medicaid programs and for certain managed care and private insurance programs before we can receive reimbursement for services the physician renders to beneficiaries of those programs. The estimated time to receive approval for the enrollment is sometimes difficult to predict and, in recent years, the Medicare program carriers often have not issued these numbers to our affiliated physicians in a timely manner. These practices result in delayed reimbursement that may adversely affect our cash flows.

We may have difficulty collecting payments from third-party payors in a timely manner.

We derive significant revenue from third-party payors, and delays in payment or refunds to payors may adversely impact our net revenue. We assume the financial risks relating to uncollectible and delayed payments. In particular, we rely on some key governmental payors. Governmental payors typically pay on a more extended payment cycle, which could require us to incur substantial expenses prior to receiving corresponding payments. In the current healthcare environment, as payors continue to control expenditures for healthcare services, including through revising their coverage and reimbursement policies, we may continue to experience difficulties in collecting payments from payors that may seek to reduce or delay such payments. If we are not timely paid in full or if we need to refund some payments, our revenues, cash flows, and financial condition could be adversely affected.

Decreases in payor rates could adversely affect us.

Decreases in payor rates, either prospectively or retroactively, could have a significant adverse effect on our revenues, cash flow, and results of operations.

Federal and state laws may limit our ability to collect monies owed by patients.

We use third-party collection agencies whom we do not control to collect from patients any co-payments and other payments for services that our physicians provide. The federal Fair Debt Collection Practices Act of 1977 (the "FDCPA") restricts the methods that third-party collection companies may use to contact and seek payment from consumer debtors regarding past due accounts. State laws vary with respect to debt collection practices, although most state requirements are similar to those under the FDCPA. Therefore, such agencies may not be successful in collecting payments owed to us and our affiliated physician groups. If practices of collection agencies utilized by us are inconsistent with these standards, we may be subject to actual damages and penalties. These factors and events could have a material adverse effect on our business, results of operations, and financial condition.

We have established reserves for our potential medical claim losses, which are subject to inherent uncertainties, and a deficiency in the established reserves may lead to a reduction in our assets or net incomes.

We establish reserves for estimated Insured but Not Reported (IBNR) claims. IBNR estimates are developed using actuarial methods and are based on many variables, including the utilization of healthcare services, historical payment patterns, cost trends, product mix, seasonality, changes in membership, and other factors. The estimation methods and the resulting reserves are periodically reviewed and updated.

Many of our contracts are complex in nature and may be subject to differing interpretations regarding amounts due for the provision of various services. Such interpretations may not come to light until a substantial period of time has passed. The inherent difficulty in interpreting contracts and estimating necessary reserves could result in significant fluctuations in our estimates from period to period. Our actual losses and related expenses therefore may differ, even substantially, from the reserve estimates reflected in our financial statements. If actual claims exceed our estimated reserves, we may be required to increase reserves, which would lead to a reduction in our assets or net income.

We do not have a Knox-Keene license.

The Knox-Keene Health Care Service Plan Act of 1975 was passed by the California State Legislature to regulate California managed care plans and is currently administered by the California Department of Managed Healthcare (DMHC). A Knox-Keene Act license is required to operate a healthcare service plan, e.g., an HMO, or an organization that accepts global risk, i.e., accepts full risk for a patient population, including risk related to institutional services, e.g., hospital, and professional services. Applying for and obtaining such a license is a time consuming and detail-oriented undertaking. We currently do not hold any Knox-Keene license. If the DMHC were to determine that we have been inappropriately taking risk for institutional and professional services as a result of our various hospital and physician arrangements without having any Knox-Keene license or applicable regulatory exemption, we may be required to obtain a Knox-Keene license and could be subject to civil and criminal liability, any of which could have a material adverse effect on our business, results of operations, and financial condition.

A Knox-Keene Act license or exemption from licensure, where applicable, is required to operate a healthcare service plan, e.g., an HMO, or an organization that accepts global risk, i.e., accepts full risk for a patient population, including risk related to institutional services, e.g., hospital, and professional services.

If our affiliated physician group is not able to satisfy California financial solvency regulations, they could become subject to sanctions and their ability to do business in California could be limited or terminated.

The DMHC has instituted financial solvency regulations. The regulations are intended to provide a formal mechanism for monitoring the financial solvency of a RBO in California, including capitated physician groups. Under current DMHC regulations, our affiliated physician groups, as applicable, are required to, among other things:

- Maintain, at all times, a minimum "cash-to-claims ratio" (which means the organization's cash, marketable securities, and certain qualified receivables, divided by the organization's total unpaid claims liability) of 0.75; and
- Submit periodic reports to the DMHC containing various data and attestations regarding their performance and financial solvency, including IBNR calculations and documentation and attestations as to whether or not the organization (i) was in compliance with the "Knox-Keene Act" requirements related to claims payment timeliness, (ii) had maintained positive tangible net equity ("TNE"), and (iii) had maintained positive working capital.

In the event that a physician group is not in compliance with any of the above criteria, it would be required to describe in a report submitted to the DMHC the reasons for non-compliance and actions to be taken to bring it into compliance. Under such regulations, the DMHC can also make some of the information contained in the reports, public, including, but not limited to, whether or not a particular physician organization met each of the criteria. In the event any of our affiliated physician groups are not able to meet certain of the financial solvency requirements, and fail to meet subsequent corrective action plans, it could be subject to sanctions, or limitations on, or removal of, its ability to do business in California. There can be no assurance that our affiliated physician group, such as our IPA, will remain in compliance with DMHC requirements or be able to timely and adequately rectify non-compliance. To the extent that we need to provide additional capital to our affiliated physician group in the future in order to comply with DMHC regulations, we would have less cash available for other parts of our operations.

Primary care physicians may seek to affiliate with our and our competitors' IPAs at the same time.

It is common in the medical services industry for primary care physicians to be affiliated with multiple IPAs. Our affiliated IPA therefore may enter into agreements with physicians who are also affiliated with our competitors. However, some of our competitors at times have agreements with physicians that require the physician to provide exclusive services. Our affiliated IPA often has no knowledge, and no way of knowing, whether a physician is subject to an exclusivity agreement without being informed by the physician. Competitors could initiate lawsuits against us alleging in part interference with such exclusivity arrangements. An adverse outcome from any such lawsuit could adversely affect our business, cash flows and financial condition.

If we inadvertently employ or contract with an excluded person, we may face government sanctions.

Individuals and entities can be excluded from participating in the Medicare and Medicaid programs for violating certain laws and regulations, or for other reasons such as the loss of a license in any state, even if the person retains other licensure. This means that the excluded person and others are prohibited from receiving payments for such person's services rendered to Medicare or Medicaid beneficiaries, and if the excluded person is a physician, all services ordered (not just provided) by such physician are also non-covered and non-payable. Entities that employ or contract with excluded individuals are prohibited from billing the Medicare or Medicaid programs for the excluded individual's services and are subject to civil penalties if it does. The U.S. Department of Health and Human Services Office of the Inspector General maintains a list of excluded persons. Although we have instituted policies and procedures to minimize such risks, there can be no assurance that we will not inadvertently hire or contract with an excluded person, or that our employees or contracts will not become excluded in the future without our knowledge. If this occurs, we may be subject to substantial repayments and civil penalties which could adversely affect our business, cash flows, and financial condition.

We could incur substantial costs in protecting or defending our intellectual property rights, and any failure to protect our intellectual property could adversely affect our business, results of operations and financial condition.

Our success depends, in part, on our ability to protect our brand and the proprietary methods and our Population Health Management Platform and other technologies that we develop under patent and other intellectual property laws of the United States and foreign jurisdictions so that we can prevent others from using our inventions and proprietary information. The particular forms of intellectual property protection that we seek, or our business decisions about when to file patent applications and trademark applications, may not be adequate to protect our business. We could be required to spend significant resources to monitor and protect our intellectual property rights. Litigation may be necessary in the future to enforce our intellectual property rights, determine the validity and scope

of our proprietary rights or those of others, or defend against claims of infringement or invalidity. Such litigation could be costly, time-consuming and distracting to management, result in a diversion of significant resources, lead to the narrowing or invalidation of portions of our intellectual property and have an adverse effect on our business, results of operations and financial condition. Our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights or alleging that we infringe the counterclaimant's own intellectual property. Any of our patents, patent applications, copyrights, trademarks or other intellectual property rights could be challenged by others or invalidated through administrative process or litigation.

We expect to also rely, in part, on confidentiality agreements with our business partners, employees, consultants, advisors, customers and others in our efforts to protect our proprietary technology, processes and methods. These agreements may not effectively prevent disclosure of our confidential information, and it may be possible for unauthorized parties to copy our software or other proprietary technology or information, or to develop similar software independently without our having an adequate remedy for unauthorized use or disclosure of our confidential information. In addition, others may independently discover our trade secrets and proprietary information, and in these cases, we would not be able to assert any trade secret rights against those parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and the failure to obtain or maintain trade secret protection could adversely affect our competitive business position.

In addition, the laws of some countries do not protect intellectual property and other proprietary rights to the same extent as the laws of the United States. To the extent we expand our international activities, our exposure to unauthorized copying, transfer and use of our proprietary technology or information may increase.

Our means of protecting our intellectual property and proprietary rights may not be adequate or our competitors could independently develop similar technology. If we fail to meaningfully protect our intellectual property and proprietary rights, our business, results of operations and financial condition could be adversely affected.

Assertions by third parties of infringement or other violations by us of their intellectual property rights could result in significant costs and harm our business and operating results.

Our success depends upon our ability to refrain from infringing upon the intellectual property rights of others. Some companies, including some of our competitors, own large numbers of patents, copyrights and trademarks, which they may use to assert claims against us. As we grow and enter new markets, we will face a growing number of competitors. As the number of competitors in our industry grows and the functionality of products in different industry segments overlaps, we expect that software and other solutions in our industry may be subject to such claims by third parties. Third parties may in the future assert claims of infringement, misappropriation or other violations of intellectual property rights against us. We cannot assure you that infringement claims will not be asserted against us in the future, or that, if asserted, any infringement claim will be successfully defended. A successful claim against us could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our services, or require that we comply with other unfavorable terms. We may also be obligated to indemnify our customers or business partners or pay substantial settlement costs, including royalty payments, in connection with any such claim or litigation and to obtain licenses, modify applications or refund fees, which could be costly. Even if we were to prevail in such a dispute, any litigation regarding our intellectual property could be costly and time-consuming and divert the attention of our management and key personnel from our business operations.

The information that we expect to provide to our clients could be inaccurate or incomplete, which could harm our business reputation, financial condition, and results of operations.

We expect to aggregate, process, and analyze healthcare-related data and information for use by our clients. Because data in the healthcare industry is fragmented in origin, inconsistent in format, and often incomplete, the overall quality of data received or accessed in the healthcare industry is often poor, the degree or amount of data which is knowingly or unknowingly absent or omitted can be material, and we frequently discover data issues and errors during our data integrity checks. If the analytical data that we expect to provide to our clients are based on incorrect or incomplete data or if we make mistakes in the capture, input, or analysis of these data, our reputation may suffer and our ability to attract and retain clients may be materially harmed.

In addition, we expect to assist our clients with the management and submission of data to governmental entities, including CMS. These processes and submissions are governed by complex data processing and validation policies and regulations. If we fail to abide by such policies or submit incorrect or incomplete data, we may be exposed to liability to a client, court, or government agency that concludes that our storage, handling, submission, delivery, or display of health information or other data was wrongful or erroneous.

Our proprietary applications may not operate properly, which could damage our reputation, give rise to a variety of claims against us, or divert our resources from other purposes, any of which could harm our business and operating results.

Proprietary software and application development is time-consuming, expensive, and complex, and may involve unforeseen difficulties. We may encounter technical obstacles, and it is possible that we discover additional problems that prevent our proprietary applications from operating properly. If our applications and services do not function reliably or fail to achieve client expectations in terms of performance, clients could assert liability claims against us and attempt to cancel their contracts with us. Moreover, material performance problems, defects, or errors in our existing or new applications and services may arise in the future and may result from, among other things, the lack of interoperability of our applications with systems and data that we did not develop and the function of which is outside of our control or undetected in our testing. Defects or errors in our applications might discourage existing or potential clients from purchasing services from us. Correction of defects or errors could prove to be time consuming, costly, impossible, or impracticable. The existence of errors or defects in our applications and the correction of such errors could divert our resources from other matters relating to our business, damage our reputation, increase our costs, and have a material adverse effect on our business, financial condition, and results of operations.

Risks Related to Our Legal and Regulatory Environment

We conduct business in a heavily regulated industry and if we fail to adhere to all of the complex government laws and regulations that apply to our business, we could incur fines or penalties or be required to make changes to our operations or experience adverse publicity, any or all of which could have a material adverse effect on our business, results of operations, financial condition, cash flows, and reputation.

The U.S. healthcare industry is heavily regulated and closely scrutinized by federal, state and local governments. Comprehensive statutes and regulations govern the manner in which we provide and bill for services and collect reimbursement from governmental programs and private payors, our contractual relationships and arrangements with healthcare providers and vendors, our marketing activities and other aspects of our operations. Of particular importance are:

- the federal Anti-Kickback Statute, or the AKS, which prohibits the knowing and willful offer, payment, solicitation or receipt of any bribe, kickback, rebate or other remuneration for referring an individual, in return for ordering, leasing, purchasing or recommending or arranging for or to induce the referral of an individual or the ordering, purchasing or leasing of items or services covered, in whole or in part, by any federal healthcare program, such as Medicare and Medicaid. Although there are several statutory exceptions and regulatory safe harbors protecting certain common activities from prosecution, the exceptions and safe harbors are drawn narrowly. By way of example, the AKS safe harbor for value-based arrangements requires, among other things, that the arrangement does not induce a person or entity to reduce or limit medically necessary items or services furnished to any patient. Failure to meet the requirements of a safe harbor, however, does not render an arrangement illegal, although such arrangements may be subject to greater scrutiny by government authorities. Further, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it to have committed a violation;
- the federal physician self-referral law, or the Stark Law, which, subject to limited exceptions, prohibits physicians from referring Medicare or Medicaid patients to an entity for the provision of certain designated health services, or DHS, if the physician or a member of such physician's immediate family has a direct or indirect financial relationship (including an ownership interest or a compensation arrangement) with the entity, and prohibits the entity from billing Medicare or Medicaid for such DHS;
- the federal False Claims Act, or the FCA, which imposes civil and criminal liability on individuals or entities that knowingly submit false or fraudulent claims for payment to the government or knowingly make, or cause to be made, a false statement in order to have a false claim paid, including qui tam or whistleblower suits. There are many potential bases for liability under the FCA. The government has used the FCA to prosecute Medicare and other government healthcare program fraud such as coding errors, billing for services not provided, and providing care that is not medically necessary or that is substandard in quality. In addition, we could be held liable under the FCA if we are deemed to "cause" the submission of false or fraudulent claims by, for example, providing inaccurate billing, coding or risk adjustment information to our physician partners through Provider Portal and Analytic Management Tools, respectively. The government may also assert that a claim including items or services resulting from a violation of the AKS or Stark Law constitutes a false or fraudulent claim for purposes of the FCA;

- the Civil Monetary Penalties Statute, which prohibits, among other things, an individual or entity from offering remuneration to a federal healthcare program beneficiary that the individual or entity knows or should know is likely to influence the beneficiary to order or receive healthcare items or services from a particular provider;
- the criminal healthcare fraud provisions of HIPAA and related rules that prohibit knowingly and willfully executing a scheme or artifice to defraud any healthcare benefit program or falsifying, concealing or covering up a material fact or making any material false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the AKS, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it to have committed a violation;
- reassignment of payment rules that prohibit certain types of billing and collection practices in connection with claims payable by the Medicare or Medicaid programs;
- similar state law provisions pertaining to anti-kickback, self-referral and false claims issues, some of which may apply to items or services reimbursed by any payor, including patients and commercial insurers;
- laws that regulate debt collection practices;
- a provision of the Social Security Act that imposes criminal penalties on healthcare providers who fail to disclose, or refund known overpayments;
- federal and state laws that prohibit providers from billing and receiving payment from Medicare and Medicaid for services unless the services are medically necessary, adequately and accurately documented, and billed using codes that accurately reflect the type and level of services rendered; and
- federal and state laws pertaining to the provision of services by nurse practitioners and physician assistants in certain settings, physician supervision of those services, and reimbursement requirements that depend on the types of services provided and documented and relationships between physician supervisors and nurse practitioners and physician assistants.

The laws and regulations in these areas are complex, changing and often subject to varying interpretations. As a result, there is no guarantee that a government authority will find that we or our partner physicians or other healthcare professionals are in compliance with all such laws and regulations that apply to our business. Further, because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of the business activities undertaken by us or our partner physicians or other healthcare professionals could be subject to challenge under one or more of these laws, including, without limitation, our patient assistance programs that waive or reduce the patient's obligation to pay copayments, coinsurance or deductible amounts owed for the services we provide to them if they meet certain financial need criteria. If our operations are found to be in violation of any of such laws or any other governmental regulations that apply, we may be subject to significant penalties, including, without limitation, administrative, civil and criminal penalties, damages, fines, disgorgement, the curtailment or restructuring of operations, integrity oversight and reporting obligations, exclusion from participation in federal and state healthcare programs and imprisonment. In addition, any action against us or our partner physicians or other physician partners for violation of these laws or regulations, even if we successfully defend against it, could cause us to incur significant legal expenses, divert our management's attention from the operation of our business and result in adverse publicity, or otherwise experience a material adverse impact on our business, results of operations, financial condition, cash flows, reputation as a result.

If any of our hospitals lose their regulatory licenses, permits and/or registrations, as applicable, or become ineligible to receive reimbursement from third-party payors, there may be a material adverse effect on our business, financial condition, cash flows, or results of operations.

The operations of our hospitals through partner physicians and other healthcare professionals are subject to extensive federal, state and local regulation relating to, among other things, the adequacy of medical care, equipment, personnel, operating policies and procedures and proof of financial ability to operate. Our hospitals and partner physicians and other healthcare professionals are also subject to extensive laws and regulation relating to facility and professional licensure, conduct of operations, including financial relationships among healthcare providers, Medicare, Medicaid and state fraud and abuse and physician self-referrals, and maintaining updates to our and our partner physicians' and other healthcare professionals' enrollment in the Medicare and Medicaid programs, including addition of new hospital locations, providers and other enrollment information. Our hospitals are subject to periodic inspection by licensing authorities to assure their continued compliance with these various standards. There can be no assurance that these regulatory authorities will determine that all applicable requirements are fully met at any given time. Should any of our hospitals be found to be noncompliant with these requirements, we could be assessed fines and penalties, could be required to refund reimbursement amounts or could lose our licensure or Medicare and/or Medicaid certification so that we or our partner physicians and other healthcare professionals are unable to receive reimbursement from such programs and possibly from other third-party payors, any of which could materially adversely affect our business, financial condition, cash flows or results of operations.

If our arrangements with our partner physicians and other physician partners are found to constitute the improper rendering of medical services or fee splitting under applicable state laws, our business, financial condition and our ability to operate in those states could be adversely impacted.

Our contractual relationships with our partner physicians may implicate certain state laws that generally prohibit non-professional entities from providing licensed medical services or exercising control over licensed physicians or other healthcare professionals (such activities generally referred to as the "corporate practice of medicine") or engaging in certain practices such as fee-splitting with such licensed professionals. The interpretation and enforcement of these laws vary significantly from state to state. There can be no assurance that these laws will be interpreted in a manner consistent with our practices or that other laws or regulations will not be enacted in the future that could have a material and adverse effect on our business, financial condition and results of operations. Regulatory authorities, state boards of medicine, state attorneys general and other parties may assert that, despite the agreements through which we operate, we are engaged in the provision of medical services and/or that our arrangements with our physician partners constitute unlawful fee-splitting. If a jurisdiction's prohibition on the corporate practice of medicine or fee-splitting is interpreted in a manner that is inconsistent with our practices, we would be required to restructure or terminate our arrangements with our physician partners to bring our activities into compliance with such laws. A determination of non-compliance, or the termination of or failure to successfully restructure these relationships could result in disciplinary action, penalties, damages, fines, and/or a loss of revenue, any of which could have a material and adverse effect on our business, financial condition and results of operations. State corporate practice and fee-splitting prohibitions also often impose penalties on healthcare professionals for aiding in the improper rendering of professional services, which could discourage physicians and other healthcare professionals from providing clinical services to our hospitals.

We face inspections, reviews, audits and investigations under federal and state government programs and contracts. These audits could have adverse findings that may negatively affect our business, including our results of operations, liquidity, financial condition and reputation.

As a result of our participation in the Medicare and Medicaid programs, we are subject to various governmental inspections, reviews, audits and investigations to verify our compliance with these programs and applicable laws and regulations. Other third-party payors may also reserve the right to conduct audits. We also periodically conduct internal audits and reviews of our regulatory compliance. An adverse inspection, review, audit or investigation could result in:

- refunding amounts we have been paid pursuant to the Medicare or Medicaid programs or from payors;
- state or federal agencies imposing fines, penalties and other sanctions on us;
- temporary suspension of payment for new patients to the facility or agency;
- decertification or exclusion from participation in the Medicare or Medicaid programs or one or more payor networks;
- self-disclosure of violations to applicable regulatory authorities;
- damage to our reputation;
- the revocation of a facility's or agency's license;
- criminal penalties;
- a corporate integrity agreement with HHS' Office of Inspector General; and
- loss of certain rights under, or termination of, our contracts with payors.

If adverse inspections, reviews, audits or investigations occur and any of the results noted above occur, it could have a material adverse effect on our business and operating results. Furthermore, the legal, document production and other costs associated with complying with these inspections, reviews, audits or investigations could be significant.

Recent healthcare regulations, and other changes in the healthcare industry and in healthcare spending may adversely affect our business, financial condition and results of operations.

The impact on us of healthcare reform legislation and other changes in the healthcare industry and in healthcare spending is uncertain, but may adversely affect our business, financial condition and results of operations. Our revenue is dependent on the healthcare industry and could be affected by changes in healthcare spending, reimbursement and policy. The healthcare industry is subject to changing political, regulatory and other influences. Additionally, the potential impact of new policies that may be implemented as a result of the new administration is currently uncertain.

On January 1, 2022, the NSA became effective. As a result, we experienced a significant decline in collections of patient claims for emergency services. There are numerous continuing legal challenges to the federal regulations promulgated under the NSA, in

particular those mandating the methodology of calculating the qualifying payment amount and implementing the independent dispute resolution process, creating significant uncertainty in the claims recovery process. Any sustained decline in the collections we receive for our emergency services could have a material adverse effect on our operations and financial performance and may negatively affect the trading value of our Common Stock.

Risks Related to Our Common Stock

Anti-takeover provisions under Delaware law could make an acquisition of the Company, which may be beneficial to the stockholders of the Company, more difficult and may prevent attempts by the stockholders to replace or remove management.

We are subject to the anti-takeover provisions of the Delaware General Corporation Law ("DGCL"), including Section 203. Under these provisions, if anyone becomes an "interested stockholder," the Company may not enter into a "business combination" with that person for three years without special approval, which could discourage a third party from making a takeover offer and could delay or prevent a change of control. For purposes of Section 203 of the DGCL, "interested stockholder" means, generally, someone owning 15% or more of the Company's outstanding voting stock or an affiliate of the Company that owned 15% or more of the Company's outstanding voting stock during the past three years, subject to certain exceptions as described in Section 203 of the DGCL. As such, Section 203 of the DGCL could prohibit or delay mergers or a change in control and may discourage attempts by other companies to acquire the Company.

Additionally, certain provisions in our Charter, such as advance notice provisions for matters to be included in the proxy statement for annual meetings, could make it more difficult for a third party to acquire control of us, even if such change in control would be beneficial to our stockholders.

General Risk Factors

Because we have no current plans to pay cash dividends on our Common Stock for the foreseeable future, you may not receive any return on investment unless you sell your Common Stock for a price in excess of the purchase price.

We may retain future earnings, if any, for future operations, expansion and debt repayment and have no current plans to pay any cash dividends for the foreseeable future. Any decision to declare and pay dividends will be made at the discretion of our board of directors and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions and other factors that our board of directors may deem relevant. In addition, our ability to declare dividends may be limited by restrictive covenants contained in any existing or future indebtedness. As a result, you may not receive any return on an investment in our Common Stock unless you sell your Common Stock for a price greater than that which you paid for it.

The market price and trading volume of our Common Stock may be volatile and could decline significantly.

Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market, or political conditions, could reduce the market price of our Common Stock in spite of our operating performance, which may limit or prevent investors from readily selling their Common Stock and may otherwise negatively affect the liquidity of the Common Stock. There can be no assurance that the market price of Common Stock will not fluctuate widely or decline significantly in the future in response to a number of factors, including, among others, the following:

- actual or anticipated fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us;
- changes in the market's expectations about our operating results;
- success of competitors;
- our operating results failing to meet the expectation of securities analysts or investors in a particular period;
- changes in financial estimates and recommendations by securities analysts concerning us or the health population management industry in general;
- operating and stock price performance of other companies that investors deem comparable to us;
- our ability to market new and enhanced products on a timely basis;
- changes in laws and regulations affecting our business;
- our ability to meet compliance requirements;
- commencement of, or involvement in, litigation involving us;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- the volume of shares of our Common Stock available for public sale;
- any major change in our board of directors or management;
- sales of substantial amounts of Common Stock by our directors, executive officers or significant stockholders or the perception that such sales could occur; and
- general economic and political conditions such as recessions, interest rates, fuel prices, international currency fluctuations and acts of war or terrorism.

The stock market in general, and Nasdaq in particular, have experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. The trading prices and valuations of these stocks, and of our securities, may not be predictable. A loss of investor confidence in the market for retail stocks or the stocks of other companies which investors perceive to be similar to us could depress our stock price regardless of our business, prospects, financial condition or results of operations. A decline in the market price of our securities also could adversely affect our ability to issue additional securities and our ability to obtain additional financing in the future.

If securities or industry analysts do not publish research or publish inaccurate or unfavourable research about our business, the price and trading volume of our securities could decline.

The trading market for our securities depends in part on the research and reports that securities or industry analysts publish about us or our business. We will not control these analysts, and the analysts who publish information about us may have relatively little experience with us or our industry, which could affect their ability to accurately forecast our results and could make it more likely that we fail to meet their estimates. If few or no securities or industry analysts cover us, the trading price for our securities would be negatively impacted. If one or more of the analysts who covers us downgrades our securities, publishes incorrect or unfavorable research about us, ceases coverage of us, or fails to publish reports on us regularly, demand for and visibility of our securities could decrease, which could cause the price or trading volumes of our securities to decline.

We will continue to incur significantly increased costs and devote substantial management time as a result of operating as a public company.

As a public company, we incur significant legal, accounting and other expenses. For example, we are subject to the reporting requirements of the Exchange Act and are required to comply with the applicable requirements of the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as rules and regulations of the SEC and Nasdaq, including the establishment and maintenance of effective disclosure and financial controls, corporate governance requirements and required filings of annual, quarterly and current reports with respect to our business and results of operations. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations. In particular, we incur significant expenses and devote substantial management

effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act. We are in the process of hiring additional personnel and may in future need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge and may need to establish an internal audit function.

We are obligated to develop and maintain proper and effective internal control over financial reporting in order to comply with Section 404 of the Sarbanes-Oxley Act. We may not complete our analysis of our internal control over financial reporting in a timely manner, or these internal controls may not be determined to be effective, which may adversely affect investor confidence in us and, as a result, adversely affect the value of our Common Stock.

We are required by Section 404 of the Sarbanes-Oxley Act to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting in our annual report. The process of designing and implementing internal control over financial reporting required to comply with this requirement will be time-consuming, costly and complicated. If during the evaluation and testing process we identify one or more other material weaknesses in our internal control over financial reporting or determine that existing material weaknesses have not been remediated, our management will be unable to assert that our internal control over financial reporting is effective. See "*—We have identified material weaknesses in our internal control over financial reporting. If our internal control over financial reporting is not effective, we may not be able to accurately report our financial results or file our periodic reports in a timely manner, which may cause adverse effects on our business and may cause investors to lose confidence in our reported financial information and may lead to a decline in the price of our Common Stock*." In addition, if we fail to achieve and maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act.

Even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm may issue a report that is qualified if it is not satisfied with our controls or the level at which our controls are documented, designed, operated or reviewed.

We cannot be certain as to the timing of completion of our evaluation, testing and any remediation actions or the impact of the same on our operations. If we are not able to implement the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner or with adequate compliance, our independent registered public accounting firm may issue an adverse opinion due to ineffective internal controls over financial reporting, and we may be subject to sanctions or investigation by regulatory authorities, such as the SEC. As a result, there could be a negative reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. In addition, we may be required to incur costs in improving our internal control system and the hiring of additional personnel. Any such action could negatively affect our results of operations and cash flows.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Nutex manages cybersecurity and data protection through a continuously evolving framework. The framework allows us to identify, assess and mitigate the risks we face, and assists us in establishing policies and safeguards to protect our systems and the information of those we serve.

Our cybersecurity program is managed by our Director of Information Technology and Chief Operating Officer. The Audit Committee of the Board of Directors has oversight of our cybersecurity program and is responsible for reviewing and assessing the Company's cybersecurity and data protection policies, procedures and resource commitment, including key risk areas and mitigation strategies. As part of this process, the Audit Committee receives regular updates from the Director of Information Technology and Chief Operating Officer on critical issues related to our information security risks, cybersecurity strategy, supplier risk and business continuity capabilities.

The Company's framework includes an incident management and response program that continuously monitors the Company's information systems for vulnerabilities, threats and incidents; manages and takes action to contain incidents that occur; remediates vulnerabilities; and communicates the details of threats and incidents to management, including the Director of Information Technology and Chief Operating Officer, as deemed necessary or appropriate. Pursuant to the Company's incident response plan,

incidents are reported to the Audit Committee, appropriate government agencies and other authorities, as deemed necessary or appropriate, considering the actual or potential impact, significance and scope.

We work to require our third-party partners and contractors to handle data in accordance with our data privacy and information security requirements and applicable laws. We regularly engage with our suppliers, partners, contractors, service providers and internal development teams to identify and remediate vulnerabilities in a timely manner and monitor system upgrades to mitigate future risk, and ensure they employ appropriate and effective controls and continuity plans for their systems and operations.

To ensure that our program is designed and operating effectively, our infrastructure and information systems are audited periodically by internal and external auditors. We will perform regular vulnerability assessments and penetration tests to improve system security and address emerging security threats. Our internal audit team independently assesses security controls against our enterprise policies to evaluate compliance and leverages a combination of auditing and security frameworks to evaluate how leading practices are applied throughout our enterprise. Audit results and remediation progress are reported to and monitored by senior management and the Audit Committee. We also periodically partner with industry-leading cybersecurity firms to assess our cybersecurity program. These assessments complement our other assessment work by evaluating our cybersecurity program as a whole.

We complete an enterprise information risk assessment as part of our overall enterprise information security risk management assessment, which is overseen by our Director of Information Technology and Chief Operating Officer. This risk assessment is a review of internal and external threats that evaluates changes to the information risk landscape to inform the investments and program enhancements to be made in the future to rapidly respond and recover from potential attacks, including rebuild and recovery protocols for key systems. We evaluate our enterprise information security risk to ensure we address any unexpected or unforeseen changes in the risk environment or our systems and the resulting impacts are communicated to the Company’s overall enterprise risk management program.

We believe our Director of Information Technology and Chief Operating Officer have the appropriate knowledge and expertise to effectively manage our cybersecurity program. The Director of Information Technology has more than 25 years of information technology experience across the healthcare industry before joining Nutex Health. The Chief Operating Officer has more than 20 years of in-depth knowledge of our business operations that helps integrate the cybersecurity program into the overall business operations.

As of December 31, 2024, the Company has not identified any risks from cybersecurity threats that have materially affected or are reasonably likely to materially affect the Company, including our business strategy, results of operations or financial condition, but there can be no assurance that any such risk will not materially affect the Company in the future. For further information about the cybersecurity risks we face, and potential impacts, see Part I, Item 1A, "Risk Factors.”

Item 2. Properties

Our principal executive office is located at 6030 S. Rice Ave, Suite C, Houston, Texas 77081. We also maintain corporate offices located at 2455 East Sunrise Blvd. Suite 1204 Fort Lauderdale FL, 33304. Each of these locations is leased. As of December 31, 2024, our hospital division operated 24 micro-hospitals, specialty hospitals and HOPDs in 11 states in the U.S. We lease each of these locations. Our population health management division manages three IPAs and two MSOs which operate from leased locations in two states. We believe that our current facilities are in good condition and adequate to meet our operating needs for the present and immediately foreseeable future.

Item 3. Legal Proceedings

From time to time, the Company is involved in litigation and proceedings as part of its normal course of business. The Company is not a party to any litigation that we believe would have a material effect on our business or financial condition.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity and Related Shareholder Matters.

Our common stock is quoted on NASDAQ Capital Market under the symbol "NUTX."

Stockholders

As of the date of this report, there are approximately 841 stockholders of record of our common stock based upon our transfer agent's report. Because many of our shares of common stock are held by brokers and other nominees on behalf of stockholders, including in trust, we are unable to estimate the total number of stockholders represented by these record holders.

Dividends

We have not declared or paid any cash dividends on our common stock. To date we have utilized all available cash to finance our operations. Payment of cash dividends in the future will be at the discretion of our Board of Directors and will depend upon our earnings levels, capital requirements, any restrictive loan covenants and other factors the Board considers relevant.

Warrants

At December 31, 2024, there were 207,338 warrants outstanding for the purchase of Company common stock. Refer to Note 13 to the consolidated financial statements included in this Annual Report for additional information relating to outstanding warrants.

Equity Compensation Plans

In 2023, the stockholders of the Company approved the Amended and Restated Nutex Health Inc. 2023 Equity Incentive Plan (the "2023 Plan"), providing a total of 73,426 shares of Common Stock (11,013,943 prior to the 2024 Reverse Stock Splits) for issuance. Awards granted under the 2023 Plan may be incentive stock options, non-statutory stock options, restricted stock, restricted stock units, stock appreciation rights, performance units or performance shares. The awards are granted at an exercise price equal to the fair market value on the date of grant. The 2023 Plan is subject to annual increases on January 1st of each calendar year through January 1, 2033 of up to 1% of the issued and outstanding shares of the Company's Common Stock on the final day of the preceding calendar year, at the discretion of the Compensation Committee of our Board of Directors. During the second quarter of 2024, the number of shares to be issued under the 2023 Plan increased to 118,563 shares, most of which were issued as restricted stock units in June 2024. Shares available for issuance as of December 31, 2024, were 30,648.

At December 31, 2024, there were 21,965 options outstanding for the purchase of Common Stock. Refer to Note 12 to the consolidated financial statements included in this Annual Report for additional information relating to outstanding options.

Recent Sales of Unregistered Securities

On March 26, 2024, the Company and the Holders agreed to amend the conversion price of the Unsecured Convertible Term Notes and exercise price of the Warrants to $30.00 each ($0.20 prior to the 2024 Reverse Stock Splits), resulting in the Unsecured Convertible Term Notes being convertible into 179,500 shares of common stock (26,925,000 prior to the 2024 Reverse Stock Splits), the Warrants exercisable for 89,750 shares of common stock (13,462,500 prior to the 2024 Reverse Stock Splits) and the placement agent Warrants exercisable for 53,850 shares of common stock (8,077,500 prior to the 2024 Reverse Stock Splits). These warrants were issued in a private placement in reliance on section 4(a)(2) of the Securities Act.

Item 6. Reserved

Not applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion is intended to assist you in understanding our results of operations and our present financial condition and contains forward-looking statements that reflect our future plans, estimates, beliefs and expected performance. The forward-looking statements are dependent upon events, risks and uncertainties that may be outside our control. We caution you that our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences are discussed elsewhere in this Annual Report, particularly in the "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors," all of which are difficult to predict. In light of these risks, uncertainties and assumptions, the forward-looking events discussed may not occur. We do not undertake any obligation to publicly update any forward-looking statements except as otherwise required by applicable law.

Explanatory Note

On April 1, 2022, Nutex Health Holdco LLC merged with Clinigence Holdings, Inc., a publicly traded Delaware corporation, which was renamed Nutex Health Inc. after the merger. Immediately prior to the merger, holders of 84% of the aggregate equity interests in subsidiaries and affiliates of Nutex Health Holdco LLC contributed these ownership interests to Nutex Health Holdco LLC in exchange for Nutex Health Holdco LLC equity interests. Immediately thereafter, in the merger, each unit representing an equity interest in Nutex Health Holdco LLC was converted into the right to receive shares of common stock of Clinigence Holdings, Inc. (n/k/a Nutex Health, Inc.).

The Merger was accounted for as a reverse business combination under U.S. GAAP. Therefore, Nutex Health Holdco LLC was treated as the accounting acquirer in the merger. Beginning with the second quarter of 2022, our financial statements are presented on a consolidated basis and include Clinigence.

Except where the context indicates otherwise, (i) references to "we," "us," "our," or the "Company" refer, for periods prior to the completion of the merger, to Nutex Health Holdco LLC and its subsidiaries, (ii) references the "Nutex Health" for periods following the completion of the merger, refer to Nutex Health Inc. and its subsidiaries and (ii) references to "Clinigence" refer to Clinigence Holdings, Inc. and its subsidiaries prior to the completion of the merger.

Overview

Nutex Health Inc. is a physician-led, healthcare services and operations company with 24 hospital facilities in 11 states (hospital division), and a primary care-centric, risk-bearing population health management division. Our hospital division implements and operates innovative health care models, including micro-hospitals, specialty hospitals and hospital outpatient departments ("HOPDs"). The population health management division owns and operates provider networks such as independent physician associations ("IPAs") and offers a cloud-based proprietary technology platform to IPAs which aggregates clinical and claims data across multiple settings, information systems and sources to create a holistic view of patients and providers.

At December 31, 2024, we employed approximately 800 full-time employees, contracted 255 doctors at our facilities and partnered with over 2,100 physicians within our networks. Our corporate headquarters is based in Houston, Texas. We were incorporated on April 13, 2000 in the state of Delaware.

Our financial statements present the Company's consolidated financial condition and results of operations including those of majority-owned subsidiaries and variable interest entities ("VIEs") for which we are the primary beneficiary.

The hospital division includes our healthcare billing and collections organization and hospital entities. In addition, we have financial and operating relationships with multiple professional entities (the "Physician LLCs") and real estate entities (the "Real Estate Entities"). The Physician LLCs employ the doctors who work in our hospitals. These entities are consolidated by the Company as VIEs because they do not have significant equity at risk, and we have historically provided support to the Physician LLCs in the event of cash shortages and received the benefit of their cash surpluses.

The Real Estate Entities own the land and hospital buildings which are leased to our hospital entities. The Real Estate Entities have mortgage loans payable to third parties which are collateralized by the land and buildings. We consolidate the Real Estate Entities as VIEs in instances where our hospital entities are guarantors or co-borrowers under their outstanding mortgage loans. Since the second quarter of 2022, we deconsolidated 18 Real Estate Entities after the third-party lenders released our guarantees of associated mortgage loans, leaving three Real Estate Entities as current VIEs consolidated in our financial statements.

The Company has no direct or indirect ownership interest in the Physician LLCs or Real Estate Entities, so 100% of the equity for these entities is shown as noncontrolling interest in the consolidated balance sheets and statements of operations.

The population health management division includes our management services organizations. In addition, AHISP, IPA, a physician-affiliated entity that is not owned by us—is consolidated as a VIE of our wholly-owned subsidiary AHP since we are the primary beneficiary of their operations under AHP's management services contracts with them.

Sources of revenue. Our hospital division recognizes net patient service revenue for contracts with patients and in most cases a third-party payor (commercial insurance, workers compensation insurance or, in limited cases, Medicare/Medicaid).

We receive payment for facility services rendered by us from federal agencies, private insurance carriers, and patients. The Physician LLCs receive payment for doctor services from these same sources. On average, greater than 90% of our net patient service revenue is paid by insurers, federal agencies, and other non-patient third parties. The remaining revenues are paid by our patients in the form of copays, deductibles, and self-payment. We generally operate as an out-of-network provider and, as such, do not have negotiated reimbursement rates with insurance companies.

The following tables present the allocation of the transaction price with the patient between the primary patient classification of insurance coverage:

	Year ended December 31,		
	2024	2023	2022
Insurance	94%	93%	89%
Self pay	3%	4%	9%
Workers compensation	2%	2%	1%
Medicare/Medicaid	1%	1%	1%
Total	100%	100%	100%

The population health management division recognizes revenue for capitation and management fees for services to IPAs. Capitation revenue consists primarily of capitated fees for medical services provided by physician-owned entities we consolidate as VIEs. Capitated arrangements are made directly with various managed care providers including HMOs. Capitation revenues are typically prepaid monthly to us based on the number of enrollees selecting us as their healthcare provider. Capitation is a fixed payment amount per patient per unit of time paid in advance for the delivery of health care services, whereby the service providers are generally liable for excess medical costs. We receive management fees that are based on gross capitation revenues of the IPAs or physician groups we manage.

Our growth strategy. We plan to expand our operations by expanding our clinical services at our existing facilities, by entering new market areas either through development of new hospitals, formation of new IPAs or by making acquisitions. We expect to open three new hospital facilities by the end of the year 2025. These facilities are either under construction or in advanced planning stages. We anticipate launching one-to-three additional IPAs per year, principally in geographic areas around our existing micro-hospitals.

Industry Trends

The demand for healthcare services continues to be impacted by the following trends:

- Regulatory uncertainty;
- A growing focus on healthcare spending by consumers, employers and insurers, who are actively seeking lower-cost care solutions;
- A shift in patient volumes from inpatient to outpatient settings due to technological advancements and demand for care that is more convenient, affordable and accessible;
- The growing aged population, which requires greater chronic disease management and higher-acuity treatment; and
- Ongoing consolidation of providers and insurers across the healthcare industry.

The healthcare industry, particularly emergency care hospitals, continues to be subject to ongoing regulatory uncertainty. Changes in federal or state healthcare laws, regulations, funding policies or reimbursement practices, especially those involving reductions to government payment rates or limitations on what providers may charge, could significantly impact future revenue and operations. For example, the No Surprises Act prohibits providers from charging patients an amount beyond the in-network cost sharing amount for services rendered by out-of-network providers, subject to limited exceptions. For services for which balance billing is prohibited, the No Surprises Act includes provisions that may limit the amounts received by out-of-network providers from health plans. Any reduction in the rates that we can charge or amounts we can receive for our services will reduce our total revenue and our operating margins.

Results of Operations

We report the results of our operations as three segments in our consolidated financial statements: (i) the hospital division, (ii) the population health management division and (iii) the real estate division. Activity within our business segments is significantly impacted by the demand for healthcare services we provide, competition for these services in each of the market areas we serve, and the legislative changes discussed above.

Following is our results of operations for the periods shown:

	Year ended December 31,		
	2024	2023	2022
Revenue:			
Hospital division	$ 449,063,683	$ 218,070,397	$ 198,508,245
Population health management division	30,884,950	29,575,919	20,786,061
Total revenue	479,948,633	247,646,316	219,294,306
Segment operating income (loss):			
Hospital division	195,539,009	36,336,211	15,035,130
Population health management division	1,380,659	(1,558,601)	387,469
Real estate division	(658,391)	(3,439)	(861)
Total segment operating income	196,261,277	34,774,171	15,421,738
Corporate and other costs:			
Facilities closing costs	-	217,266	-
Acquisition costs	-	43,464	3,885,666
Stock-based compensation	16,631,898	2,835,971	189,581
Impairment of assets	3,887,216	29,082,203	-
Impairment of goodwill	3,197,391	1,139,297	398,135,038
General and administrative expenses	41,923,972	33,229,718	19,810,607
Total corporate and other costs	65,640,477	66,547,919	422,020,892
Interest expense	19,932,015	16,317,869	12,490,260
Loss on warrant liability	1,608,973	-	-
Other expense (income)	(668,930)	399,182	559,299
Income (loss) before taxes	109,748,742	(48,490,799)	(419,648,713)
Income tax expense (benefit)	14,476,821	(5,067,084)	13,090,905
Net income (loss)	95,271,921	(43,423,715)	(432,739,618)
Less: net income (loss) attributable to noncontrolling interests	43,092,753	2,362,899	(7,959,172)
Net income (loss) attributable to Nutex Health Inc.	$ 52,179,168	$ (45,786,614)	$ (424,780,446)
Adjusted EBITDA	$ 123,709,142	$ 10,827,681	$ 12,547,923

Year December 31, 2024 Compared to Year December 31, 2023

We reported a net income attributable to Nutex Health Inc. of $52.2 million, or earnings of $9.71 per share, for 2024 as compared with a net loss attributable to Nutex Health Inc. of $45.8 million, or a loss of $10.39 per share, for 2023. Our 2024 results were principally affected by:

- Revenue growth of approximately $169.7 million was primarily driven by successful participation in arbitration through the Independent Dispute Resolution ("IDR") process under the No Surprises Act ("NSA").
- Increased revenue was also attributed to higher utilization of more complex clinical services, including increased observation and in-patient stays.
- Patient visits rose by 16.9% for the year ended December 31, 2024, compared to the same period in 2023. Mature hospitals experienced an average visit growth of 6.5% year-over-year, alongside the impact of four new hospital openings in 2024.
- Our operating expenses increased primarily due the revenue generated from the IDR process in addition to the opening of new facilities and volume growth.

Adjusted EBITDA for 2024 was $123.7 million as compared to $10.8 million for 2023. Refer to Non-GAAP Financial Measures discussed below for a definition and reconciliation of Adjusted EBITDA.

A discussion of our segment results is included below.

Hospital Division. Our revenue for 2024 totaled $449.1 million as compared to $218.1 million for 2023, an increase of 106% caused by successful participation in arbitration through the IDR process under the NSA and by an increase in the number of patient visits associated with higher utilization of premium services. The following table shows the number of patient visits during the periods:

	Year ended December 31,	
	2024	2023
Patient visits:		
Hospital	168,388	144,058

Total revenue increased $231.0 million in 2024 from 2023 primarily due to successful participation in arbitration through the IDR process, contributing $169.7 million to the increase, and by an increase in the number of patient visits and the number of visits associated with higher utilization of more complex clinical services.

On July 1, 2024, we engaged with a third-party IDR vendor to further support our out of network claims appeals and determine which claims would be beneficial to arbitrate. The IDR process can take up to three to five months to receive payments relative to the start of a claim's open negotiation process. In order to facilitate the dispute arbitration process, the Company incurred fees to the Centers for Medicare and Medicaid Services ("CMS"), the organizations that arbitrate the payment amount between the plan and providers ("IDRE"), and commission and fees to the third-party IDR vendor. Total accrued arbitration expenses are $47.7 million as of December 31, 2024.

For these reasons, we refined our estimates of variable consideration and revenue recognition timing, particularly to claims subject to arbitration. Our methodology now incorporates historical arbitration outcomes, payor behavior, and expected resolution timing in determining the expected transaction price for applicable claims. The result of this change in estimate increased our estimate of the ultimate amounts of accounts receivable we will collect for the current and prior periods. This change in estimate increased revenue and net income before tax for the year ended December 31, 2024 by approximately $169.7 million and $112.0 million, respectively.

The hospital division's operating income was $195.5 million during 2024, up 438.0% as compared to $36.3 million in the same period of 2023. Our operating income for 2024 was positively affected by an increase in net revenue as noted above. Our contract services expense increased $57.6 million due to the cost associated with the IDR process. Our payroll expense increased due to the opening of four facilities in 2024 as well as due to the accrual of bonus payable in 2025. Our operating income was adversely impacted by $4.1 million from the opening of four new hospital locations in 2024. Start-up and operating expenses at new facilities often exceed our revenue at these facilities until they achieve stabilized volumes of patient visits.

Population Health Management Division. We completed our reverse business combination with Clinigence in April 2022. Legacy Clinigence's operations are reported as the population health management division. Our total revenue for 2024 for this division was $30.9 million consisting of capitation revenue of $27.8 million, management fees of $2.1 million and SaaS revenue of $1 million. The increase in revenue is attributed to increases in capitation revenue in 2024. Capitation revenue is recognized by our consolidated VIE, AHISP. We do not have an equity interest in this VIE but consolidate it since we are the primary beneficiary of its operations under our management services contract with them. We also earn management fees under our management services contracts with other IPAs and MSOs which are reported as revenue.

The population health management division had $1.4 million of operating income for 2024 driven by our divestiture of Procare and Clinigence Health Inc. entities. These two entities were negatively impacting the population health management division's operating performance. This strategic move contributed to improved gross margins from 2024 onward, reinforcing the organization's long-term profitability.

Real Estate Division. This division reports on the operations of consolidated Real Estate Entities where we provide guarantees of their indebtedness or are co-borrowers. During the second quarter of 2022, we deconsolidated 17 Real Estate Entities after the third-party lenders released our guarantees of associated mortgage loans. During 2023, we deconsolidated one Real Estate Entity after the third-party lenders released our guarantees of associated mortgage loans. As of December 31, 2024, we provided guarantees to the indebtedness of two Real Estate Entities.

Revenue and operating expenses of consolidated Real Estate Entities are not significant since the extent of these entities' operations is to own facilities leased to our hospital division entities which are financed by a combination of contributed equity by related parties and third-party mortgage indebtedness. Such leases are typically on a triple net basis where our hospital division is responsible for all operating costs, repairs and taxes on the facilities. Finance lease income is recognized outside of segment operating income as other income by the Real Estate Entities. However, these amounts are largely eliminated in the consolidation of these entities into our financial statements.

Corporate and other costs. Corporate and other costs in 2024 included general and administrative expenses totaling $41.9 million, impairment losses of assets and goodwill of $7.1 million due to facility closures and stock-based compensation of $16.6 million. Our corporate costs for 2023 included general and administrative costs of $33.2 million, a non-cash impairment charge of $30.2 and stock-based compensation of $2.8 million. General and administrative costs increased $8.6 million attributed to increases in accrued bonus expense ($2.7 million), professional services ($2.3 million), insurance expense ($2.3 million) and in other ($1.3 million).

As a public company, we must comply with new laws, regulations and requirements, certain corporate governance provisions of the Sarbanes-Oxley Act of 2002, related regulations of the SEC and the continued listing requirements of the NASDAQ, with which we were not required to comply with as a private company. We incur additional annual expenses related to these matters and, among other things, additional directors' and officers' liability insurance, director fees, reporting requirements of the SEC, transfer agent fees, hiring additional accounting, legal and administrative personnel, increased auditing and legal fees and similar expenses.

Nonoperating items

Interest expense. Interest expense totaled $19.9 million in 2024 as compared with $16.3 million for 2023. The increase in interest expense is primarily due to leases entered into in 2024 for the opening four facilities throughout the year.

Income tax expense. In periods before our merger with Clinigence, Nutex Health Holdco LLC and the Nutex Subsidiaries were pass-through entities treated as partnerships for U.S. federal income tax purposes. No provision for federal income taxes was provided for these periods as federal taxes were obligations of these companies' members. After the merger, Nutex Health Holdco LLC became a wholly-owned subsidiary of Clinigence and is included in its consolidated corporate tax filings. We recognized a non-cash charge of $21.3 million to income tax expense during 2022 for the change in tax status of Nutex Health Holdco LLC. This charge provides for the accumulated net deferred tax liabilities representing the differences between the book and tax bases of Nutex Health Holdco LLC's assets and liabilities as of the April 1, 2022 change in tax status.

At the time of our merger with Clinigence, Clinigence had a full valuation allowance against its deferred tax assets. For the year ended December 31, 2022 we recorded a non-cash benefit of $2.4 million to income tax expense to remove the acquired valuation allowance after we concluded that the associated deferred tax assets would be realizable.

As of December 31, 2023, a valuation allowance was established against the net deferred tax asset because the Company determined it was more likely than not that future earnings would not be sufficient to realize the corresponding tax benefits. In determining the appropriate valuation allowance, the Company considered the projected realization of tax benefits based on expected levels of future taxable income, available tax planning strategies and reversals of existing taxable temporary differences.

As of December 31, 2024, we recorded a non-cash benefit of $6.5 million to income tax expense to remove the majority of the valuation allowance after we concluded that the associated deferred tax assets would be realizable. In determining the appropriate valuation allowance, the Company considered its net cumulative earnings (adjusted for permanent items) for the last three years, along with the change to its business related to the higher revenue estimates without impacting its existing cost structure. $1.0M valuation allowance remains to offset the deferred tax asset related to capital loss carryforwards that the company does not expect to realize.

Each of the discrete items above, as well as the non-deductible goodwill impairment expense recognized in 2024, 2023 and 2022, are one-time, non-cash items.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

We reported a net loss attributable to Nutex Health Inc. of $45.8 million, or a loss of $10.39 per share, for 2023 as compared with a net loss attributable to Nutex Health Inc. of $424.8 million, or a loss of $100.36 per share, for 2022. Our 2023 results were principally affected by:

- A non-cash asset impairment charge of $29.1 million and a non-cash goodwill impairment charge of $1.1 million due to the closures of two facilities in January 2023 and two facilities in January 2024;
- Increase in revenue primarily related to increased collections and improved acuity;
- Issuance in March 2023 of 1,000,000 common shares for total expense of $1.9 million to Apollo Medical Holdings, Inc. for IPA managerial services;
- Higher interest expense in 2023 principally as a result of the Yorkville Pre-paid Advance issuance;
- Higher overall costs in general and administrative costs due primarily to increased corporate staffing and support to meet the Company's public company obligations.

Adjusted EBITDA for 2023 was $10.8 million as compared to $12.5 million for 2022. Refer to Non-GAAP Financial Measures discussed below for a definition and reconciliation of Adjusted EBITDA. The items affecting revenue and start-up costs of four new hospitals in 2023 contributed significantly to the decline in Adjusted EBITDA in the 2023 period.

A discussion of our segment results is included below.

Hospital Division. Our revenue for 2023 totaled $218.1 million as compared to $198.5 million for 2022, an increase of 10% caused by an increase in collection amounts, offset by a decrease in the number of patient visits. The following table shows the number of patient visits during the periods:

	Year ended December 31,	
	2023	2022
Patient visits:		
Hospital	144,058	161,014

Total revenue increased $19.6 million in 2023 from 2022 primarily due to increase in improved collections and higher patient acuity, offset by a 11% drop in COVID related visits.

In 2022, the average payment by insurers for patient claims for emergency services declined by approximately 30% compared to prior periods principally because of the NSA compared to prior periods.

The hospital division's operating income was $36.3 million during 2023, up 142% as compared $15.0 million in the same period of 2022. Our operating income for 2023 was positively affected by an increase in net revenue. We have made significant progress with the IDR process for both the NSA (Federal) as well as the Texas Department of Insurance, resulting in higher average payments in 2023 as compared to 2022. Our operating income was adversely impacted by $1.4 million due to the opening of four new locations in 2023. Start-up and operating expenses at new facilities often exceed our revenue at these facilities until they achieve stabilized volumes of patient visits.

Population Health Management Division. We completed our reverse business combination with Clinigence in April 2022. Legacy Clinigence's operations are reported as the population health management division. Our total revenue for 2023 for this division was $29.6 million consisting of capitation revenue of $25.4 million, management fees of $2.9 million and SaaS revenue of $1.3 million. The increase in revenue is attributed to three quarters of revenues being reported in 2022 due to the reverse merger versus a full year of revenues in 2023, contributing $7.0 million of the increase. The remaining increase is attributed to increases in capitation revenue in 2023. Capitation revenue is recognized by our consolidated VIE, AHISP. We do not have an equity interest in this VIE but consolidate it since we are the primary beneficiary of its operations under our management services contract with them. We also earn management fees under our management services contracts with other IPAs and MSOs which are reported as revenue.

The population health management division had $1.6 million of operating loss for 2023 driven by losses in our MSOs and technology platform. Strategically, we are focused on the growth of this division principally through the addition of new independent physician associations and have staffed our organization to manage larger numbers of such organizations. In August 2023, we completed the acquisition of two IPAs in Florida.

Real Estate Division. This division reports the operations of consolidated Real Estate Entities where we provide guarantees of their indebtedness or are co-borrowers. During the second quarter of 2022, we deconsolidated 17 Real Estate Entities after the third-party lenders released our guarantees of associated mortgage loans. During 2023, we deconsolidated one Real Estate Entity after the third-party lenders released our guarantees of associated mortgage loans.

Revenue and operating expenses of consolidated Real Estate Entities are not significant since the extent of these entities' operations is to own facilities leased to our hospital division entities which are financed by a combination of contributed equity by related parties and third-party mortgage indebtedness. Such leases are typically on a triple net basis where our hospital division is responsible for all operating costs, repairs and taxes on the facilities. Finance lease income is recognized outside of segment operating income as other income by the Real Estate Entities. However, these amounts are largely eliminated in the consolidation of these entities into our financial statements.

At December 31, 2023, two Real Estate Entities continue to be consolidated in our financial statements. We expect that hospitals we open in the future may be leased from new Real Estate Entities which may be owned in whole or part by related parties. Third-party lenders to these entities may require that we provide a guarantee or become co-borrowers under mortgage indebtedness financings for such facilities. In such instances, we may be required to consolidate these new Real Estate Entities in our financial statements as VIEs.

Corporate and other costs. Corporate and other costs in 2023 included general and administrative expenses totaling $33.2 million, impairment losses of $30.2 million due to facility closures and stock-based compensation of $2.2 million. Our corporate costs for 2022 included general and administrative costs of $19.8 million, acquisition costs for the reverse business combination with Clinigence totaling $3.9 million and a non-cash impairment charge reducing goodwill totaling $398.1 million. General and administrative costs increased $13.4 million attributed to increases in payroll ($8.0 million) and professional services ($1.6 million) as the Company increased corporate staffing to support the Company's public company obligations. General and administrative costs include our executive management, accounting, human resources, corporate technology, insurance and professional fees.

As a public company, we must comply with new laws, regulations and requirements, certain corporate governance provisions of the Sarbanes-Oxley Act of 2002, related regulations of the SEC and the continued listing requirements of the NASDAQ, with which we were not required to comply with as a private company. We incur additional annual expenses related to these matters and, among other things, additional directors' and officers' liability insurance, director fees, reporting requirements of the SEC, transfer agent fees, hiring additional accounting, legal and administrative personnel, increased auditing and legal fees and similar expenses.

Nonoperating items

Interest expense. Interest expense totaled $16.3 million in 2023 as compared with $12.5 million for 2022. The increase was due to addition of finance leases and debt for new facilities ($2.2 million), Yorkville amortization and payments ($1.9 million) and September 2023 Private Offering amortization ($0.2 million) offset by no interest payments as a result of the paydown of East Valley debt. This includes interest expense associated with the mortgage indebtedness of consolidated Real Estate Entities, interest expense on outstanding term notes and lines of credit for financing operating equipment and working capital needs, interest expense for financing leases and the accretion costs related to the conversion of notes assumed in the Clinigence transaction.

Income tax expense. In periods before our merger with Clinigence, Nutex Health Holdco LLC and the Nutex Subsidiaries were pass-through entities treated as partnerships for U.S. federal income tax purposes. No provision for federal income taxes was provided for these periods as federal taxes were obligations of these companies' members. After the merger, Nutex Health Holdco LLC became a wholly-owned subsidiary of Clinigence and is included in its consolidated corporate tax filings. We recognized a non-cash charge of $21.3 million to income tax expense during 2022 for the change in tax status of Nutex Health Holdco LLC. This charge provides for the accumulated net deferred tax liabilities representing the differences between the book and tax bases of Nutex Health Holdco LLC's assets and liabilities as of the April 1, 2022 change in tax status.

At the time of our merger with Clinigence, Clinigence had a full valuation allowance against its deferred tax assets. For the year ended December 31, 2022 we recorded a non-cash benefit of $2.4 million to income tax expense to remove the acquired valuation allowance after we concluded that the associated deferred tax assets would be realizable.

Each of the discrete items above, as well as the non-deductible goodwill impairment expense recognized in 2023 and 2022, are one-time, non-cash items.

As of December 31, 2023, a valuation allowance was established against the net deferred tax asset because the Company determined it was more likely than not that future earnings will not be sufficient to realize the corresponding tax benefits. In determining the appropriate valuation allowance, the Company considered the projected realization of tax benefits based on expected levels of future taxable income, available tax planning strategies and reversals of existing taxable temporary differences.

Liquidity and Capital Resources

As of December 31, 2024, we had $43.6 million of cash and equivalents, compared to $22.0 million of cash and equivalents at December 31, 2023.

Significant sources and uses of cash during 2024.

Sources of cash:

- Cash from operating activities was $23.2 million.
- Cash from common stock issuance, net of issuance costs was $9.2 million.
- Non-controlling members made cash capital contributions of $3.4 million.
- Cash from warrant exercises was $2.4 million.

Uses of cash:

- Capital expenditures were $2.3 million.
- We made distributions to noncontrolling interest owners totaling $6.4 million.
- Cash associated with net repayment of notes payable totaled $3.0 million.
- Cash associated with repayments of finance leases totaled $4.6 million.

Future sources and uses of cash. Our operating activities are financed with cash on hand which is generated from revenues. Most of our hospital facilities are leased from various lessors including related parties. These leases are presented in our consolidated balance sheets unless the lease is from a consolidated Real Estate Entity. Our growth plans include the development of new hospital locations. We expect that in many of these locations we will lease facilities from newly established entities partially owned by related parties.

We routinely enter into equipment lease agreements to procure new or replacement equipment and may also finance these purchases with term debt. We have smaller lines of credits available for working capital purposes and are presently working to supplement or replace these with larger financing commitments. These larger financing commitments are subject to market conditions and we may not be able to obtain such larger financing commitments at favorable economic terms or at all.

Indebtedness. The Company's indebtedness at December 31, 2024 is presented in Item 8, "Financial Statements – Note 8 – Debt" and our lease obligations are presented in Item 8, "Financial Statements—Note 9 – Leases."

We have entered into private debt arrangements with banking institutions for the purchase of equipment and to provide working capital and liquidity through cash and lines of credit. Unless otherwise delineated above, these debt arrangements are obligations of Nutex and/or its wholly-owned subsidiaries. Consolidated Real Estate Entities have entered into private debt arrangements with banking institutions for purposes of purchasing land, constructing new emergency room facilities and building out leasehold improvements which are leased to our hospital entities. Nutex is a guarantor or, in limited cases, a co-borrower on the debt arrangements of the Real Estate Entities for the periods shown. Since the second quarter of 2022, we deconsolidated 18 Real Estate Entities after the third-party lenders released our guarantees of associated mortgage loans.

Certain outstanding debt arrangements require minimum debt service coverage ratios and other financial covenants. At December 31, 2024, we were in compliance with these debt arrangements; we had remaining availability of an aggregate of $5.5 million under outstanding lines of credit.

Pre-Paid Advance Agreement with Yorkville. On February 15, 2024, the parties terminated the Pre-Paid Advance Agreement (the "PPA") dated April 11, 2023 between the Company and YA II PN, Ltd. ("Yorkville") pursuant to which the Company requested an advance of $15.0 million from Yorkville a "Pre-Paid Advance") purchased by Yorkville at 90% of the face amount. Interest accrued on the outstanding balance of the Pre-Paid Advance at an annual rate equal to 0% subject to an increase to 15% upon events of default described in the PPA. The Pre-Paid Advance had a maturity date of 12 months from the Pre-Paid Advance Date. As a result of the Pre-Paid Advance, the Company (i) issued, on April 11, 2023, 0.2 million shares of common stock to Yorkville (23.1 million prior to the 2024 Reverse Stock Splits), reducing the principal of initial Pre-Paid Advance to $7.3 million, (ii) made Optional Prepayments of $8.2 million in accordance with the PPA, consisting of $7.7 million of principal and $1.0 million attributed to the Payment Premium offset by $0.5 million in debt discount amortization, and (iii) paid off in full the remaining outstanding balance of the PPA on January 30, 2024.

Unsecured Convertible Term Notes and Warrants with Accredited Investors. From September 2023 to December 2023, the Company conducted a private offering of convertible notes ("Unsecured Convertible Term Notes") and six-year warrants ("Warrants") to accredited investors (the "Holders") as defined in Rule 501 under the 1933 Act and issued Unsecured Convertible Term Notes convertible into an aggregate of 89,751 shares (13,462,500 prior to the 2024 Reverse Stock Splits) of common stock at a conversion price of $60.00 per share ($0.40 prior to the 2024 Reverse Stock Splits) and Warrants to purchase an aggregate of 44,875 shares of common stock (6,731,250 prior to the 2024 Reverse Stock Splits) at an exercise price of $60.00 per share ($0.40 prior to the 2024 Reverse Stock Splits). We also issued Warrants for the purchase of 26,925 shares (4,038,750 prior to the 2024 Reverse Stock Splits) to the placement agent. On March 26, 2024, the Company and the Holders agreed to amend the conversion price of the Unsecured Convertible Term Notes and exercise price of the Warrants to $30.00 each ($0.20 prior to the 2024 Reverse Stock Splits), resulting in the Unsecured Convertible Term Notes being convertible into 179,500 shares of common stock (26,925,000 prior to the 2024 Reverse Stock Splits), the Warrants exercisable for 89,750 shares of common stock (13,462,500 prior to the 2024 Reverse Stock Splits) and the placement agent Warrants exercisable for 53,850 shares of common stock (8,077,500 prior to the 2024 Reverse Stock Splits). The Unsecured Convertible Term Notes mature on October 31, 2025 and the Warrants expire on December 31, 2029.

Committed Investment Agreement with Lincoln Park Capital. On November 14, 2022, Nutex and Lincoln Park Capital Fund, LLC, an Illinois limited liability company (the "Investor"), entered into a purchase agreement pursuant to which Nutex has the right, in its sole discretion, but not the obligation, to sell to the Investor up to $100 million worth of shares of Common Stock, over the 36-month term of the purchase agreement, subject to the terms and conditions provided therein. Nutex will control the timing and amount of any future sales of its Common Stock and the Investor is obligated to make purchases in accordance with the purchase agreement, subject to various limitations including those under the Nasdaq listing rules. Under the Agreement, issuances of Common Stock may be suspended upon the occurrence of customary events, including the unavailability of the resale registration statement. The Company has the right at any time for any reason to terminate the Agreement.

Off-Balance Sheet Arrangements

As of December 31, 2024, we had no material off-balance sheet arrangements.

Non-GAAP Financial Measures

Adjusted EBITDA. Adjusted EBITDA is used as a supplemental non-GAAP financial measure by management and external users of our financial statements, such as industry analysts, investors, lenders and rating agencies. We believe Adjusted EBITDA is useful because it allows us to more effectively evaluate our operating performance.

We define Adjusted EBITDA as net income (loss) attributable to Nutex Health Inc. plus net interest expense, income taxes, depreciation and amortization, further adjusted for stock-based compensation, certain defined items of expense, any acquisition-related costs and impairments. Interest expense includes interest on lease liabilities, which is a component of total finance lease cost. A reconciliation of net income to Adjusted EBITDA is included below. Adjusted EBITDA is not intended to serve as an alternative to U.S. GAAP measures of performance and may not be comparable to similarly-titled measures presented by other companies.

	Year ended December 31,		
	2024	2023	2022
Reconciliation of net income (loss) attributable to Nutex Health Inc. to Adjusted EBITDA:			
Net income (loss) attributable to Nutex Health Inc.	$ 52,179,168	$ (45,786,614)	$ (424,780,446)
Depreciation and amortization	18,971,972	17,591,572	13,131,374
Interest expense, net	19,932,015	16,317,869	12,490,260
Income tax expense (benefit)	14,476,821	(5,067,084)	13,090,905
Allocation to noncontrolling interests	(7,176,312)	(5,546,263)	(4,837,514)
EBITDA	98,383,664	(22,490,520)	(390,905,421)
Facility closing costs	-	217,266	-
Acquisition costs	-	43,464	3,885,666
Loss on warrant liability	1,608,973	-	-
Stock-based compensation	16,631,898	2,835,971	189,581
Rescission of warrant exercise	-	-	1,243,059
Impairment of assets	3,887,216	29,082,203	-
Impairment of goodwill	3,197,391	1,139,297	398,135,038
Adjusted EBITDA	$ 123,709,142	$ 10,827,681	$ 12,547,923

	Three months ended December 31, 2024	Three months ended December 31, 2023
	Unaudited	Unaudited
Reconciliation of net income (loss) attributable to Nutex Health Inc. to Adjusted EBITDA:		
Net income (loss) attributable to Nutex Health Inc.	$ 61,695,604	$ (31,617,897)
Depreciation and amortization	5,280,488	4,682,724
Interest expense, net	5,052,081	4,236,553
Income tax expense (benefit)	8,608,746	(2,998,554)
Allocation to noncontrolling interests	(2,195,888)	(2,045,390)
EBITDA	78,441,031	(27,742,564)
Loss on warrant liability	536,264	-
Stock-based compensation	14,680,454	637,159
Impairment of assets	(11,640)	29,082,203
Impairment of goodwill	-	1,139,297
Adjusted EBITDA	$ 93,646,109	$ 3,116,095

Significant Accounting Policies

Revenue recognition.

Hospital division – Our hospital division recognizes patient service revenue for contracts with patients, and in most cases, patients with out of network benefits with a third-party payor, such as, commercial insurance, workers compensation insurance or, in limited cases, Medicare/Medicaid. The Company's performance obligations are to provide emergency health care services primarily on an outpatient basis. Patient service revenues are recorded at the amount that reflects the consideration that the Company expects to be paid for providing patient care. These amounts are net of appropriate discounts giving recognition to differences between the Company's charges and reimbursement rates from third party payors.

Hospital revenues earned by the Company are recognized at a point in time when the services are provided to patients, net of adjustments and discounts. Because all the Company's performance obligations relate to contracts with patients with a duration of less than one-year, certain disclosures are limited.

We are considered "out-of-network" with commercial health plans. As there are no contractual rates established with insurance entities, revenues are estimated based on the "usual and customary" charges allowed by insurance payors using historical collection experience, historical trends of refunds and payor payment adjustments (retractions). Revenue from the Medicare program is based on reimbursement rates set by governmental authorities. For insured patients, the transaction price is determined based on gross charges for services provided, reduced by adjustments provided to third-party payors, discounts and implicit price concessions provided primarily to uninsured patients in accordance with the Company's policy. For uninsured patients, the Company recognizes revenue based on established rates, subject to certain discounts and implicit price concessions. The Company is reimbursed from third party payors under various methodologies based on the level of care provided.

Patients who have health care insurance may also have discounts applied related to their copayment or deductible. Estimates of contractual adjustments and discounts are determined by major payor classes for outpatient revenues based on historical experience. The Company estimates implicit price concessions based on its historical collection experience with these classes of patients using a portfolio approach. The portfolios consist of major payor classes for outpatient revenue. Based on historical collection trends and other analyses, the Company concluded that revenue for a given portfolio would not be materially different than if accounting for revenue on a contract-by-contract basis.

Customer payments are due upon receipt of an explanation of benefits for insured patients or it is due upon receipt of the bill from the Company for uninsured payments. There is no financing component associated with payments due from insurers or patients.

Population health management division – The population health management division recognizes revenue for capitation and management fees for services to IPAs and physician groups and for the licensing, training, and consulting related to our cloud-based proprietary technology.

Capitation revenue consists primarily of capitated fees for medical services provided by physician-owned entities we consolidate as VIEs. Capitated arrangements are made directly with various managed care providers including HMOs. Capitation revenues are typically prepaid monthly to us based on the number of enrollees selecting us as their healthcare provider. Capitation is a fixed payment amount per patient per unit of time paid in advance for the delivery of health care services, whereby the service providers are generally liable for excess medical costs.

We receive management fees that are based on gross capitation revenues of the IPAs or physician groups we manage. Revenue is recognized and received monthly for our services. In addition, we provide consultant services that are charged as a flat fixed rate and recognized as revenue when the service is performed. Consultant services revenues represent a small portion of our total revenue.

Construction in Progress. The Company regularly is in the process of constructing new facilities. Generally, our hospital facilities are responsible for the leasehold buildout and equipment while the associated Real Estate Entity procures the land, if any, and constructs a new or remodeled facility. Costs incurred to construct assets which will ultimately be classified as fixed assets are capitalized and classified in our financial statements as construction in progress until construction is completed and the asset is available for use. Once the asset is available for use, it is reclassified as another category of fixed assets and depreciated across its useful life.

Goodwill Impairment. We test goodwill for impairment at least annually by comparing the estimated fair values of our reporting units to their respective carrying values. We use an income method to estimate the fair value of these assets, which is based on forecasts of the expected future cash flows attributable to the respective assets. Significant estimates and assumptions inherent in the valuations reflect a consideration of other marketplace participants and include the amount and timing of future cash flows (including expected growth rates and profitability). Estimates utilized in the projected cash flows include consideration of macroeconomic conditions, overall category growth rates, competitive activities, Company business plans and the discount rate applied to the cash flows. Unanticipated market or macroeconomic events and circumstances may occur, which could affect the accuracy or validity of the estimates and assumptions.

On June 30, 2024, the impairment of goodwill of $3.2 million and the derecognition of goodwill of $0.5 million, both for the Population Health Management Division, relate to the sale of Procare Health, Inc., a wholly-owned subsidiary of Nutex. Procare was considered part of the Population Health Management Division. Prior to the sale of Procare, the Company recognized a goodwill

impairment amount of $3.2 million. On the sale of Procare, the Company recognized the derecognition of goodwill of $0.5 million based on the remaining carrying amount of goodwill for the Procare business after impairment.

Due to the sale of Procare, the Company tested for impairment the remaining goodwill in the Population Health Management Division of $13.9 million. On June 30, 2024, we determined that the fair value of our Population Health Management Division was greater than its carrying value. Therefore, no goodwill impairment was recognized for the quarter ended June 30, 2024. No goodwill impairment was recognized for year ended December 31, 2024.

On December 31, 2023, we recognized an impairment loss of $1.1 million in a reporting unit within our Hospital Division for the closure of a facility in January 2024.

During the three months ended September 30, 2022, we determined that the estimated fair value of our population health management division reporting unit which was acquired in the reverse business combination with Clinigence was less than its carrying value. Therefore, we conducted a second step of the goodwill impairment test to determine the implied fair value of the reporting unit's goodwill. In this analysis, we allocated the fair value of the reporting unit to identifiable assets and liabilities of the reporting unit. The residual fair value after this allocation was compared to the goodwill balance with the excess goodwill charged to expense. Based on this analysis, we recognized a non-cash impairment charge of $398.1 million, as revised, to reduce the carrying amount of goodwill for the population health management division reporting unit.

We believe the estimates and assumptions utilized in our impairment testing are reasonable and are comparable to those that would be used by other marketplace participants. However, actual events and results could differ substantially from those used in our valuations. To the extent such factors result in a failure to achieve the level of projected cash flows used to estimate fair value for purposes of establishing or subsequently impairing the carrying amount of goodwill and intangible assets, we may need to record additional non-cash impairment charges in the future.

Item 7A. Quantitative and Qualitative Disclosure About Market Risk

We are exposed to market risk related to changes in interest rates, primarily as a result of the line of credit facilities which bear interest based on floating rates.

The estimated fair value of our long-term debt approximates the carrying amount at December 31, 2024 due to its relatively short maturity. To mitigate the impact of fluctuations in interest rates, we generally target our debt portfolio to be maintained at fixed rates.

Item 8. Financial Statements and Supplementary Data

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Nutex Health Inc. (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting and for assessing the effectiveness of internal control over financial reporting. The Company has designed its internal control over financial reporting to provide reasonable assurance on the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles.

The 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 Company's transactions and dispositions of the Company's assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Company's management and directors; 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 consolidated financial statements.

Because of inherent limitations in internal control over financial reporting, such controls may not prevent or detect misstatements. Also, projections of any evaluation of the effectiveness of internal controls 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.

In connection with the preparation of the Company's annual consolidated financial statements, management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in the *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria").

Based on this assessment, the following material weaknesses have been identified:

- The Company had ineffective design, implementation, and operation controls over logical access, program change management, and vendor management controls:
  1) appropriate restrictions that would adequately prevent users from gaining inappropriate access to the financially relevant systems.
  2) IT programs and data changes affecting the Company's financial IT applications and underlying accounting records, are identified, tested, authorized and implemented appropriately to validate that data produced by its relevant IT systems were complete and accurate. Automated process-level and manual controls that are dependent upon the information derived from such financially relevant systems were also determined to be ineffective as a result of such deficiency.
  3) key third party service provider SOC reports were obtained and reviewed.

- Business process controls across all financial reporting processes were not effectively designed and implemented to properly address the risk of material misstatement, including controls without proper segregation of duties between preparer and reviewer and key management review controls.

- Ineffective design and implementation of controls over the completeness and accuracy of information included in key spreadsheets supporting the financial statements.

Each of these material weaknesses is further described in Part II, Item 9A. Management has concluded that, based on applying the COSO criteria, as of December 31, 2024, the Company's internal control over financial reporting was not effective to provide reasonable assurance of the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. We have made progress towards remediation and continue to implement our remediation plan. See the "Remediation of Material Weakness" caption in Part II, Item 9A for further information.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of
Nutex Health Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Nutex Health, Inc. (the "Company") as of December 31, 2024 and 2023, the related consolidated statements of income operations, changes in equity and cash flows for each of the three years in the period ended 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, 2024 and 2023, and the results of its operations and its cash flows for 3 years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

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 audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("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 the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit 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 audit 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 audit provides a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate 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 matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue Recognition – Hospital Division

Description of the Matter

Management's estimates of revenue and related accounts receivable for the hospital division are based on historical collection experience. The hospital division revenue amounts are net of appropriate discounts giving recognition to differences between the Company's charges and reimbursement rates from third party payors. As there are no contractual rates established with insurance entities, revenues are estimated based on the "usual and customary" charges allowed by insurance payors considering historical collection experience and wins for arbitration claims, historical trends of refunds, wins and payor payment adjustments (retractions).

How We Addressed the Matter in Our Audit

Our audit procedures related to revenue recognition of hospital division to address this critical audit matter included the following:

- We obtained an understanding of the Company's method of revenue recognition and related account receivable and evaluated the design, key factors and assumptions used in developing the management's accounting estimate including arbitration claims. We determined that the method is reasonable in relation to the basic financial statements taken as a whole.
- We compared the Company's past historical estimation of revenue recognition and related account receivable with actual collection experience to ensure revenue estimation is reasonable.
- We selected a sample of revenue items and evaluated revenue recognition and related account receivable.
- We compared management's accounting estimate of revenue and related accounts receivable to subsequent collections to ensure reasonableness of collectability, including a sample of account receivable items.

/s/ Marcum llp

Marcum llp

We have served as the Company's auditor since 2021.

Houston, Texas
March 31, 2025

NUTEX HEALTH INC.
CONSOLIDATED BALANCE SHEETS

	December 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 43,581,412	$ 22,002,056
Accounts receivable	232,449,226	58,624,301
Accounts receivable - related parties	3,602,189	4,152,068
Inventories	2,849,814	3,390,584
Prepaid expenses and other current assets	9,996,244	2,679,394
Total current assets	292,478,885	90,848,403
Property and equipment, net	77,932,744	81,387,649
Operating right-of-use assets	27,871,830	11,853,082
Financing right-of-use assets	218,889,351	176,146,329
Intangible assets, net	15,530,281	20,512,636
Goodwill, net	13,918,719	17,066,263
Deferred tax assets	7,987,236	-
Other assets	711,347	431,135
Total assets	$ 655,320,393	$ 398,245,497
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 9,613,821	$ 18,899,196
Accounts payable - related parties	4,345,138	6,382,197
Lines of credit	3,554,029	3,371,676
Current portion of long-term debt	14,395,457	10,808,721
Operating lease liabilities, current portion	2,079,940	1,579,987
Financing lease liabilities, current portion	7,704,873	4,315,979
Accrued arbitration expenses	47,741,815	-
Accrued income tax expense	25,989,262	-
Accrued expenses and other current liabilities	25,441,790	12,955,296
Total current liabilities	140,866,125	58,313,052
Long-term debt, net	22,465,896	26,314,733
Operating lease liabilities, net	30,617,399	15,479,639
Financing lease liabilities, net	259,479,096	213,886,213
Deferred tax liabilities	-	5,145,754
Total liabilities	453,428,516	319,139,391
Commitments and contingencies (Note 10)		
Equity:		
Common stock, $0.001 par value; 950,000,000 shares authorized; 5,511,452 and 4,511,199 shares issued and outstanding as of December 31, 2024 and December 31, 2023, respectively	5,511	4,511
Additional paid-in capital	503,232,609	470,521,218
Accumulated deficit	(356,893,371)	(409,072,539)
Nutex Health Inc. equity	146,344,749	61,453,190
Noncontrolling interests	55,547,128	17,652,916
Total equity	201,891,877	79,106,106
Total liabilities and equity	$ 655,320,393	$ 398,245,497

See accompanying notes to the consolidated financial statements.

NUTEX HEALTH INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,		
	2024	2023	2022
Revenue:			
Hospital division	$ 449,063,683	$ 218,070,397	$ 198,508,245
Population health management division	30,884,950	29,575,919	20,786,061
Total revenue	479,948,633	247,646,316	219,294,306
Operating costs and expenses:			
Payroll	117,527,022	108,377,938	111,785,110
Contract services	100,757,191	42,349,982	35,913,441
Medical supplies	15,285,481	14,151,140	12,118,893
Depreciation and amortization	18,971,972	17,591,572	13,131,374
Other	31,145,690	30,401,513	30,923,750
Total operating costs and expenses	283,687,356	212,872,145	203,872,568
Gross profit	196,261,277	34,774,171	15,421,738
Corporate and other costs:			
Facilities closing costs	-	217,266	-
Acquisition costs	-	43,464	3,885,666
Stock-based compensation	16,631,898	2,835,971	189,581
Impairment of assets	3,887,216	29,082,203	-
Impairment of goodwill	3,197,391	1,139,297	398,135,038
General and administrative expenses	41,923,972	33,229,718	19,810,607
Total corporate and other costs	65,640,477	66,547,919	422,020,892
Operating income (loss)	130,620,800	(31,773,748)	(406,599,154)
Interest expense, net	19,932,015	16,317,869	12,490,260
Loss on warrant liability	1,608,973	-	-
Other (income) expense	(668,930)	399,182	559,299
Income (loss) before taxes	109,748,742	(48,490,799)	(419,648,713)
Income tax (benefit) expense	14,476,821	(5,067,084)	13,090,905
Net income (loss)	95,271,921	(43,423,715)	(432,739,618)
Less: net income (loss) attributable to noncontrolling interests	43,092,753	2,362,899	(7,959,172)
Net income (loss) attributable to Nutex Health Inc.	$ 52,179,168	$ (45,786,614)	$ (424,780,446)
Earnings (loss) per common share			
Basic	$ 10.25	$ (10.39)	$ (100.36)
Diluted	$ 9.71	$ (10.39)	$ (100.36)

See accompanying notes to the consolidated financial statements.

NUTEX HEALTH INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Common Stock		Additional Paid-in	Retained Earnings	Noncontrolling	Total
	Shares	Amount	Capital	(Accumulated Deficit)	Interests	Equity
Balance at January 1, 2022	3,951,944	3,952	$ 12,331,731	$ 102,315,623	$ 76,929,704	$ 191,581,010
Reverse acquisition with Clinigence	339,741	340	436,499,926	-	194,747	436,695,013
Deconsolidation of Real Estate Entities	-	-	-	(6,466,946)	(32,336,946)	(38,803,892)
Notes payable converted to common stock	23,163	23	5,385,349	-	-	5,385,372
Common stock issued for exercise of warrants	14,315	14	4,119,127	-	-	4,119,141
Common stock issued for exercise of options	2,080	2	644,972	-	-	644,974
Rescission of warrant exercise	(5,460)	(5)	(26,386)	-	-	(26,391)
Equity financing agreement Lincoln Park Capital Fund, LLC	9,042	9	(9)	-	-	-
Stock-based compensation	-	-	189,581	-	-	189,581
Contributions	-	-	-	-	4,513,867	4,513,867
Distributions	-	-	-	(34,354,156)	(16,877,501)	(51,231,657)
Net loss	-	-	-	(424,780,446)	(7,959,172)	(432,739,618)
Balance at December 31, 2022	4,334,825	$ 4,335	$ 459,144,291	$ (363,285,925)	$ 24,464,699	$ 120,327,400
Deconsolidation of Real Estate Entities	-	-	-	-	(4,258,133)	(4,258,133)
Common stock issued for exercise of warrants	8,456	8	(8)	-	-	-
Common stock issued to Apollo Medical Holding Inc.	6,667	7	1,899,993	-	-	1,900,000
Common stock issued for Employee Stock Purchase Plan	515	1	14,287	-	-	14,288
Common stock issued for acquisition	16,943	17	905,217	-	-	905,234
Debt conversion to common stock	142,384	142	6,217,595	-	-	6,217,737
Stock-based compensation	1,409	1	935,966	-	-	935,967
Warrants issued with convertible debt	-	-	1,403,877	-	-	1,403,877
Contributions	-	-	-	-	298,032	298,032
Distributions	-	-	-	-	(5,214,581)	(5,214,581)
Net income (loss)	-	-	-	(45,786,614)	2,362,899	(43,423,715)
Balance at December 31, 2023	4,511,199	$ 4,511	$ 470,521,218	$ (409,072,539)	$ 17,652,916	$ 79,106,106

(Continued)

See accompanying notes to the consolidated financial statements.

NUTEX HEALTH INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Common Stock		Additional Paid-in	Retained Earnings	Noncontrolling	Total
	Shares	Amount	Capital	(Accumulated Deficit)	Interests	Equity
Balance at December 31, 2023	4,511,199	- 4,511	$ 470,521,218	$ (409,072,539)	$ 17,652,916	$ 79,106,106
Common stock issuance for Securities Purchase Agreement	444,444	444	1,540,499	-	-	1,540,943
Warrant exercises	444,445	444	11,643,421	-	-	11,643,865
Common stock received in sale of business	(5,060)	(5)	(30,245)	-	-	(30,250)
Common stock issued for Employee Stock Purchase Plan	8,405	9	85,482	-	-	85,491
Common stock issued for acquisition	64,746	65	406,093	-	-	406,158
Debt conversion to common stock	11,824	12	320,676	-	-	320,688
Vesting of Restricted Stock Units	1,298	1	(1)	-	-	-
Reverse stock split adjustment	3,116	3	(3)	-	-	-
Stock-based compensation	27,035	27	16,631,871	-	-	16,631,898
Contributions	-	-	2,113,598	-	1,239,425	3,353,023
Distributions	-	-	-	-	(6,437,966)	(6,437,966)
Net income	-	-	-	52,179,168	43,092,753	95,271,921
Balance at December 31, 2024	5,511,452	$ 5,511	$ 503,232,609	$ (356,893,371)	$ 55,547,128	$ 201,891,877

See accompanying notes to the consolidated financial statements.

NUTEX HEALTH INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2024	2023	2022
Cash flows from operating activities:			
Net income (loss)	$ 95,271,921	$ (43,423,715)	$ (432,739,618)
Adjustment to reconcile net income (loss) to net cash from operating activities:			
Depreciation and amortization	18,971,972	17,591,572	13,131,374
Impairment of assets	3,887,216	29,082,203	-
Impairment of goodwill	3,197,391	1,139,297	398,135,038
Derecognition of goodwill	453,017	-	-
Loss on warrant liability	1,608,973	-	-
Stock-based compensation expense	16,631,898	2,835,971	189,581
Rescission of warrant exercise expense	-	-	561,651
Deferred tax (benefit) expense	(13,132,990)	(5,707,323)	4,996,209
Debt accretion expense	1,042,663	1,209,981	1,952,829
Loss on lease termination	-	58,210	-
Non-cash lease expense	(381,035)	131,582	64,143
Changes in operating assets and liabilities:			
Accounts receivable	(173,956,924)	(969,761)	56,622,133
Accounts receivable - related party	549,879	(3,613,885)	1,454,934
Inventories	540,770	142,701	(719,107)
Prepaid expenses and other current assets	(7,021,010)	(817,297)	(1,419,139)
Accounts payable	(8,682,179)	(4,715,101)	10,018,100
Accounts payable - related party	(2,037,059)	2,466,536	(329,155)
Accrued arbitration expenses	47,741,815	-	-
Accrued income tax expense	25,989,262	-	-
Accrued expenses and other current liabilities	12,478,227	5,845,481	(1,311,865)
Net cash from operating activities	23,153,807	1,256,452	50,607,108
Cash flows from investing activities:			
Acquisitions of property and equipment	(2,303,897)	(9,496,832)	(14,632,414)
Acquired cash in reverse acquisition with Clinigence	-	-	12,716,228
Cash related to sale of business	(361,325)	-	-
Payments for acquisitions of businesses, net of cash acquired	-	(703,893)	-
Cash related to deconsolidation of Real Estate Entities	-	(1,039,157)	(2,421,212)
Net cash from investing activities	(2,665,222)	(11,239,882)	(4,337,398)
Cash flows from financing activities:			
Proceeds from lines of credit	2,261,743	2,340,911	2,623,479
Proceeds from notes payable	7,014,999	16,952,905	815,881
Proceeds from convertible notes	-	4,909,864	-
Repayments of lines of credit	(2,079,390)	(1,592,714)	(72,055)
Repayments of notes payable	(9,969,391)	(16,479,512)	(7,237,094)
Repayments of finance leases	(4,628,083)	(3,484,683)	(1,721,224)
Proceeds from common stock issuance, net issuance costs	9,202,500	-	-
Rescission of warrant exercise	-	-	(588,042)
Proceeds from exercise of warrants	2,373,336	-	4,119,141
Proceeds from exercise of options	-	-	644,974
Members' contributions	3,353,023	298,032	4,513,867
Members' distributions	(6,437,966)	(5,214,581)	(51,231,657)
Net cash from financing activities	1,090,771	(2,269,778)	(48,132,730)
Net change in cash and cash equivalents	21,579,356	(12,253,208)	(1,863,020)
Cash and cash equivalents - beginning of the year	22,002,056	34,255,264	36,118,284
Cash and cash equivalents - end of the year	$ 43,581,412	$ 22,002,056	$ 34,255,264

See accompanying notes to the consolidated financial statements.

NUTEX HEALTH INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Organization and Operations

Nutex Health Inc. ("Nutex Health" or the "Company"), is a physician-led, healthcare services and operations company with 24 hospital facilities in 11 states (hospital division), and a primary care-centric, risk-bearing population health management division. Our hospital division implements and operates different innovative health care models, including micro-hospitals, specialty hospitals and hospital outpatient departments ("HOPDs"). The population health management division owns and operates provider networks such as independent physician associations ("IPAs").

We employ 800 full-time employees, contract 255 doctors at our facilities and partner with over 2,100 physicians within our networks. Our corporate headquarters is based in Houston, Texas. We were incorporated on April 13, 2000 in the state of Delaware.

Merger of Nutex Health Holdco LLC and Clinigence Holdings, Inc. On April 1, 2022, the merger (the "Merger") of Nutex Health Holdco LLC and Clinigence Holdings, Inc. ("Clinigence") was completed pursuant to the Agreement and Plan of Merger (the "Merger Agreement") entered on November 23, 2021 between Clinigence, Nutex Acquisition LLC, a Delaware limited liability company and wholly-owned subsidiary of Clinigence, Nutex, Micro Hospital Holding LLC (solely for the purposes of certain sections of the Merger Agreement), Nutex Health Holdco LLC and Thomas Vo, M.D., solely in his capacity as the representative of the equity holders of Nutex Health Holdco LLC.

In connection with the Merger Agreement, Nutex Health Holdco LLC entered into certain Contribution Agreements with holders of equity interests ("Nutex Owners") of subsidiaries and affiliates (the "Nutex Subsidiaries") pursuant to which such Nutex Owners agreed to contribute certain equity interests in the Nutex Subsidiaries to Nutex Health Holdco LLC in exchange for specified equity interests in Nutex Health Holdco LLC (collectively, the "Contribution Transaction"). Nutex owners having ownership interests representing approximately 84% of the agreed upon aggregate equity value of the Nutex Subsidiaries, agreed to contribute all or a portion of their equity interests, as applicable.

Pursuant to the Merger Agreement, each unit representing an equity interest in Nutex Health Holdco LLC issued and outstanding immediately prior to the effective time of the Merger but after the Contribution Transaction (collectively, the "Nutex Membership Interests") was converted into the right to receive 3.571428575 shares of common stock of Clinigence, or an aggregate of 592,791,712 shares of common stock of Clinigence.

After completing the merger, Clinigence was renamed Nutex Health Inc.

2024 Reverse Stock Splits

1:15 Reverse stock split. The Company's Board of Directors determined to effect a reverse stock split of the common stock at a 1-for-15 ratio (the "1:15 Reverse Stock Split") effective as of 11:59 pm Eastern time on April 9, 2024. The stockholders of the Company at its annual meeting on June 29, 2023 had approved a reverse stock split within a range of 1:2 and 1:15 to be effected within one year of approval at the discretion of the Board. The Company's common stock began trading on The Nasdaq Capital Market on a post-1:15 Reverse Stock Split basis under the Company's existing trading symbol "NUTX" at the open of the market on April 10, 2024. The 1:15 Reverse Stock Split was implemented for the purpose of regaining compliance with the minimum bid price requirement for continued listing of the Company's common stock on The Nasdaq Capital Market.

1:10 Reverse stock split. In addition, the Company's Board of Directors determined to effect a reverse stock split of the common stock at a 1-for-10 ratio (the "1:10 Reverse Stock Split") effective as of 11:59 pm Eastern time on July 2, 2024. The Company's stockholders, at the annual meeting on June 17, 2024, had approved a reverse stock split within a range of 1:2 and 1:16 to be effected within one year of approval at the discretion of the Board. This 1:10 Reverse Stock Split is in addition to the Company's previous 1:15 Reverse Stock Split as discussed above. The Company's common stock began trading on The Nasdaq Stock Market on a post-1:10 Reverse Stock Split basis under the Company's existing trading symbol "NUTX" at the open of the market on July 3, 2024. The 1:10 Reverse Stock Split was also implemented for the purpose of regaining compliance with the minimum bid price requirement for continued listing of the Company's common stock on The Nasdaq Capital Market.

As a result of both the 1:15 Reverse Stock Split and 1:10 Reverse Stock Split (collectively, the "2024 Reverse Stock Splits") the

number of shares of common stock outstanding was reduced to 5,511,452 shares as of December 31, 2024, inclusive of whole shares issued for fractional shares, and the number of authorized shares of common stock remains at 950,000,000.

Unless otherwise indicated, all authorized, issued, and outstanding stock and per share amounts contained in the accompanying condensed consolidated financial statements have been adjusted to reflect the 2024 Reverse Stock Splits for all prior periods presented. Proportionate adjustments for the 2024 Reverse Stock Splits were made to the exercise prices and number of shares issuable under the Company's equity incentive plans, and the number of shares underlying outstanding equity awards, as applicable.
The impacts of the 2024 Reverse Stock Splits were applied retroactively for all periods presented in accordance with applicable guidance. Therefore, prior period amounts are different than those previously reported. Certain amounts within the following tables may not foot due to rounding.

The following table illustrates changes in equity, as previously reported prior to, and as adjusted subsequent to, the impact of the 2024 Reverse Stock Splits retroactively adjusted for the periods presented:

	December 31, 2023		
	As Previously Reported	Impact of 2024 Reverse Stock Splits	As Revised
Common Stock - Shares	676,679,911	(672,168,712)	4,511,199
Common Stock - Amount	$ 676,680	$ (672,169)	$ 4,511
Additional Paid-in Capital	$ 469,849,049	$ 672,169	$ 470,521,218

	December 31, 2022		
	As Previously Reported	Impact of 2024 Reverse Stock Splits	As Revised
Common Stock - Shares	650,223,840	(645,889,015)	4,334,825
Common Stock - Amount	$ 650,224	$ (645,889)	$ 4,335
Additional Paid-in Capital	$ 458,498,402	$ 645,889	$ 459,144,291

	January 1, 2022		
	As Previously Reported	Impact of 2024 Reverse Stock Splits	As Revised
Common Stock - Shares	592,791,712	(588,839,768)	3,951,944
Common Stock - Amount	$ 592,792	$ (588,840)	$ 3,952
Additional Paid-in Capital	$ 11,742,891	$ 588,840	$ 12,331,731

The following table illustrates changes in loss per share and weighted average shares outstanding, as previously reported prior to, and as adjusted subsequent to, the impact of the 2024 Reverse Stock Splits retroactively adjusted for the periods presented:

	Year Ended December 31, 2023		
	As Previously Reported	Impact of 2024 Reverse Stock Splits	As Revised
Loss attributable to common stockholders	$ (45,786,614)	$ -	$ (45,786,614)
Weighted average shares used to compute basic and diluted EPS	661,247,959	(656,839,639)	4,408,320
Loss per share - basic and diluted	$ (0.07)	$ (10.32)	$ (10.39)

	Year Ended December 31, 2022		
	As Previously Reported	Impact of 2024 Reverse Stock Splits	As Revised
Loss attributable to common stockholders	$ (424,780,446)	$ -	$ (424,780,446)
Weighted average shares used to compute basic and diluted EPS	634,877,629	(630,645,111)	4,232,518
Loss per share - basic and diluted	$ (0.05)	$ (100.31)	$ (100.36)

The following outstanding stock options and warrants exercisable or issuable into shares of common stock were not included in the computation of diluted shares outstanding because the effect would be anti-dilutive:

	Year ended December 31, 2023		
	As Previously Reported	Impact of 2024 Reverse Stock Splits	As Revised
Common stock options	4,137,149	(4,109,568)	27,581
Common stock warrants	20,343,562	(20,207,831)	135,731

Stock options were adjusted retroactively to give effect to the 2024 Reverse Stock Splits for the year ended December 31, 2023:

	As Previously Reported		Impact of the 2024 Reverse Stock Splits		Revised	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Options outstanding at December 31, 2022	5,147,770	$ 2.32	(5,113,452)	$ 345.84	34,318	$ 348.16
Options exercised	—	—	—	—	—	—
Options cancelled	(1,010,621)	2.28	1,003,893	339.72	(6,728)	342.00
Options outstanding at December 31, 2023	4,137,149	$ 2.24	(4,109,559)	$ 333.54	27,590	$ 335.78

Warrants were adjusted retroactively to give effect to the 2024 Reverse Stock Splits for the year ended December 31, 2023:

	As Previously Reported		Impact of the 2024 Reverse Stock Splits		Revised	
	Warrants Outstanding	Weighted Average Exercise Price	Warrants Outstanding	Weighted Average Exercise Price	Warrants Outstanding	Weighted Average Exercise Price
Warrants outstanding at December 31, 2022	11,033,015	$ 1.96	(10,959,462)	$ 292.20	73,553	$ 294.16
Warrants issued	10,770,000	0.40	(10,698,286)	59.60	71,714	60.00
Warrants exercised	(1,456,453)	1.55	1,446,743	230.95	(9,710)	232.50
Warrants expired	(3,000)	25.00	2,980	3,725.00	(20)	3,750.00
Warrants outstanding at December 31, 2023	20,343,562	$ 1.16	(20,208,025)	$ 157.00	135,537	$ 158.16

On July 24, 2024, Company received written notice (the "Compliance Notice") from The Nasdaq Stock Market LLC ("Nasdaq") informing the Company that it has regained compliance with Nasdaq Listing Rule 5550(a)(2), which requires that companies listed on the Nasdaq Stock Market maintain a minimum bid price of $1.00 per share. Nasdaq notified the Company in the Compliance Notice that, from July 3, 2024 to July 23, 2024, the closing bid price of the Company's common stock had been $1.00 per share or greater and, accordingly, the Company had regained compliance with Nasdaq Listing Rule 5550(a)(2) and that the matter was now closed.

Note 2 - Summary of Significant Accounting Policies

Basis of presentation. The merger of Nutex Health Holdco LLC and Clinigence was accounted for as a reverse business combination with Nutex Health Holdco LLC as the accounting acquirer in accordance with ASC 805, *Business Combinations*, and Clinigence as the accounting acquiree. Our financial statements presented for periods prior to the merger date are those of Nutex Health Holdco, LLC, as the Company's predecessor entity. Subsequent to the merger date, our financial statements are presented on a consolidated basis including Clinigence.

The assets, including identified intangible assets, and liabilities of Clinigence were recorded at their fair values with the excess purchase price recorded as goodwill. The financial statements reflect the merger as the equivalent of the issuance of common stock for the net assets of Clinigence. The accounting for the merger did not affect the carrying values of the assets and liabilities of Nutex Health Holdco LLC.

Equity of the accounting acquirer, Nutex Health Holdco LLC, has been retroactively restated for the equivalent number of shares issued to the accounting acquirer. Similarly, shares outstanding and earnings per share have been also retroactively restated based on the equivalent number of shares issued to the accounting acquirer.

These financial statements present the Company's consolidated financial condition and results of operations including those of majority-owned subsidiaries and variable interest entities ("VIEs") for which we are the primary beneficiary.

The hospital division includes our healthcare billing and collections organization and hospital entities. In addition, we have financial and operating relationships with multiple professional entities (the "Physician LLCs") and real estate entities (the "Real Estate Entities"). The Physician LLCs employ the doctors who work in our hospitals. These entities are consolidated by the Company as VIEs because they do not have significant equity at risk, and we have historically provided support to the Physician LLCs in the event of cash shortages and received the benefit of their cash surpluses.

The Real Estate Entities own the land and hospital buildings which are leased to our hospital entities. The Real Estate Entities have mortgage loans payable to third parties which are collateralized by the land and buildings. We consolidate the Real Estate Entities as VIEs in instances where our hospital entities are guarantors or co-borrowers under their outstanding mortgage loans. Since the second

quarter of 2022, we deconsolidated 18 Real Estate Entities after the third-party lenders released our guarantees of associated mortgage loans.

The Company has no direct or indirect ownership interest in the consolidated Physician LLCs or Real Estate Entities, so 100% of the equity for these entities is shown as noncontrolling interests in the consolidated balance sheets and statements of operations. Many of the Physician LLCs and Real Estate Entities are owned in part and in some cases controlled by related parties including members of our executive management team.

The population health management division includes our management services organizations and a healthcare information technology company providing a cloud-based platform for healthcare organizations. In addition, Associated Hispanic Physicians of So. California ("AHISP"), an IPA entity that is not owned by us, but is consolidated as a VIE of our wholly-owned subsidiary AHP Health Management Services Inc. ("AHP") since AHP is the primary beneficiary of its operations and has 100% control of AHISP's operations through its management services agreement with AHISP.

All significant intercompany balances and transactions have been eliminated in consolidation.

Use of estimates. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include (i) estimates of net revenue and accounts receivable, (ii) fair value of acquired assets and liabilities in business combinations and (iii) impairment of long-lived assets and goodwill. Actual results could differ from those estimates. For the year ended December 31, 2024, a change in estimate occurred for estimates of net revenue and accounts receivable. See *Note 4 – Revenue* regarding changes in estimate in the Company's revenue recognition process.

Revenue recognition.

Hospital division – Our hospital division recognizes patient service revenue for contracts with patients, and in most cases, patients with out of network benefits with a third-party payor, such as, commercial insurance, workers compensation insurance or, in limited cases, Medicare/Medicaid. The Company's performance obligations are to provide emergency health care services primarily on an outpatient basis. Patient service revenues are recorded at the amount that reflects the consideration that the Company expects to be paid for providing patient care. These amounts are net of appropriate discounts giving recognition to differences between the Company's charges and reimbursement rates from third party payors.

Hospital revenues earned by the Company are recognized at a point in time when the services are provided to patients, net of adjustments and discounts. Because all the Company's performance obligations relate to contracts with patients with a duration of less than one-year, certain disclosures are limited.

We are considered "out-of-network" with commercial health plans. As there are no contractual rates established with insurance entities, revenues are estimated based on the "usual and customary" charges allowed by insurance payors using historical collection experience, historical trends of refunds and payor payment adjustments (retractions). Revenue from the Medicare program is based on reimbursement rates set by governmental authorities. For insured patients, the transaction price is determined based on gross charges for services provided, reduced by adjustments provided to third-party payors, discounts and implicit price concessions provided primarily to uninsured patients in accordance with the Company's policy. For uninsured patients, the Company recognizes revenue based on established rates, subject to certain discounts and implicit price concessions. The Company is reimbursed from third party payors under various methodologies based on the level of care provided.

Patients who have health care insurance may also have discounts applied related to their copayment or deductible. Estimates of contractual adjustments and discounts are determined by major payor classes for outpatient revenues based on historical experience. The Company estimates implicit price concessions based on its historical collection experience with these classes of patients using a portfolio approach. The portfolios consist of major payor classes for outpatient revenue. Based on historical collection trends and other analyses, the Company concluded that revenue for a given portfolio would not be materially different than if accounting for revenue on a contract-by-contract basis.

Customer payments are due upon receipt of an explanation of benefits for insured patients or it is due upon receipt of the bill from the Company for uninsured payments. There is no financing component associated with payments due from insurers or patients.

For the year ended December 31, 2024, a change in estimate occurred for estimates of net revenue and accounts receivable. See *Note 4 – Revenue* regarding changes in estimate in the Company's revenue recognition process.

Population health management division – The population health management division recognizes revenue for capitation and management fees for services to IPAs and physician groups and for the licensing, training, and consulting related to our cloud-based proprietary technology.

Capitation revenue consists primarily of capitated fees for medical services provided by physician-owned entities we consolidate as VIEs. Capitated arrangements are made directly with various managed care providers including HMOs. Capitation revenues are typically prepaid monthly to us based on the number of enrollees selecting us as their healthcare provider. Capitation is a fixed payment amount per patient per unit of time paid in advance for the delivery of health care services, whereby the service providers are generally liable for excess medical costs.

We receive management fees that are based on gross capitation revenues of the IPAs or physician groups we manage. Revenue is recognized and received monthly for our services. In addition, we provide consultant services that are charged as a flat fixed rate and recognized as revenue when the service is performed. Consultant services revenues represent a small portion of our total revenue.

Software licenses are provided as SaaS-based subscriptions that grants access to proprietary online databases and data management solutions. Training and consulting are project based and billable to customers on a monthly-basis or task-basis. Revenue from training and consulting are generally recognized upon delivery of training or completion of the consulting project. The duration of training and consulting projects are typically a few weeks or months and last no longer than 12 months.

SaaS-based subscriptions are generally marketed under multi-year agreements with annual, semi-annual, quarterly, or month-to-month renewals and revenue is recognized ratably over the renewal period with the unearned amounts received recorded as deferred revenue. For multiple-element arrangements accounted for in accordance with specific software accounting guidance, multiple deliverables are segregated into units of accounting which are delivered items that have value to a customer on a standalone basis.

Cash payments for SaaS-based subscriptions received in advance of the satisfaction of our performance obligations are reported as deferred revenue and recognized as revenue over the period in which the performance obligations are satisfied. The Company completes its contractual performance obligations through providing its customers access to specified data through subscriptions for a service period, and training on consulting associated with the subscriptions. We primarily invoice our customers on a monthly basis and do not provide any refunds, rights of return, or warranties.

Cash and cash equivalents. The Company considers all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents. The Company has cash amounts, that were at times material, held in covered banking institutions in excess of the insured amounts, but does not deem the risk of loss to be likely. The Company has $2.9 million in restricted cash as of December 31, 2024. The amounts included in restricted cash represent those required to be set aside by note payable agreement.

Inventories. Inventories comprise of medical supplies and pharmaceuticals used at the Company's facilities. Inventories are measured at lower of cost or net realizable value, which includes the weighted average cost of medical supplies and pharmaceuticals. The carrying amount is assessed for net realizable value.

Intangible assets. Intangible assets include hospital operating licenses having indefinite lives; and acquired technology, relationships, contracts and trademark intangibles each having definite lives. Indefinite lived intangible assets are not amortized but instead are assessed for impairment at least annually, or when certain indicators of impairment exist on an interim basis. Definite lived intangible assets are amortized using the straight-line method over the estimated lives of the respective assets.

Goodwill. Goodwill represents the excess of the fair value of the consideration conveyed in the acquisition over the fair value of net assets acquired. Goodwill is not amortized but instead is evaluated for impairment at the same time every year and when an event occurs or circumstances change such that it is more likely than not that impairment may exist.

Goodwill is tested for impairment at least annually by comparing the estimated fair values of our reporting units to their respective carrying values. We use an income method to estimate the fair value of these assets, which is based on forecasts of the expected future cash flows attributable to the respective assets. Significant estimates and assumptions inherent in the valuations reflect a consideration

of other marketplace participants, and include the amount and timing of future cash flows (including expected growth rates and profitability). Estimates utilized in the projected cash flows include consideration of macroeconomic conditions, overall category growth rates, competitive activities, Company business plans and the discount rate applied to the cash flows. Unanticipated market or macroeconomic events and circumstances may occur, which could affect the accuracy or validity of the estimates and assumptions.

On September 30, 2022, we determined that the estimated fair value of our population health management division reporting unit (representing the assets of Clinigence Holdings Inc. acquired in the reverse business combination) was less than its carrying value. Therefore, we conducted a second step of the goodwill impairment test to determine the implied fair value of the reporting unit's goodwill. In this analysis, we allocated the fair value of the reporting unit to identifiable assets and liabilities of the reporting unit. The residual fair value after this allocation was compared to the goodwill balance with the excess goodwill charged to expense. Based on this analysis, we recognized a non-cash impairment charge of $398.1 million, to reduce the carrying amount of goodwill for the population health management division reporting unit.

On December 31, 2023, we recognized an impairment loss of $1.1 million in a reporting unit within our Hospital Division for the closure of a facility in January 2024.

On June 30, 2024, the impairment of goodwill of $3.2 million and the derecognition of goodwill of $0.5 million, both for the Population Health Management Division, relate to the sale of Procare Health, Inc., a wholly-owned subsidiary of Nutex. Procare was considered part of the Population Health Management Division. Prior to the sale of Procare, the Company recognized a goodwill impairment amount of $3.2 million. On the sale of Procare, the Company recognized the derecognition of goodwill of $0.5 million based on the remaining carrying amount of goodwill for the Procare business after impairment.

Due to the sale of Procare, the Company tested for impairment the remaining goodwill in the Population Health Management Division of $13.9 million. On June 30, 2024, we determined that the fair value of our Population Health Management Division was greater than its carrying value. Therefore, no goodwill impairment was recognized for the quarter ended June 30, 2024. No goodwill impairment was recognized for year ended December 31, 2024.

We believe the estimates and assumptions utilized in our impairment testing are reasonable and are comparable to those that would be used by other marketplace participants. However, actual events and results could differ substantially from those used in our valuations. To the extent such factors result in a failure to achieve the level of projected cash flows used to estimate fair value for purposes of establishing or subsequently impairing the carrying amount of goodwill and intangible assets, we may need to record additional non-cash impairment charges in the future.

Long-lived assets. The Company assesses the valuation of components of its property and equipment and other long-lived assets whenever events or circumstances indicate that the carrying value might not be recoverable. The Company bases its evaluation on indicators such as the nature of the assets, the future economic benefit of the assets, any historical or future profitability measurements and other external market conditions or factors that may be present. If such factors indicate that the carrying amount of an asset or asset group may not be recoverable, the Company determines whether an impairment has occurred by analyzing an estimate of undiscounted future cash flows at the lowest level for which identifiable cash flows exist. If the estimate of undiscounted cash flows during the estimated useful life of the asset is less than the carrying value of the asset, the Company recognizes a loss for the difference between the carrying value of the asset and its estimated fair value, generally measured by the present value of the estimated cash flows. Long-lived assets are depreciated using the straight-line method over their estimated useful lives.

Stock-based compensation. We account for employee and non-employee stock-based compensation using the fair value method. Non-employee stock-based compensation is based on contractual obligations under the terms of the Contribution Agreement; see *Note 12*. Compensation cost for equity incentive awards is based on the fair value of the equity instrument generally on the date of grant and is recognized over the requisite service period. Forfeitures are recognized as they occur.

The Company uses the Black-Scholes option pricing model to estimate the fair value of its stock options and warrants. The Black-Scholes option pricing model requires the input of highly subjective assumptions including the expected stock price volatility of the Company’s common stock, the risk-free interest rate at the date of grant, the expected vesting term of the grant, expected dividends, and an assumption related to forfeitures of such grants. Changes in these subjective input assumptions can materially affect the fair value estimate of the Company’s stock options and warrants.

Leases. Leases are capitalized on the Company's balance sheet through recognition of a liability for the discounted present value of future fixed lease payments and a corresponding right-of-use ("ROU") asset. The ROU asset recorded at commencement of the lease represents the right to use the underlying asset over the lease term in exchange for the lease payments. When readily determinable, the Company uses the interest rate implicit in a lease to determine the present value of future lease payments. For leases where the implicit rate is not readily determinable, the Company's incremental borrowing rate is utilized. The Company calculates its incremental borrowing rate upon commencement of a lease, using a model that uses the U.S. Department of Treasury daily treasury yield curve and a rate spread suitable for the Company to estimate the rate of interest the Company would have to pay to borrow an amount equal to the total lease payments on a collateralized basis over a term similar to the lease. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Short-term leases which have an initial term of 12 months or less and do not have an option to purchase the underlying asset that is deemed reasonably certain to be exercised, are not recorded on the balance sheet. Rent expense for these short-term leases is recognized on a straight-line basis over the lease term, or when incurred if a month-to-month lease.

Convertible instruments. The Company bifurcates conversion options from their host instruments and account for them as free-standing derivative financial instruments when (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under other GAAP with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument.

The Company accounts for the conversion of convertible debt when a conversion option has been bifurcated using the general extinguishment standards. The debt and equity linked derivatives are removed at their carrying amounts and the shares issued are measured at their then-current fair value, with any difference recorded as a gain or loss on extinguishment of the two separate accounting liabilities.

The Company accounts for convertible debt that does not meet the criteria for equity treatment as a liability at amortized cost using the effective interest method. The Company classifies convertible debt based on the re-payment terms and conditions. Any discounts on the convertible debt and costs incurred upon issuance of the convertible debt are amortized to interest expense over the terms of the related convertible debt.

Noncontrolling interests. Noncontrolling interests ("NCI") represent the portion of net assets in consolidated entities that are not owned by the Company. NCI is presented as a component of total equity in the consolidated balance sheets and the share of net income or loss attributable to noncontrolling interests is shown as a component of net income in the consolidated statements of operations.

Fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. We classify fair value balances based on the classification of the inputs used to calculate the fair value of a transaction. The three levels related to fair value measurements are as follows:

Level 1 — Observable inputs such as quoted prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active or other inputs that are observable or can be corroborated by observable market data.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The estimated fair value of accounts receivable, accounts payable, accrued expenses and notes payable approximate the carrying amount due to the relatively short maturity or time to maturity of these instruments. Accounts receivable and payable with related parties may not be arms-length transactions and therefore, may not reflect fair value.

Except for the initial valuation of intangible assets in connection with business combinations and the impairments of goodwill discussed above, there were no assets or liabilities that were re-measured at fair value on a non-recurring basis during the periods presented.

Advertising and marketing expense. The Company advertising and marketing expense consists of expense associated with marketing its brand and services via media outlets such as social media, billboards and publications. These costs are expensed as incurred and recorded in other operating costs and expenses in the consolidated statements of operations.

Income taxes. We account for income taxes under the asset and liability method, in which deferred income tax assets and liabilities are recognized for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The effect on deferred taxes of a change in tax rates is recognized in the consolidated statements of operations during the period in which the tax rate change becomes law. A valuation allowance against deferred tax assets is established if it is more likely than not that the related tax benefits will not be realized. In determining the appropriate valuation allowance, we consider the projected realization of tax benefits based on expected levels of future taxable income, available tax planning strategies and reversals of existing taxable temporary differences.

Each of the VIEs and other entities that are not wholly-owned are pass-through entities treated as partnerships for U.S. federal income tax purposes. No provision for federal income taxes is provided in the consolidated statements of operations for the noncontrolling interests associated with these entities.

We file tax returns in the U.S. and various state jurisdictions. With few exceptions, our returns for periods prior to 2018 are no longer subject to examination by tax authorities in these jurisdictions. We recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. If a tax position meets the "more likely than not" recognition criteria, accounting guidance requires the tax position be measured at the largest amount of benefit greater than 50% likely of being realized upon ultimate settlement. We record income tax related interest and penalties, if any, as a component in the provision for income tax expense.

Earnings (loss) per share – Basic earnings (loss) per share amounts are calculated by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding. Diluted earnings (loss) per share amounts are calculated by dividing net income by the weighted average number of shares of common stock and common stock equivalents outstanding. Common stock equivalents represent shares issuable upon the assumed conversion of outstanding convertible notes and the assumed exercise of common stock options and warrants outstanding.

Business combinations. The Company accounts for business combinations under the acquisition method of accounting. Under this method, identifiable assets acquired, the liabilities assumed, and any noncontrolling interest are recognized at their estimated fair values at the acquisition date. The excess of purchase price over the fair value amounts assigned to the assets acquired and liabilities assumed represents the goodwill amount resulting from the acquisition. Transaction costs are expensed as incurred.

Segment reporting. A public company is required to report descriptive information about its reportable operating segments. Operating segments, as defined, are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Aggregation of similar operating segments into a single reportable operating segment is permitted if the businesses have similar economic characteristics and meet established criteria. The Company operates three reportable segments – the hospital division, the population health management division and the real estate division. The real estate division is comprised of the Real Estate Entities. Refer to Note 17 – "Segment Information" to the consolidated financial statements for information on the Company's segments.

Variable interest entities. On an ongoing basis, as circumstances indicate the need for reconsideration, the Company evaluates each legal entity that is not wholly-owned by the Company in accordance with the consolidation guidance. The evaluation considers all of the Company's variable interests, including equity ownership, as well as management services agreements. A legal entity is determined to be a VIE if it (i) does not have sufficient equity to finance its activities without additional subordinated financial support; (ii) the entity is established with non-substantive voting rights; or (ii) the equity holders, as a group, lack the characteristics of a controlling financial interest. If an entity is determined to be a VIE, the Company evaluates whether the Company is the primary beneficiary.

The primary beneficiary analysis is a qualitative analysis based on power and economics. The Company consolidates a VIE if both power and benefits belong to the Company – that is, the Company (i) has the power to direct the activities of a VIE that most significantly influence the VIE's economic performance (power), and (ii) has the obligation to absorb losses of, or the right to receive benefits from, the VIE that could potentially be significant to the VIE (benefits). The Company consolidates VIEs whenever it is determined that the Company is the primary beneficiary.

Refer to Note 19 – "Variable Interest Entities" to the consolidated financial statements for information on the Company's consolidated VIEs. If there are variable interests in a VIE but the Company is not the primary beneficiary, the Company may account for the investment using the equity method of accounting.

Reclassifications. Financial statements presented for prior periods include reclassifications that were made to conform to the current year presentation. The reclassifications have no effect on prior year results.

Recent accounting pronouncements - issued, not yet adopted

In December 2023, the FASB issued Accounting Standards Update ("ASU") 2023-09 – *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires public entities, on an annual basis, to provide disclosure of specific categories in the rate reconciliation, as well as disclosure of income taxes paid disaggregated by jurisdiction. The update is effective for annual periods beginning after December 15, 2024. We are assessing the potential impact of this update.

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, requiring public entities to disclose additional information about specific expense categories in the notes to the financial statements on an interim and annual basis. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and for interim periods beginning after December 15, 2027. The Company is currently evaluating the impact of this update.

Recent accounting pronouncements - adopted

In November 2023, the FASB issued ASU 2023-07 – *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. The update applies to all public entities that are required to report segment information in accordance with Topic 280. The Company adopted ASU 2023-07 during the year December 31, 2024. See *Note 17 Segment Information* for further detail.

Note 3 – Mergers, Acquisitions and Divestitures

2024 Divestitures

Sale of Procare Health, Inc. On May 30, 2024, the Company completed the sale of Procare Health, Inc. ("Procare"), a wholly-owned subsidiary of Nutex, to an individual buyer. As consideration for the transaction, the buyer paid the Company $0.6 million, has assumed liabilities of $0.2 million and remitted Company stock of $0.1 million, recognized as a debit to common stock and additional paid-in capital in the second quarter of 2024. During the second quarter of 2024, the Company recognized an intangible impairment of $2.1 million and a $3.2 million goodwill impairment loss. Upon completion of the sale, the Company recognized an insignificant loss on sale of business. The calculation of the loss on sale of business includes the derecognition of goodwill of $0.5 million, which was offset by consideration and other assets transferred.

Total revenue for Procare for the year ended December 31, 2024 was $0.4 million. Net loss (before impairment) for Procare for the year ended December 31, 2024 was $0.6 million. The Company does not deem this transaction to be significant.

Sale of Clinigence Health, Inc. On August 31, 2024, the Company completed the sale of Clinigence Health, Inc. ("Clinigence Health"), a wholly-owned subsidiary of Nutex to a third-party limited liability company. As consideration for the transaction, the buyer will pay the Company $1.4 million ((i) $0.5 million paid at Closing subject to Adjustments as set forth in the Equity Purchase Agreement (EPA), (ii) $0.2 million to be paid on October 31, 2024; (iii) $0.2 million to be paid on December 31, 2024; (iv) $0.3 million to be paid in 2025 in two equal payments of $125 thousand each at the end of the first and second calendar quarters; and (v) the balance of $0.2 million to be paid within thirty (30) days after the end of the Holdback Period as defined in the EPA, minus any Holdback Adjustment chargeable against the Holdback Amount as defined in the EPA.). During the second quarter of 2024, the Company reclassified all assets of Clinigence Health to assets held-for-sale, within "Prepaid expenses and other current assets" in the

condensed consolidated balance sheets. The value of the assets held-for-sale of $1.4 million were based on the EPA with the buyer. This resulted in an impairment loss of $1.4 million.

Upon completion of the sale, the Company recognized additional impairment losses of $0.4 million and recognized an insignificant loss. The Company has received $0.6 million (a portion is the $0.5 million to be paid less working capital adjustments of $0.3 million).

Total revenue for Clinigence Health for the year ended December 31, 2024 is $0.9 million. Net loss (before impairment) for Clinigence Health for the year ended December 31, 2024 is $0.8 million. The Company does not deem this transaction to be significant.

2023 Acquisitions

In the third quarter of 2023, the Company acquired two Florida based IPAs for $0.8 million in cash, $0.8 million in Company shares, $0.3 million due to earn-out in 2023, and additional consideration of up to $0.4 million in cash and $0.5 million in Company shares if the acquired IPAs meet Medicare Lives thresholds in 2024 and 2025. Substantially all of the total purchase consideration was allocated to goodwill and identified intangible assets. The acquired IPAs are reported within our Population Health Management division. Management considers these acquisitions to be immaterial.

Merger of Nutex Health Holdco LLC and Clinigence Holdings, Inc.

The merger of Nutex Health Holdco LLC and Clinigence was completed pursuant to the Merger Agreement on April 1, 2022. As discussed above, the merger was accounted for as a reverse business combination with Nutex Health Holdco LLC as the accounting acquirer and Clinigence as the accounting acquiree.

The fair value of purchase consideration transferred on the closing date includes the value of the shares of the combined company owned by Clinigence shareholders at closing of the merger and the fair value of Clinigence's outstanding and exercisable common stock options and warrants as determined using a Black-Scholes valuation model. The fair value per share of Clinigence's common stock was $6.40; its traded closing price on April 1, 2022.

Total consideration in the merger is shown below:

Fair value of Clinigence common shares at $6.40 per share (50,961,109 shares)	$	326,151,098
Fair value of Clinigence outstanding common stock options and warrants		110,543,915
Total consideration	$	436,695,013

The following is a revised estimate of the allocation of the total purchase consideration to acquired assets and assumed liabilities including the fair value of identified intangible assets as determined by independent valuation (a level 3 measurement):

Cash and cash equivalents	$	12,716,228
Accounts receivable, net		2,127,076
Prepaid expenses and other current assets		127,384
Property and equipment, net		14,793
Right of use asset, net		86,989
Intangible assets, net		21,668,000
Goodwill		414,006,378
Accounts payable and accrued expenses		(3,966,100)
Deferred revenue		(92,111)
Convertible notes payable, net		(3,771,858)
Term note payable		(674,526)
Lease liability		(91,238)
Deferred tax liability		(5,456,002)
Assets acquired	$	436,695,013

The intangible assets denoted above each have definite lives ranging from 5 to 16 years and consisted of member and customer relationships, management contracts, tradename/trademarks and developed technology. Valuation techniques and the inputs used to arrive at each intangible asset's fair value were as follows:

- Member and customer relationships – Valued using the multi-period excess earnings method. Inputs included attrition rate (between 3.5% to 10.5%), discount rate (13.0%) and financial projections provided by management.
- Management contracts – Valued using the income method. Inputs included renewal rate (90.0%), discount rate (14.0%) and financial projections provided by management.
- Tradename/Trademarks – Valued using the relief from royalty method with inputs including royalty savings (between 0.5% to 3.0%), discount rate (13.0% to 14.0%) and financial projections provided by management.
- Developed technology – Valued using the relief from royalty method with inputs including royalty savings (11.5%), discount rate (15.0%) and financial projections provided by management.

Goodwill was recognized for the expected synergies and benefits from combining the operations, resources and technologies of Nutex and Clinigence and the future growth potential and profitability of Clinigence. Goodwill arising from the reverse business combination is not tax-deductible.

We recognized a non-cash impairment charge of $398.1 million in 2022 to reduce the carrying amount of goodwill arising in the reverse business combination.

The results of operations of Clinigence have been included in the Company's consolidated financial statements since the April 1, 2022 merger date. We expensed $3.9 million of acquisition-related costs for the merger in 2022. These costs consisted principally of legal, accounting and other professional fees for the transaction.

Note 4 – Revenue

We disaggregate revenue from contracts with customers into types of services or products, consistent with our reportable segments, as follows:

	Year ended December 31,		
	2024	2023	2022
Hospital division revenue	$ 449,063,683	$ 218,070,397	$ 198,508,245
Population health management division revenue	30,884,950	29,575,919	20,786,061
Total revenue	$ 479,948,633	$ 247,646,316	$ 219,294,306

Hospital division revenue. We receive payment for facility services rendered from federal agencies, private insurance carriers, and patients. The Physician LLCs receive payment for doctor services from these same sources. On average, greater than 94% of our net patient service revenue is paid by insurers and other non-patient third parties. The remaining revenues are paid by our patients in the form of copays, deductibles, and self-payment. We generally operate as an out-of-network provider and, as such, do not have negotiated reimbursement rates with insurance companies.

The following tables present the allocation of the transaction price with the patient between the primary patient classification of insurance coverage:

	Year ended December 31,		
	2024	2023	2022
Insurance	94%	93%	89%
Self pay	3%	4%	9%
Workers compensation	2%	2%	1%
Medicare/Medicaid	1%	1%	1%
Total	100%	100%	100%

Change in estimate. The No Surprises Act ("NSA") is a federal law that took effect January 1, 2022, to protect consumers from most instances of "surprise" balance billing. With respect to the Company, the NSA limits the amount an insured patient will pay for emergency services furnished by an out-of-network provider. The NSA addresses the payment of these out-of-network providers by group health plans or health insurance issuers (collectively, "insurers"). In particular, the NSA requires insurers to reimburse out-of-network providers at a statutorily calculated "out-of-network rate." In states without an all-payor model agreement or specified state law, the out-of-network rate is either the amount agreed to by the insurer and the out-of-network provider or an amount determined through an independent dispute resolution ("IDR") process.

The "qualifying payment amount" (QPA) is generally the median of the contracted rates recognized by the plan or issuer under such plans or coverage, respectively, on January 31, 2019, for the same or a similar item or service that is provided by a provider in the same or similar specialty and provided in the geographic region in which the items or service is furnished, with annual increases based on the consumer price index.

Under the NSA, insurers must issue an initial payment or notice of denial of payment to a provider within thirty days after the provider submits a bill for an out-of-network service. If the provider disagrees with the insurer's determination, the provider may initiate a thirty business-day period of open negotiation with the insurer over the claim. If the parties cannot resolve the dispute through negotiation, the parties may then proceed to the IDR process.

On July 1, 2024, we engaged with a third-party IDR vendor to further support all of our out of network claims and determine which claims would be beneficial to arbitrate. The IDR process can take up to three to five months to receive payments. In order to facilitate the dispute arbitration process, the Company incurred fees to the Centers for Medicare and Medicaid Services ("CMS"), the organizations that arbitrate the payment amount between the plan and providers known as independent dispute resolution entities ("IDRE"), and commission and fees to the third-party IDR vendor. IDRE fee payments represent refundable payments if arbitrations are successful. Therefore, these payments are reported as prepaid and other current assets in the consolidated balance sheets. The unsuccessful portion of the IDRE fee payments is written-off to contract services expense in the consolidated statements of operations. Prepaid expenses related to IDRE fees was $7.5 million as of December 31, 2024. Total accrued arbitration expenses were $47.7 million as of December 31, 2024.

For these reasons, we refined our estimates of variable consideration and revenue recognition timing, particularly to claims subject to arbitration. Our methodology now incorporates historical arbitration outcomes, payor behavior, and expected resolution timing in determining the expected transaction price for applicable claims. The result of this change in estimate increased our estimate of the ultimate amounts of accounts receivable we will collect for the current and prior periods moving forward. This change in estimate increased revenue and net income before tax for the year ended December 31, 2024 by approximately $169.7 million and $112.0 million, respectively. This change was applied prospectively beginning December 2024, as it reflects an improvement in the Company's ability to estimate revenue based on additional experience and regulatory guidance.

Population health management division revenue. We recognize revenue for capitation and management fees for services to IPAs and physician groups. Capitation revenue consists primarily of capitated fees for medical services provided by physician-owned entities we consolidate as VIEs. Capitated arrangements are made directly with various managed care providers including HMOs. Capitation revenues are typically prepaid monthly to us based on the number of enrollees selecting us as their healthcare provider. Capitation is a fixed payment amount per patient per unit of time paid in advance for the delivery of health care services, whereby the service providers are generally liable for excess medical costs. We receive management fees that are based on gross capitation revenues of the IPAs or physician groups we manage. Revenue is recognized and received monthly for our services.

Note 5 - Property and Equipment

The principal categories of property and equipment are summarized as follows:

	Useful Life (years)	December 31, 2024	December 31, 2023
Buildings and improvements	39	$ 19,649,963	$ 9,878,325
Land	-	4,409,840	4,401,888
Leasehold improvements	10-39	28,125,596	27,606,383
Construction in progress	-	1,892,598	12,845,631
Medical equipment	10	35,395,123	33,519,026
Office furniture and equipment	7	3,984,921	3,698,874
Computer hardware and software	5	7,578,978	6,066,520
Vehicles	5	94,581	135,590
Signage	10	2,072,428	1,576,475
Total cost		103,204,028	99,728,712
Less: accumulated depreciation		(25,271,284)	(18,341,063)
Total property and equipment, net		$ 77,932,744	$ 81,387,649

We deconsolidated 17 Real Estate Entities in 2022 and one Real Estate Entities in 2023. Refer to *Note 19*.

Depreciation and amortization of property and equipment for the years ended December 31, 2024, 2023 and 2022 totaled $6.6 million, $6.0 million and $4.9 million, respectively.

Due to the closures of four facilities, we recorded an impairment loss of $3.8 million for the year ended December 31, 2023 as the carrying value of the fixed assets associated with the facilities exceeded the fixed assets' fair value.

Note 6 – Intangible Assets

Intangible assets. The following tables provide detail of the Company's intangible assets:

As of December 31, 2024	Weighted Average Useful Life (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortizing intangible assets:				
Member relationships	15	$ 18,491,000	$ 3,248,500	$ 15,242,500
Trademarks	7	474,000	186,219	287,781
Total		$ 18,965,000	$ 3,434,719	$ 15,530,281
As of December 31, 2023				
Amortizing intangible assets:				
Member relationships	15	$ 18,491,000	$ 2,015,772	$ 16,475,228
Management contracts	16	2,021,000	221,047	1,799,953
Customer contracts	15	914,000	106,633	807,367
Trademarks	7-12	1,426,795	262,557	1,164,238
PHP technology	5	409,000	143,150	265,850
Total		$ 23,261,795	$ 2,749,159	$ 20,512,636

Member relationships and trademarks are associated with existing entities in the population health management division.

Amortization of intangible assets for the years ended December 31, 2024, 2023 and 2022 totaled $1.5 million, $1.6 million and $1.2 million, respectively.

Certain intangible assets were impaired upon the sale of Procare and sale of Clinigence Health, totaling $3.9 million for the year ended December 31, 2024. See *Note 3* for discussion over the sale of Procare and sale of Clinigence.

Due to the closure of a facility, we recorded an impairment loss of $0.7 million for the year ended December 31, 2023 as the carrying value of the facility's license was greater than the license's fair value. The following is the estimated aggregated amortization expense for each of the five succeeding fiscal years:

Year ended December 31,	Amount
2025	$ 1,300,442
2026	1,300,442
2027	1,300,442
2028	1,300,442
2029	1,249,656
Thereafter	9,078,857
Total Intangible Assets	$ 15,530,281

Goodwill. The carrying amount of goodwill, by operating segment is as follows:

	Hospital Division	Population Health Management Division	Total
Balance as of December 31, 2023			
Goodwill	$ 1,139,297	$ 415,201,301	$ 416,340,598
Accumulated impairment losses	(1,139,297)	(398,135,038)	(399,274,335)
	-	17,066,263	17,066,263
Purchase accounting adjustments	-	502,864	502,864
Impairment of goodwill	-	(3,197,391)	(3,197,391)
Derecognition of goodwill	-	(453,017)	(453,017)
Balance as of December 31, 2024			
Goodwill	1,139,297	415,251,148	416,390,445
Accumulated impairment losses	(1,139,297)	(401,332,429)	(402,471,726)
	$ -	$ 13,918,719	$ 13,918,719

The purchase accounting adjustments of $0.5 million to the carrying amount of goodwill in the Population Health Management Division for the year ended December 31, 2024 relates to the acquisition of two Florida based IPAs in the third quarter of 2023 for which the allocation of goodwill is subject to revision based on final allocation of the purchase price to the identifiable assets and liabilities acquired.

The impairment of goodwill of $3.2 million and the derecognition of goodwill of $0.5 million, both for the Population Health Management Division, for the year ended December 31, 2024 relate to the sale of Procare Health, Inc., a wholly-owned subsidiary of Nutex. Procare was considered part of the Population Health Management Division. Prior to the sale of Procare, the Company recognized a goodwill impairment amount of $3.2 million. On the sale of Procare, the Company recognized the derecognition of goodwill of $0.5 million based on the remaining carrying amount of goodwill for the Procare business after impairment. See *Note 3* for Procare sale.

Due to the sale of Procare, the Company tested for impairment the remaining goodwill in the Population Health Management Division of $13.9 million. On June 30, 2024, we determined that the fair value of our Population Health Management Division was greater than its carrying value. Therefore, no goodwill impairment was recognized for the quarter ended June 30, 2024. Additionally, the Company tested for annual goodwill impairment on October 1, 2024. No goodwill impairment was recognized for the year ended December 31, 2024.

Note 7 – Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	December 31, 2024	December 31, 2023
Accrued wages and benefits	$ 14,122,864	$ 6,590,710
Accrued supplier expenses	4,205,300	1,998,197
Accrued medical claims	3,563,359	3,142,130
Accrued other taxes	1,130,126	398,669
Accrued other	2,420,141	825,590
Total accrued expenses and other current liabilities	$ 25,441,790	$ 12,955,296

Note 8 – Debt

The Company's outstanding debt is shown in the following table:

	Maturity Dates	Interest Rates	December 31, 2024	December 31, 2023
Term loans secured by all assets	04/2025 - 09/2029	4.00 - 12.00%	$ 9,664,869	$ 7,030,613
Term loans secured by property and equipment	5/2025 - 01/2030	3.41 - 7.82%	9,028,340	10,562,207
Term loan secured by deposits	04/2025	7.36%	1,989,051	-
Line of credit secured by all assets	01/2025 - 10/2029	7.75 - 9.50%	3,521,369	3,371,675
Term loans of consolidated Real Estate Entities	05/2028 - 03/2037	3.50 - 3.59%	11,810,649	13,005,019
Unsecured convertible term notes	10/2025	8.00 - 10.00%	5,384,990	5,384,990
Pre-paid advance (convertible debt)	03/2024	0.00%	-	3,078,302
Total			41,399,268	42,432,806
Less: unamortized issuance costs and discount			983,886	1,937,676
Less: short-term lines of credit			3,554,029	3,371,676
Less: current portion of long-term debt			14,395,457	10,808,721
Total long-term debt			$ 22,465,896	$ 26,314,733

Term loans and lines of credit. We have entered into private debt arrangements with banking institutions for the purchase of equipment and to provide working capital and liquidity through cash and lines of credit. Unless otherwise delineated above, these debt arrangements are obligations of Nutex and/or its wholly-owned subsidiaries. Consolidated Real Estate Entities have entered into private debt arrangements with banking institutions for purposes of purchasing land, constructing new emergency room facilities and building out leasehold improvements which are leased to our hospital entities. Nutex is a guarantor or, in limited cases, a co-borrower on the debt arrangements of the Real Estate Entities for the periods shown. Since the second quarter of 2022, we deconsolidated 18 Real Estate Entities after the third-party lenders released our guarantees of associated mortgage loans.

Certain outstanding debt arrangements require minimum debt service coverage ratios and other financial covenants. At December 31, 2024, we were in compliance with these debt arrangements.

At December 31, 2024, we had remaining availability of $5.5 million under outstanding lines of credit.

Pre-Paid Advance Agreement (convertible debt).

On February 15, 2024 the parties terminated the Pre-Paid Advance Agreement (the "PPA") dated April 11, 2023, between the Company and YA II PN, Ltd. ("Yorkville") pursuant to which the Company requested an advance of $15.0 million from Yorkville (a "Pre-Paid Advance") purchased by Yorkville at 90% of the face amount. Interest accrued on the outstanding balance of the Pre-Paid Advance at an annual rate equal to 0% subject to an increase to 15% upon events of default described in the PPA. The Pre-Paid Advance has a maturity date of 12 months from the Pre-Paid Advance Date.

The Company, at its option, has the right, but not the obligation, to repay early in cash a portion or all amounts outstanding under any Pre-Paid Advance, provided that the VWAP of the Common Stock is less than the Fixed Price during a period of ten consecutive trading days immediately prior to the date on which the Company delivers a notice to Yorkville of its intent and such notice is delivered at least 10 trading days prior to the date on which the Company will make such payment ("Optional Prepayment"). If elected, the Optional Prepayment includes a 6% payment premium ("Payment Premium").

On April 11, 2023, the Company requested a $15.0 million initial Pre-Paid Advance in accordance with the PPA. The net proceeds of $13.5 million received by the Company from Yorkville reflect a 10% discount of $1.5 million in accordance with the PPA. Additionally, in connection with the PPA, the Company incurred $0.9 million in placement and legal fees, which the Company classifies as debt issuance costs. The discount and the debt issuance costs are reported as a direct deduction from the face amount of the PPA and are amortized monthly based on the effective interest rate method. The amortization of the discount and debt issuance costs are reported as interest expense in the condensed consolidated statements of operations.

As a result of the Pre-Paid Advance, the Company (i) issued 0.2 million shares of common stock to Yorkville (23.1 million prior to the 2024 Reverse Stock Splits), reducing the principal of initial Pre-Paid Advance to $7.3 million, (ii) made Optional Prepayments of $8.2 million in accordance with the PPA, consisting of $7.7 million of principal and $1.0 million attributed to the Payment Premium offset by $0.5 million in debt discount amortization, and (iii) paid off in full the remaining outstanding balance of the PPA on January 30, 2024 and the parties terminated the Yorkville PPA on February 15, 2024.

September 2023 Convertible Debt Issuance.

From September 2023 to December 2023, the Company conducted a private offering of convertible notes ("Unsecured Convertible Term Notes") and six-year warrants ("Warrants") to accredited investors (the "Holders") as defined in Rule 501 under the 1933 Act and issued Unsecured Convertible Term Notes convertible into an aggregate of 89,751 shares (13,462,500 prior to the 2024 Reverse Stock Splits) of common stock at a conversion price of $60.00 per share ($0.40 prior to the 2024 Reverse Stock Splits) and Warrants to purchase an aggregate of 44,875 shares of common stock (6,731,250 prior to the 2024 Reverse Stock Splits) at an exercise price of $60.00 per share ($0.40 prior to the 2024 Reverse Stock Splits). We also issued Warrants for the purchase of 26,925 shares (4,038,750 prior to the 2024 Reverse Stock Splits) to the placement agent. The Unsecured Convertible Term Notes mature on October 31, 2025 and the Warrants expire on December 31, 2029.

On March 26, 2024, the Company and the Holders agreed to amend the conversion price of the Unsecured Convertible Term Notes and exercise price of the Warrants to $30.00 each ($0.20 prior to the 2024 Reverse Stock Splits), resulting in the Unsecured Convertible Term Notes being convertible into 179,500 shares of common stock (26,925,000 prior to the 2024 Reverse Stock Splits), the Warrants exercisable for 89,750 shares of common stock (13,462,500 prior to the 2024 Reverse Stock Splits) and the placement agent Warrants exercisable for 53,850 shares of common stock (8,077,500 prior to the 2024 Reverse Stock Splits).

The Unsecured Convertible Term Notes bear an annual interest rate of 8% if paid in cash or an annual interest rate of 10% if paid in the form of common stock. The payment of interest in the form of common stock is at the discretion of the Company. When paid in common stock, the number of shares is equal to the quotient of the total accrued interest due divided by the last reported sale price of the Company's common stock on the last complete trading day of such quarter. The Holders have the option, at any time, to convert all or any portion of the unpaid principal and interest outstanding in common stock at the conversion price of $30.00 per share. If the Company fails to pay the outstanding principal amount and all accrued interest within 30 days of the maturity date, the interest rate payable is adjusted to 12%.

The Company appointed Emerson Equity LLC as placement agent for the September 2023 Private Offering. Per the Placement Agent Agreement, the Company agrees to pay (i) a cash commission equal to 10% of the gross proceeds and (ii) warrants to purchase a number of Common Stock equal to 20% of the total number of shares issuable upon conversion or exercise of the Unsecured Convertible Term Notes and Warrants, as applicable.

The net carrying amount of the Unsecured Convertible Term Notes was $4.5 million as of December 31, 2024 and the weighted average effective interest rate on the convertible debt is 21.5%. For the year ended December 31, 2024, interest expense was $1.3 million, comprising of $0.9 million in amortization expense and $0.4 million in accrued interest expense. The Unsecured Convertible Term Notes interest expense was $0.2 million for the year ending December 30, 2023, comprising of $0.1 million in amortization expense and $0.1 million in accrued interest expense.

Convertible notes payable. We assumed $5.4 million principal of convertible notes payable of Clinigence outstanding at the merger date. The convertible notes payable were fully converted into 23,163 shares of common stock (3,474,430 prior to the 2024 Reverse Stock Splits) at a conversion price of $232.50 per share ($1.55 prior to the 2024 Reverse Stock Splits) before their maturity on July 31, 2022. Debt discount totaling $1.7 million was accreted from April 1, 2022 to the maturity date (July 31, 2022) of the convertible notes payable.

Scheduled Maturities. Maturities of our long-term debt are as follows:

Year ended December 31,	Amount
2025	$ 17,819,229
2026	6,417,997
2027	6,625,933
2028	3,104,182
2029	1,081,409
Thereafter	6,350,518
Total	$ 41,399,268

Note 9 – Leases

We have entered into hospital property, office and equipment rental agreements with various lessors including related parties. The following tables disclose information about our leases of property and equipment:

	Year ended December 31,		
	2024	2023	2022
Operating lease cost	$ 2,070,442	$ 2,656,800	$ 2,969,789
Finance lease cost:			
Amortization of right-of-use assets	$ 10,866,869	$ 10,052,616	$ 7,120,266
Interest on lease liabilities	16,686,052	12,100,495	9,952,783
Total finance lease cost	$ 27,552,921	$ 22,153,111	$ 17,073,049
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$ 2,341,214	$ 2,479,120	$ 2,778,767
Operating cash flows from finance leases	16,202,689	12,131,011	9,952,783
Financing cash flows from finance leases	4,973,458	3,495,222	1,721,224
Net cash paid for amounts included in the measurement of lease liabilities	$ 23,517,361	$ 18,105,353	$ 14,452,774
Right-of-use assets obtained in exchange for lease obligations:			
Operating leases	$ 16,727,826	$ 51,435	$ -
Finance leases	53,228,790	25,449,227	23,603,317
Total right-of-use assets obtained in exchange for lease obligations	$ 69,956,616	$ 25,500,662	$ 23,603,317
Weighted average remaining lease term (years):			
Operating leases	17	9	10
Finance leases	22	21	13
Weighted average discount rate:			
Operating leases	10%	5%	4%
Finance leases	10%	8%	3%

For the year ended December 31, 2024, the Company opened four facilities throughout the year. For three facilities, the Company recognized financing right-of-use (ROU) assets of $53.2 million related to the hospital property and equipment leases entered into as a result of the openings. For one facility, we recognized operating ROU assets of $16.7 million related to the hospital property lease entered into as a result of the facility opening. The recognized operating ROU asset also increased the weighted average discount rate.

Due to the closures of two facilities in January 2023 and two facilities in January 2024, we remeasured the one lease associated with a facility, recording a reduction to financing lease liabilities and financing right-of-use assets of $11.4 million as of December 31, 2023. After remeasurement, we recognized an impairment loss of $24.6 million for the year ended December 31, 2023 for the remaining carrying value of the right-of-use assets associated with the four facilities.

	Operating leases		Finance leases	
Minimum lease payments for the next five years:	Third-parties	Related parties	Third-parties	Related parties
2025	$ 2,043,228	$ 1,930,814	$ 6,478,205	$ 19,645,210
2026	1,942,910	2,208,399	5,434,573	20,289,300
2027	1,925,245	2,265,426	3,686,277	20,645,216
2028	1,972,126	2,323,933	3,478,965	21,008,747
2029	1,716,970	2,383,958	3,393,147	21,379,909
Thereafter	4,951,959	56,867,884	37,815,772	536,567,772
Total minimum lease payments	14,552,438	67,980,414	60,286,939	639,536,154
Less interest	(2,515,927)	(47,319,586)	(18,210,342)	(414,428,782)
Total lease liabilities	$ 12,036,511	$ 20,660,828	$ 42,076,597	$ 225,107,372

Note 10 – Commitments and Contingencies

Litigation. The Company, its consolidated subsidiaries or VIEs may be named in various claims and legal actions in the normal course of business. Based upon counsel and management's opinion, the outcome of such matters is not expected to have a material adverse effect on the consolidated financial statements.

Note 11 – Employee Benefit Plans

The Company's employees are eligible to participate in the 401(k) Savings Plan. There are no restrictions in eligibility to contribute to the 401(k) Savings Plan. Salary deferrals are allowed in amounts up to 100% of an eligible employee's salary, not to exceed the maximum allowed by law. Two facilities contribute discretionary matches up to 5-6% of employees' salaries. For the years ended December 31, 2024, 2023 and 2022, the two facilities did not make significant discretionary contributions to the employee plan.

Note 12 – Stock-based Compensation

In 2023, the stockholders of the Company approved the Amended and Restated Nutex Health Inc. 2023 Equity Incentive Plan (the "2023 Plan"), providing a total of 73,426 shares of Common Stock (11,013,943 prior to the 2024 Reverse Stock Splits) for issuance. Awards granted under the 2023 Plan may be incentive stock options, non-statutory stock options, restricted stock, restricted stock units, stock appreciation rights, performance units or performance shares. The awards are granted at an exercise price equal to the fair market value on the date of grant. The 2023 Plan is subject to annual increases on January 1st of each calendar year through January 1, 2033 of up to 1% of the issued and outstanding shares of the Company's Common Stock on the final day of the preceding calendar year, at the discretion of the Compensation Committee of our Board of Directors. During the second quarter of 2024, the number of shares to be issued under the 2023 Plan increased to 118,563 shares, most of which were issued as restricted stock units in June 2024, as discussed below.

Obligations for under-construction and ramping hospitals. Under the terms of the Contribution Agreements, contributing owners of the under-construction hospitals and ramping hospitals (as determined on April 1, 2022) are eligible to receive a one-time additional issuance of Company common stock.

- With respect to ramping hospitals that were acquired before the Merger, 24 months after the opening date (the "Determination Date") of the applicable ramping hospital, such owner is eligible to receive such owner's pro rata share of a number of shares of Company Common Stock equal to (i) the trailing twelve months earnings before interest, taxes, depreciation and amortization on the respective Determination Date, multiplied by (ii) 10, (iii) minus the initial equity value received at the Closing of the Merger, and (iv) minus such owner's pro rata share of the aggregate debt of the applicable ramping hospital outstanding as of the closing of the Merger. The number of additional shares to be issued will be determined based on the greater of (a) the price of the Company's common stock at the time of determination or (b) $2.80 ($420.00 after the 2024 Reverse Stock Splits), as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to the Company's common stock.

- With respect to under construction hospitals that were acquired before the Merger, contributing owners of under construction hospitals will be eligible to receive, on the Determination Date, such owner's pro rata share of a number of shares of Company common stock equal to (a)(i) the trailing twelve months earnings before interest, taxes, depreciation and amortization as of the Determination Date multiplied by (ii) 10, minus (iii) the aggregate amount of such owner's capital contribution to the under construction hospital, minus (iv) such owner's pro rata share of the aggregate debt of the applicable under construction hospital outstanding as of the Closing of the Merger, divided by (b) the greater of (i) the price of the Company common stock at the time of determination or (ii) $2.80 ($420.00 after the 2024 Reverse Stock Splits), as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to the Company's common stock.

We recognized stock-based compensation expense related to obligations for under-construction and ramping hospitals for the year ended December 31, 2024 and 2023 of $16.3 million and $0.6 million, respectively, based on our current estimates of future obligations to the contributing owners.

Options. The following table summarizes stock-based awards activity:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Options outstanding at December 31, 2022	34,318	$ 348.16	7.60
Options exercised	-	-	
Options cancelled	(6,728)	342.00	
Options outstanding at December 31, 2023	27,590	$ 335.78	6.94
Options exercised	-	-	
Options cancelled	(5,625)	352.98	
Options outstanding at December 31, 2024	21,965	$ 331.34	5.45

Options outstanding as of December 31, 2024 consisted of:

Expiration Date	Number Outstanding	Number Exercisable	Exercise Price
February 21, 2025	686	686	$ 225.00
February 21, 2025	1,214	1,214	412.50
January 27, 2027	300	300	225.00
May 11, 2027	1,201	1,201	225.00
June 9, 2027	167	167	376.50
January 28, 2028	300	300	241.50
August 4, 2029	68	68	834.00
January 27, 2030	1,115	1,115	225.00
January 27, 2030	300	300	241.50
January 28, 2031	6,667	6,667	241.50
September 9, 2031	9,446	9,446	412.50
December 17, 2031	501	501	525.00
Total	21,965	21,965	

Restricted Stock Units. On April 1, 2023, the Company issued 4,035 Restricted Stock Units ("RSUs") (604,158 prior to the 2024 Reverse Stock Splits), valued at $0.6 million to certain employees. A total of 1,431 RSUs (214,720 prior to the 2024 Reverse Stock Splits) vested on April 1, 2023 and another 1,298 RSUs (194,720 prior to the 2024 Reverse Stock Splits) vested on March 1, 2024. The remaining 1,306 RSUs (194,720 prior to the 2024 Reverse Stock Splits) vested on March 1, 2025.

On June 16, 2024, the Company issued 118,538 RSUs (1,184,946 prior to the 1:10 Reverse Stock Split) valued at $0.6 million to certain employees participating in the Company's long-term incentive program. 39,514 RSUs vested on March 1, 2025, 39,514 RSUs will vest on March 1, 2026, and 39,510 will vest on March 1, 2027.

For grants of restricted stock units, we recognize compensation expense over the applicable vesting period equal to the fair value of our common stock at grant date. Grants of restricted stock units generally vest one third per year on each of the first three anniversaries of the grant date. The following table summarizes the changes in restricted stock units during the years ended December 31, 2024 and 2023.

	Shares (in thousands)	Weighted Average Grant-Date Fair Value Per Share
Non-vested awards, December 31, 2022	—	$ —
Granted	4	151.50
Vested	(1)	151.50
Non-vested awards, December 31, 2023	3	151.50
Granted	118	5.40
Forfeitures	(3)	92.48
Vested	(1)	151.50
Non-vested awards, December 31, 2024	117	37.23

As of December 31, 2024, we estimate $0.6 million of unrecognized compensation cost related to restricted stock units issued to our employees to be recognized over the weighted-average vesting period of 1.5 years.

Employee Stock Purchase Plan. In May 2023, the Board of Directors adopted the 2023 Employee Stock Purchase Plan ("2023 ESPP"), which was subsequently approved by the Company's stockholders and became effective in June 2023. The 2023 ESPP authorizes the initial issuance of up to 33,333 shares (5,000,000 prior to the 2024 Reverse Stock Splits) of the Company's common stock to eligible employees, who are entitled to purchase shares of common stock equal to 85% of the closing price on the purchase date with accumulated payroll deductions. During the years ended December 31, 2024 and 2023, the Company issued 8,405 shares and 515 shares (77,242 prior to the 2024 Reverse Stock Splits), respectively, under the 2023 ESPP.

Note 13 – Equity

We are authorized to issue up to a total of 950,000,000 shares of common stock having a par value of $0.001 per share. Holders of our common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders and to receive ratably in proportion to the shares of common stock held by them any dividends declared from time to time by the board of directors. Our common stock has no preferences or rights of conversion, exchange, pre-exemption or other subscription rights.

Common Stock Issued. Following is a discussion of common stock issuances during the periods presented:

Securities Purchase Agreement. On January 22, 2024, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with a single healthcare focused institutional investor for the sale by the Company of 444,445 shares (66,666,666 prior to the 2024 Reverse Stock Splits) of the Company's common stock and warrants (the "Warrants") to purchase 444,445 shares (66,666,666 prior to the 2024 Reverse Stock Splits) of the Company's common stock. The shares and the warrants were issued separately and issued on a one-to-one ratio at a public offering price of $22.50 per share and accompanying warrant ($0.15 prior to the 2024 Reverse Stock Splits).

The Warrants have an exercise price of $22.50 per share ($0.15 prior to the 2024 Reverse Stock Splits), are exercisable immediately upon issuance and expire five years from the Closing Date. The Warrants may only be exercised on a cashless basis if there is no registration statement registering, or the prospectus contained therein is not available for, the issuance or resale of shares of common

stock underlying the Warrants to or by the holder. The holder of a Warrant is prohibited from exercising any such warrants to the extent that such exercise would result in the number of shares of common stock beneficially owned by such holder and its affiliates exceeding 4.99% (or, upon election by the holder prior to the issuance of any Warrants, 9.99%) of the total number of shares of common stock outstanding immediately after giving effect to the exercise. In the event of certain fundamental transactions, the holder of the Warrants will have the right to receive the Black Scholes Value of its Warrants calculated pursuant to a formula set forth in the Form of Warrant, payable either in cash or in the same type or form of consideration that is being offered and being paid to the holders of common stock.

The gross proceeds to the Company from the offering were $9.2 million after deducting the placement agent's fees and other offering expenses of $0.8 million. The allocation of the proceeds was $7.7 million to warrant liability and $1.5 million to additional paid-in capital.

The Company used the Black-Scholes option model to compute the fair value (level 3) of the Warrants, with inputs including volatility (approximately 120%) and risk-free rate based on US Treasury yield curve rates. The Company classified the Warrants as liabilities due to certain contractual provisions and recorded $7.7 million in warrant liability on January 25, 2024.

Under the Purchase Agreement, if the Company, at any time while the Warrants are outstanding, combines (including by way of reverse share split) outstanding shares of common stock into a smaller number, then, on the tenth trading day following, the exercise price will be reduced, and only reduced, to the lesser of (i) the then exercise price and (ii) 100% of the average of the volume weighted average prices for the ten trading day period immediately following. On April 26, 2024, as required under the terms of the Purchase Agreement in response to the 1:15 Reverse Stock Split, the exercise price was reduced from $2.25 per share to $0.68 per share based on a calculation based on the Company's trading price as set forth in the Purchase Agreement. On July 23, 2024, in response to the 1:10 Reverse Stock Split, the exercise price was reduced from $6.80 per share to $5.34 per share.

All 444,445 Warrants were exercised in 2024 and the Company received $2.4 million in proceeds from Warrant exercises. For each exercise, the Company remeasured the Warrants based on the exercise date, recognized a gain or loss on warrant liability, and allocated the exercised portion of the warrant liability to additional paid-in capital. The warrant liability balance was zero as of December 31, 2024. For the year ended December 31, 2024, the Company recognized $1.6 million loss on warrant liability.

Other Common Stock Issued. All issuances referenced below were unregistered and were exempt from the registration requirements of the Securities Act of 1933, as amended, under Section 4(a)(2).

- At the time of the Merger, Clinigence had 339,741 common shares outstanding (50,961,109 prior to the 2024 Reverse Stock Splits). These amounts are shown as issued by us in the presentation of consolidated financial statements as the accounting acquiror.
- In March 2023, we issued 6,667 common shares (1,000,000 prior to the 2024 Reverse Stock Splits) to Apollo Medical Holdings, Inc. for IPA managerial services. We recognized $1.9 million of stock-based compensation expense for this issuance.
- We issued 16,943 shares of common stock (2,541,511 prior to the 2024 Reverse Stock Splits) in 2023 and 64,746 shares of common stock in 2024 in connection with the acquisition of two Florida IPAs. See *Note 3* for discussion of 2023 Acquisitions.
- We issued 142,348 shares of common stock (21,357,603 prior to the 2024 Reverse Stock Splits) in 2023 and 11,824 shares of common stock in 2024 to Yorkville for PPA share conversions.

Common Stock Warrants. During the year ended December 31, 2024, as part of the Securities Purchase Agreement, the Company issued warrants to purchase 444,445 shares (66,666,666 prior to 2024 Reverse Stock Splits) of Common Stock at a strike price of $22.50 ($0.15 prior to the 2024 Reverse Stock Splits) for a period of five years. These warrants were exercised as of December 31, 2024.

As of December 31, 2023, as part of the September 2023 Private Offering, the Company issued warrants to Unit Holders to purchase 71,714 shares of common stock (10,770,000 prior to the 2024 Reverse Stock Splits) at a strike price of $60.00 ($0.40 prior to the 2024 Reverse Stock Splits) for a period of six years. On March 26, 2024, the Company agreed to amend the conversion price of the Unsecured Convertible Term Notes and exercise price of the related warrants to $30.00 each, resulting in an increase in warrants of 71,801 shares (10,770,000 prior to the 2024 Reverse Stock Splits). Warrant activity is as follows:

	Warrants Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
Warrants outstanding at December 31, 2022	73,553	$ 294.16	3.80
Warrants issued	71,714	60.00	
Warrants exercised	(9,710)	232.50	
Warrants expired	(20)	3,750.00	
Warrants outstanding at December 31, 2023	135,537	$ 158.16	4.42
Warrants issued	444,445	6.80	
Warrants amended	71,801	30.00	
Warrants exercised	(444,445)	5.34	
Warrants expired	-	-	
Warrants outstanding at December 31, 2024	207,338	$ 113.78	3.68

Warrants outstanding as of December 31, 2024 consisted of:

Expiration Date	Number Outstanding	Number Exercisable	Exercise Price
December 31, 2024	3,701	3,701	$ 1,000.50
October 31, 2025	108	108	187.50
October 31, 2025	10,444	10,444	232.50
February 26, 2026	1,922	1,922	600.00
July 31, 2026	16,888	16,888	232.50
May 31, 2027	30,674	30,674	262.50
October 31, 2029	16,501	16,501	30.00
November 30, 2029	57,250	57,250	30.00
December 31, 2029	5,167	5,167	30.00
January 25, 2029	64,683	64,683	30.00
Total	207,338	207,338	

Note 14 – Income Taxes

Income tax expense consisted of the following:

	Year ended December 31,		
	2024	2023	2022
Current taxes:			
Federal	$ 20,908,967	$ (187,842)	$ 6,396,753
State	6,700,838	828,067	1,682,682
Deferred taxes:			
Federal	(10,736,492)	(4,156,778)	4,292,445
State	(2,396,492)	(1,550,531)	719,025
Total income tax expense	$ 14,476,821	$ (5,067,084)	$ 13,090,905

In periods before our merger with Clinigence, Nutex Health Holdco LLC and the Nutex Subsidiaries were pass-through entities treated as partnerships for U.S. federal income tax purposes. No provision for federal income taxes was provided for these periods as federal taxes were obligations of these companies' members. After the merger, Nutex Health Holdco LLC became a wholly-owned subsidiary of Clinigence and is included in its consolidated corporate tax filings. We recognized a non-cash charge of $21.3 million to income tax expense during 2022 for the change in tax status of Nutex Health Holdco LLC. This charge provides for the accumulated net deferred tax liabilities representing the differences between the book and tax bases of Nutex Health Holdco LLC's assets and liabilities as of the April 1, 2022 change in tax status.

At the time of our merger with Clinigence, Clinigence had a full valuation allowance against its deferred tax assets. For the year ended December 31, 2022 we recorded a non-cash benefit of $2.4 million to income tax expense to remove the acquired valuation allowance after we concluded that the associated deferred tax assets would be realizable.

Each of the discrete items above, as well as the non-deductible goodwill impairment expense recognized in 2024, 2023 and 2022, are one-time, non-cash items.

The items accounting for differences between income taxes computed at the federal statutory rate and the provision recorded for income taxes were as follows:

	Year ended December 31,		
	2024	2023	2022
Income taxes computed at the federal statutory rate	$ 22,694,251	$ (10,183,068)	$ (88,126,230)
Effect of:			
State taxes, net of federal benefits	5,716,790	(2,565,163)	(17,962,513)
Income of flow-through entities	(10,850,441)	(420,119)	(2,185,760)
Change in tax status of Nutex Health Holdco LLC	-	-	21,312,374
Change in valuation allowance	(6,537,550)	7,481,880	-
Reversal of acquired Clinigence valuation allowance	-	-	(2,393,178)
Non-deductible goodwill impairment expense	1,012,625	458,750	100,682,261
Other, net	2,441,146	160,636	1,763,951
Total income tax expense	$ 14,476,821	$ (5,067,084)	$ 13,090,905

Deferred tax assets and liabilities were as follows:

	December 31,	
	2024	2023
Deferred tax assets:		
Net operating loss carryforwards	$ -	$ 3,814,961
Capital loss carryforwards	944,330	1,344,478
Accrued liabilities	890,281	784,969
Accrued professional fees	6,904,165	
Financing leases	12,824,838	11,780,288
Stock-based compensation	393,500	393,442
Interest expense limitation	53,146	845,940
Other	560,894	523,980
Total deferred tax assets	22,571,154	19,488,058
Deferred tax liabilities:		
Cash to accrual adjustments	(2,457,238)	(4,914,654)
Property and equipment	(7,073,690)	(6,726,315)
Intangible assets	(3,910,385)	(5,164,445)
Other	(198,275)	(346,517)
Total deferred tax liabilities	(13,639,588)	(17,151,931)
Net deferred tax assets before valuation allowance	8,931,566	2,336,126
Valuation allowance	(944,330)	(7,481,880)
Net deferred tax assets (liabilities)	$ 7,987,236	$ (5,145,754)

As of December 31, 2024 the Company fully utilized their federal and state net operating losses. The Company has a capital loss carryover of $4.5 million, that expires in 2025. Due to the uncertainty about the Company's ability to utilize the capital loss prior to the expiration date, the Company maintains a valuation allowance against that deferred tax asset.

As of December 31, 2024, the Company determined that is was more likely than not that it could generate sufficient future taxable income to fully recognize its net deferred tax assets (except as mentioned above). Accordingly, the Company reversed the valuation allowance that it maintained at December 31, 2023.

As of December 31, 2023, a valuation allowance was established against the net deferred tax asset because the Company determined it was more likely than not that future earnings will not be sufficient to realize the corresponding tax benefits. In determining the appropriate valuation allowance, the Company considered the projected realization of tax benefits based on expected levels of future taxable income, available tax planning strategies and reversals of existing taxable temporary differences.

Note 15 – Earnings per Share

The following is the computation of earnings (loss) per basic and diluted share:

	Year ended December 31,		
	2024	2023	2022
Basic earnings (loss) per share:			
Numerator:			
Net income (loss) attributable to common stockholders	$ 52,179,168	$ (45,786,614)	$ (424,780,446)
Denominator:			
Weighted average shares used to compute basic EPS	5,090,787	4,408,320	4,232,518
Basic earnings (loss) per share:	$ 10.25	$ (10.39)	$ (100.36)
Diluted earnings (loss) per share:			
Numerator:			
Net income (loss) attributable to common stockholders	$ 52,179,168	$ (45,786,614)	$ (424,780,446)
Denominator:			
Weighted average shares used to compute basic EPS	5,090,787	4,408,320	4,232,518
Dilutive effect of convertible note	179,500	-	-
Dilutive effect of common stock options	-	-	-
Dilutive effect of common stock warrants	53,186	-	-
Dilutive effect of unvested restricted stock	49,979	-	-
Weighted average shares used to compute diluted EPS	5,373,452	4,408,320	4,232,518
Diluted earnings (loss) per share:	$ 9.71	$ (10.39)	$ (100.36)

For the year ended December 31, 2024, the computation of diluted earnings per common share excludes 179,500 common stock issuable upon conversion of outstanding convertible debt due to antidilution.

For the year ended December 31, 2023, the computation of diluted earnings per common share excludes the exercise of 27,581 common stock options (4,137,149 prior to the 2024 Reverse Stock Splits), 135,731 warrants (20,343,562 prior to the 2024 Reverse Stock Splits), 2,596 unvested restricted stock units (389,439 prior to the 2024 Reverse Stock Split) and 16,226 shares of common stock (2,433,908 prior to the 2025 Reverse Stock Splits) issuable upon conversion of outstanding convertible debt.

For the year ended December 31, 2022, the computation of diluted earnings per common share excludes the exercise of 15,569 common stock options (2,335,402 prior to the 2024 Reverse Stock Splits) and 28,085 warrants (4,212,724 prior to the 2024 Reverse Stock Splits).

The dilutive effect of convertible debt was calculated using the if-converted method, whereas the dilutive effect of the assumed exercise of outstanding options, warrants, and unvested restricted stock was calculated using the treasury stock method.

Note 16 - Supplemental Cash Flows Information

	Year ended December 31		
	2024	2023	2022
Cash paid for interest	$ 3,471,708	$ 1,639,044	$ 4,622,106
Cash paid for income taxes	798,990	849,358	8,233,000
Non-cash investing and financing activities:			
Financed capital expenditures	1,998,129	7,935,898	18,473,184
Acquisition of financing leases	53,609,860	25,449,227	23,603,317
Modification of warrant	-	-	561,651
Reverse acquisition with Clinigence	-	-	436,695,013
Exercise of warrants on a cashless basis	-	1,268	-
Deconsolidation of Real Estate Entities	-	(4,258,133)	(38,803,892)
Debt converted to common stock	320,688	6,217,737	5,385,372
Warrants issued with convertible debt	-	1,403,877	-
Warrant liability related to common stock issuance	(7,661,557)	-	-
Non-cash effect of warrant exercises	9,270,529	-	-
Payment for acquisition in common stock	406,158	905,234	-
Common stock issued for Employee Stock Purchase Plan	85,491	14,288	-
Common stock received in sale of business	(30,250)	-	-
Rescission of warrant exercise	-	-	(26,391)

Note 17 – Segment Information

We report the results of our operations as three segments in our consolidated financial statements: (i) the hospital division, (ii) the population health management division and (iii) the real estate division.

The Company's chief operating decision maker ("CODM") is our Chief Executive Officer. The determination of our reporting segments was made based on our strategic priorities, which corresponds to the manner in which our CODM reviews and evaluates operating performance to make decisions about resources to be allocated. For our operating segments, the CODM uses segment operating income and segment income before tax to allocate resources (including financial and capital resources) in the annual and forecasting processes. On a monthly basis, the CODM considers month-to-month and budget-to-actual variances on a monthly basis for both measures when allocating resources to segments.

Other hospital division expenses include expenses such as facility-specific utilities, marketing and advertising, repairs and maintenance, and other tax expenses. Corporate costs primarily include expenses for support functions and salaries and benefits for corporate employees and are excluded from segment operating results.

Reportable segment information, including intercompany transactions, is presented below:

	Year ended December 31,		
	2024	2023	2022
Revenue from external customers:			
Hospital division	$ 449,063,683	$ 218,070,397	$ 198,508,245
Population health management division	30,884,950	29,575,919	20,786,061
Total revenue	$ 479,948,633	$ 247,646,316	$ 219,294,306
Revenue from inter-segment activities:			
Real estate division	$ -	$ (799,850)	$ 269,699
Segment expenses:			
Hospital division			
Payroll	$ 114,158,300	$ 103,780,690	$ 109,321,563
Contract services	77,788,622	19,454,561	19,869,230
Medical supplies	15,285,481	14,151,140	12,118,893
Other hospital division expenses	29,511,951	28,407,079	30,195,780
Hospital division expenses	236,744,354	165,793,470	171,505,466
Population health management division expenses	27,971,030	29,487,103	19,235,728
Total segment expenses	$ 264,715,384	$ 195,280,573	$ 190,741,194
Depreciation and amortization:			
Hospital division	$ 16,780,320	$ 15,940,716	$ 11,967,649
Population health management division	1,533,261	1,647,417	1,162,864
Real estate division	658,391	3,439	861
Total depreciation and amortization	$ 18,971,972	$ 17,591,572	$ 13,131,374
Segment operating income (loss):			
Hospital division	$ 195,539,009	$ 36,336,211	$ 15,035,130
Population health management division	1,380,659	(1,558,601)	387,469
Real estate division	(658,391)	(3,439)	(861)
Total segment operating income	$ 196,261,277	$ 34,774,171	$ 15,421,738
Consolidated operating income (loss)			
Total segment operating income	$ 196,261,277	$ 34,774,171	$ 15,421,738
Corporate and other costs	(65,640,477)	(66,547,919)	(422,020,892)
Consolidated operating income (loss)	$ 130,620,800	$ (31,773,748)	$ (406,599,154)
Segment other income (loss):			
Hospital division			
Interest expense, net	$ 18,283,988	$ 14,041,235	$ 10,367,921
Other expense (income)	(332,652)	142,278	(343,564)
Hospital division income before income taxes	$ 177,587,673	$ 22,152,698	$ 5,010,773
Population health management division income (loss) before income taxes	1,613,226	(1,655,905)	(35,160)
Real estate division loss before income taxes	(658,391)	(3,439)	(861)
Non-segment loss before income taxes	(68,793,766)	(68,984,154)	(424,623,465)
Income (loss) before income taxes	$ 109,748,742	$ (48,490,799)	$ (419,648,713)
Capital expenditures:			
Hospital division	$ 2,303,897	$ 9,496,832	$ 5,926,119
Real estate division	-	-	8,706,295
Total capital expenditures	$ 2,303,897	$ 9,496,832	$ 14,632,414

	December 31,	
	2024	2023
Assets:		
Hospital division	$ 607,589,989	$ 278,635,841
Population health management division	28,338,173	83,647,378
Real estate division	19,392,231	35,962,278
Total Assets	$ 655,320,393	$ 398,245,497

Note 18 – Related Party Transactions

Related party transactions included the following:

- The Physician LLCs employ the doctors who work in our hospitals. We have no direct ownership interest in these entities but they are owned and, in some instances, controlled by related parties including our CEO, Dr. Thomas Vo. The Physician LLCs are consolidated by the Company as VIEs because they do not have significant equity at risk, and we have historically provided support to them in the event of cash shortages and received the benefit of their cash surpluses.

  In connection with the merger with Clinigence, we forgave certain amounts due from Physician LLCs for past advances made by us in support of their operations. We recognized net expense of $1.5 million in the three months ended March 31, 2022 as general and administrative expense in the consolidated statements of operations. No such expense was recognized subsequently.

  The Physician LLCs had outstanding obligations to their member owners, who are also Company stockholders, totaling $0.8 million at December 31, 2024, $0.8 million at December 31, 2023 and $0.9 million at December 31, 2022 are reported within accounts payable – related party in our consolidated balance sheets.

- Most of our hospital division facilities are leased from real estate entities which are owned by related parties. These leases are typically on a triple net basis where our hospital division is responsible for all operating costs, repairs and taxes on the facilities. Our obligations under these leases are presented in Note 9. During the years ended December 31, 2024, 2023 and 2022, we made cash payments for these lease obligations totaling $20.0 million, $15.7 million and $13.0 million, respectively.

- We consolidate Real Estate Entities as VIEs when they do not have sufficient equity at risk and our hospital entities are guarantors or co-borrowers under their outstanding mortgage loans. The consolidated Real Estate Entities have mortgage loans payable to third parties which are collateralized by the land and buildings. We have no direct ownership interest in these entities but they are owned and, in some instances, controlled by related parties including our CEO. We deconsolidated 17 Real Estate Entities in 2022 and one Real Estate Entity in 2023, after the third-party lenders released our guarantees of associated mortgage loans. At December 31, 2024, two Real Estate Entities continue to be consolidated in our financial statements.

  In connection with the merger with Clinigence, we forgave certain amounts due from Real Estate Entities for past advances made by us. We recognized net expense totaling $0.6 million in the three months ended March 31, 2022 as other expense in the consolidated statements of operations. No such expense was recognized subsequently.

- Accounts receivable – related party included $4.3 million at December 31, 2024 and $4.1 million at December 31, 2023 due from noncontrolling interest owners of consolidated hospital facilities.

- Micro Hospital Holding LLC, an affiliate controlled by our CEO, made advances to one of our hospital facilities, SE Texas ER. These advances totaled $1.4 million at December 31, 2024 and 2023 and are reported as accounts payable – related party in our consolidated balance sheets. The advances have no stated maturity and bear no interest.

- Accounts payable – related party in our consolidated balance sheets included zero at December 31, 2024 and $0.9 million at December 31, 2023 for reimbursement of expenses incurred on our behalf.

In addition, we have outstanding obligations of contributions for facilities currently under construction totaling $1.6 million at December 31, 2024 and $2.1 million at December 31, 2023 reported within accounts payable-related party in our consolidated balance sheet.

- We provide managerial services to emergency centers owned and, in some instances, controlled by related parties including an entity controlled by our CEO. We recognized zero, $0.5 million, and $1.2 million of managerial fees within the hospital division in the years ended December 31, 2024, 2023 and 2022, respectively, for these services.

- Two of our hospital facilities are obligated under managerial services agreements with related parties commencing in 2022. Payments under these agreements totaled zero and $0.5 million for the years ended December 31, 2024 and 2023, respectively.

Note 19 – Variable Interest Entities

The following tables provide the balance sheet amounts for consolidated VIEs:

	December 31, 2024		
	Real Estate Entities	Physician LLCs	IPAs
Current assets	$ 121,960	$ 23,040,986	$ 10,109,302
Property and equipment, net	-	3,668	116,214
Other long-term assets	33,185,357	-	-
Total assets	$ 33,307,317	$ 23,044,654	$ 10,225,516
Current liabilities	-	-	10,225,516
Long-term liabilities	11,768,239	-	-
Total liabilities	11,768,239	-	10,225,516
Equity	21,539,078	23,044,654	-
Total liabilities and equity	$ 33,307,317	$ 23,044,654	$ 10,225,516

	December 31, 2023		
	Real Estate Entities	Physician LLCs	IPAs
Current assets	$ 138,342	$ 8,074,928	$ 8,473,486
Property and equipment, net	-	3,668	65,277
Other long-term assets	33,089,636	-	36,452
Total assets	$ 33,227,978	$ 8,078,596	$ 8,575,215
Current liabilities	38,510	5,648,516	8,575,215
Long-term liabilities	12,959,171	-	-
Total liabilities	12,997,681	5,648,516	8,575,215
Equity	20,230,297	2,430,080	-
Total liabilities and equity	$ 33,227,978	$ 8,078,596	$ 8,575,215

The assets of each of the hospital facilities may only be used to settle the liabilities of that entity or its consolidated VIEs and may not be required to be used to settle the liabilities of any of the other hospital facilities, other VIEs, or corporate entity. Additionally, the assets of corporate entities cannot be used to settle the liabilities of VIEs. The Company has aggregated all of the Physician LLCs and Real Estate Entities for each VIE would not add more useful information.

Real Estate Entities were consolidated by the Company as VIEs because the Entities did not have sufficient equity at risk and our hospital entities were guarantors of their outstanding mortgage loans. Since the second quarter of 2022, we deconsolidated 18 Real Estate Entities.

At the date we deconsolidated these Real Estate Entities in the second quarter of 2022, they had $2.4 million of cash, $9.8 million of fixed assets (principally land and building), $0.5 million of other assets, $69.6 million of liabilities (principally mortgage indebtedness) and $31.4 million of equity reported as noncontrolling interests.

The Real Estate Entity we deconsolidated in the first quarter of 2023 had $1.0 million of cash, $8.4 million of fixed assets (principally land and building), $0.2 million of other assets, $5.4 million of liabilities (principally mortgage indebtedness) and $4.3 million of equity reported as noncontrolling interests as of the date of deconsolidation.

Note 20 – Quarterly Financial Data (Unaudited)

The following table presents statements of operations financial data for the fourth quarter ended December 31, 2024 and for the fourth quarter ended December 31, 2023:

	Year ended December 31, 2024 Q4	Year ended December 31, 2023 Q4
Total revenue	$ 257,617,716	$ 69,669,473
Total operating costs and expenses	115,991,662	56,456,161
Gross profit	141,626,054	13,213,312
Corporate and other costs:		
Stock-based compensation expense	14,680,454	637,159
Impairment of assets	(11,640)	29,082,203
Impairment of goodwill	-	1,139,297
General and administrative expenses	12,747,842	8,499,550
Total corporate and other costs	27,416,656	39,358,209
Operating income (loss)	114,209,398	(26,144,897)
Interest expense, net	5,052,081	4,236,553
Loss on warrant liability	536,264	-
Other expense	43,119	328,461
Income (loss) before taxes	108,577,934	(30,709,911)
Income tax expense (benefit)	8,608,746	(2,998,554)
Net income (loss)	99,969,188	(27,711,357)
Less: net income attributable to noncontrolling interests	38,273,584	3,906,540
Net income (loss) attributable to Nutex Health Inc.	$ 61,695,604	$ (31,617,897)
Earnings (loss) per common share		
Basic	$ 11.83	$ (7.47)
Diluted	$ 11.12	$ (7.47)

Note 21 - Subsequent Events

The Company has evaluated subsequent events through the filing of this report and determined that there have been no events that have occurred that would require adjustments to our disclosures in the consolidated financial statements.

* * * * *

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. We maintain disclosure controls and procedures as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act that are designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") and our Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In accordance with Rule 13a-15(b) of the Exchange Act, we have evaluated, under the supervision of our CEO and our CFO, the effectiveness of disclosure controls and procedures as of December 31, 2024. Based on this evaluation, the Company concluded that our disclosure controls and procedures were ineffective as of December 31, 2024 due to the material weakness identified as described below.

Material Weaknesses. In connection with the preparation of the Company's annual consolidated financial statements, management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in the *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria").

Based on this assessment, the following material weaknesses have been identified:

- The Company had ineffective design, implementation, and operation controls over logical access, program change management, and vendor management controls:
  1) appropriate restrictions that would adequately prevent users from gaining inappropriate access to the financially relevant systems.
  2) IT programs and data changes affecting the Company's financial IT applications and underlying accounting records, are identified, tested, authorized and implemented appropriately to validate that data produced by its relevant IT systems were complete and accurate. Automated process-level and manual controls that are dependent upon the information derived from such financially relevant systems were also determined to be ineffective as a result of such deficiency.
  3) key third party service provider SOC reports were obtained and reviewed.

- Business process controls across all financial reporting processes were not effectively designed and implemented to properly address the risk of material misstatement, including controls without proper segregation of duties between preparer and reviewer and key management review controls.

- Ineffective design and implementation of controls over the completeness and accuracy of information included in key spreadsheets supporting the financial statements.

Management has concluded that, based on applying the COSO criteria, as of December 31, 2024, the Company's internal control over financial reporting was not effective to provide reasonable assurance of the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

Remediation Plans. These material weaknesses did not result in a material misstatement of the Company's consolidated financial statements for the periods presented. In 2024, the Company started the process of designing and implementing effective internal control measures to remediate the reported material weaknesses. The Company's efforts included implementing a new enterprise-wide system to reduce reliance on manual processes and spreadsheets supporting the financial statements. Additionally, the Company engaged an accounting firm in 2024 to assist in the proper design, implementation and testing of internal controls over financial reporting. We made additions to our accounting and financial reporting teams throughout 2024.

While we believe that these efforts will continue to improve our internal control over financial reporting, our remediation efforts are ongoing and will require validation and testing of the design and operating effectiveness of internal controls. The actions that we are taking are subject to ongoing senior management review, as well as audit committee oversight. We will not be able to conclude

whether the steps we are taking will fully remediate the remaining material weakness in our internal control over financial reporting until we have completed our remediation efforts and subsequent evaluation of their effectiveness. We may also conclude that additional measures may be required to remediate the material weakness in our internal control over financial reporting.

Changes in Internal Control Over Financial Reporting. We are taking actions to remediate the material weakness relating to our internal control over financial reporting, as described above. Except as otherwise described herein, there were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the period covered by this Annual Report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Disclosure Controls and Procedures. Our senior members of management do not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. 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.

Item 9B. Other Information

Trading Arrangements. During the fiscal quarter ended December 31, 2024, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended) adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (in each case, as defined in Items 408(a) and 408(c) of Regulation S-K) for the purchase or sale of the Company's securities.

Item 9C. Disclosures Regarding Foreign Jurisdiction that Prevent Inspections

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this Item is incorporated herein by reference to our Proxy Statement for the 2025 Annual Meeting of Stockholders, which is expected to be filed with the SEC within 120 days after the close of our fiscal year.

Securities Trading

The Company has adopted a securities trading policy that governs the purchase, sale, and/or other transactions of our securities by our directors, officers and employees and the Company itself. A copy of our insider trading policy is filed as Exhibit 19.1 to this Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Item 11. Executive Compensation

The information required by this Item is incorporated herein by reference to our Proxy Statement for the 2025 Annual Meeting of Stockholders, which is expected to be filed with the SEC within 120 days after the close of our fiscal year.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item is incorporated herein by reference to our Proxy Statement for the 2025 Annual Meeting of Stockholders, which is expected to be filed with the SEC within 120 days after the close of our fiscal year.

Item 13. Certain Relationships and Related Persons Transactions

The information required by this Item is incorporated herein by reference to our Proxy Statement for the 2025 Annual Meeting of Stockholders, which is expected to be filed with the SEC within 120 days after the close of our fiscal year.

Item 14. Principal Accountant Fees and Services

The information required by this Item is incorporated herein by reference to our Proxy Statement for the 2025 Annual Meeting of Stockholders, which is expected to be filed with the SEC within 120 days after the close of our fiscal year.

Item 15. Exhibits and Financial Statement Schedules

(a) *The following documents are filed as part of this Report:*

Management Report on Internal Control Over Financial Reporting

Reports of Independent Registered Public Accounting Firm (PCAOB ID Number 688)

Consolidated Balance Sheets as of December 31, 2024 and 2023

Consolidated Statements of Operations for the Years Ended December 31, 2024, 2023 and 2022

Consolidated Statements of Equity for the Years Ended December 31, 2024, 2023 and 2022

Consolidated Statements of Cash Flows for the Years Ended December 31, 2024, 2023 and 2022

Notes to Consolidated Financial Statements

(b) *Exhibits:*

		Incorporated by Reference (File No. 001-41346)		
Exhibit No	**Description**	**Form**	**Exhibit**	**File Date**
2.1	Agreement and Plan of Merger, dated as of February 25, 2021 by and among the Registrant, AHP, Merger Sub, and the Signing Stockholder	8-K	2.1	Mar. 2, 2021
2.2	Agreement and Plan of Merger, dated as of February 25, 2021 by and among the Registrant, AHA, and Merger Sub	8-K	2.3	Mar. 2, 2021
2.3	Agreement and Plan of Merger dated as of November 23, 2021 among Clinigence Holdings, Inc., Nutex Acquisition LLC, Nutex Health Holdco LLC, Micro Hospital Holding LLC (solely for the purposes of certain Sections), Nutex Health LLC (solely for the purposes of certain Sections) and Thomas T. Vo in his capacity as the Nutex Representative	8-K	99.1	Nov. 24, 2021
2.4	Agreement and Plan of Merger dated effective as of October 21, 2021, by and between Clinigence Holdings, Inc., Clinigence Procare Health, Inc., Procare Health, Inc. Anh Nguyen and Tram Nguyen	8-K	2.1	Oct. 21, 2021
2.5	Form of Contribution Agreement (Under Construction Hospitals) as of November 23, 2021 by and among Nutex Health Holdco LLC and the owners listed on the signature pages thereto	10-Q	2.5	Aug. 22, 2022
2.6	Form of Contribution Agreement (Ramping Hospitals) as of November 23, 2021 by and among Nutex Health Holdco LLC and the owners listed on the signature pages thereto	10-Q	2.6	Aug. 22, 2022
2.7	Form of Contribution Agreement (Mature Hospitals) as of November 23, 2021 by and among Nutex Health Holdco LLC and the owners listed on the signature pages thereto	10-Q	2.7	Aug. 22, 2022
3.1	Second Amended and Restated Certificate of Incorporation	8-K	3.1	July 5, 2023
3.2	Second Amended and Restated Bylaws	8-K	3.2	Apr. 4, 2022
3.3	Amendment No. 2 to Second Amended and Restated Certificate of Incorporation	8-K	3.1	July 5, 2024
3.4	Amendment to Second Amended and Restated Certificate of Incorporation	8-K	3.1	Apr. 11, 2024
4.1	Note Purchase Agreement dated May 15, 2019.	10-K	4.1	May 14, 2020
4.2	Form of Convertible Promissory Note dated November 18, 2019	8-K	10.2	Nov. 22. 2019
4.3	Form of Warrant November 18, 2019	8-K	10.3	Nov. 22. 2019
4.4	2019 Omnibus Equity Incentive Plan	S-8 (333-267710)	10.2	Sep. 30, 2022
4.5	Amended and Restated Nutex Health Inc. 2022 Equity Incentive Plan	S-8 (333-267710)	10.1	Sep. 30, 2022
4.6	Description of Common Stock	10-Q	4.6	Aug. 22, 2022
4.7	Registration Rights Agreement dated as of April 1, 2022 by and among Nutex Health Inc. and the stockholders of Nutex Health Holdco LLC set forth on Schedule A thereto	Schedule 13D	99.2	Apr. 11, 2022
4.8	Amendment No. 1 dated as of July 1, 2022 to Registration Rights Agreement dated as of April 1, 2022	10-Q	4.9	Aug. 22, 2022
4.9	Registration Rights Agreement dated as of November 14, 2022 between Nutex Health Inc. and Lincoln Park Capital Fund, LLC	8-K	10.2	Nov. 18, 2022
4.10	Amended and Restated Nutex Health Inc. 2023 Equity Incentive Plan	Schedule 14A	Appendix A	May 19, 2023
4.11	Nutex Health Inc. 2023 Employee Stock Purchase Plan	8-K	10.2	July 5, 2023
4.12	Form of 8% Convertible Promissory Note due October 31, 2025	10-K	4.12	Mar. 29, 2024
4.13	Form of Stock Purchase Warrant expiring December 31, 2029	10-K	4.13	Mar. 29, 2024
4.14	Form of Common Stock Purchase Warrant	8-K	4.1	Jan. 24, 2024
10.1	Master Services Agreement dated as of February 25, 2021 by and between AHA Management, Inc. and AHPIPA	8-K	2.2	Mar. 2, 2021
10.2	Intellectual Property Asset Purchase Agreement, dated as of May 27, 2020 by and among the Registrant, Clinigence Health, AHA, and AHA Analytics	8-K	2.1	Jun. 3, 2020

10.3	Intellectual Property License Agreement, dated as of May 27, 2020 by and between Clinigence Health and AHA Analytics	8-K	2.2	Jun. 3, 2020
10.4	Managed Services Agreement, dated as of May 27, 2020 by and between Clinigence Health and AHA Analytics	8-K	2.3	Jun. 3, 2020
10.5	Securities Purchase Agreement between Clinigence Holdings, Inc. and Apollo Medical Holdings, Inc. dated as of September 21, 2021	8-K	3.02	Oct. 1, 2021
10.6	Form of Board of Directors Agreement	8-K	10.1	Apr. 26, 2022
10.7	Employment Agreement between Thomas T. Vo and Clinigence Holdings, Inc. (to be renamed Nutex Health Inc.) dated as of April 1, 2022	8-K	10.1	Apr. 4, 2022
10.8	Employment Agreement between Warren Hosseinion and Clinigence Health Holdings, Inc. (to be renamed Nutex Health Inc.) dated April 1, 2022	8-K	10.2	Apr. 4, 2022
10.9	Employment Agreement, dated as of June 8, 2022, between the Company and Jon Bates.	8-K	10.2	Jun. 10, 2022
10.10	Form of Commercial Lease Agreement (Hospital Entities) including Parent Guarantee (Nutex Health Inc.)	10-Q	10.11	Aug. 22, 2022
10.11	Form of Construction Loan Agreement (Hospital Entities) including Personal Guarantee (Related Parties)	10-Q	10.12	Aug. 22, 2022
10.12	Purchase Agreement dated as of November 14, 2022 between Nutex Health Inc. and Lincoln Park Capital Fund, LLC	8-K	10.1	Nov. 18, 2022
10.13	Form of Restricted Stock Award Rescission Agreement	10-K	10.14	Mar. 2, 2023
10.14	Partial Option Cancellation Agreement	8-K	10.1	Jan. 4, 2023
10.15	Pre-Paid Advance Agreement by and between YA II PN, Ltd., a Cayman Islands exempt limited partnership and Nutex Health Inc., dated April 11, 2023.	8-K	10.1	Apr. 12, 2023
10.16	Employment Agreement by and between the Company and Pamela Montgomery dated August 8, 2022.	10-Q	10.1	May 15, 2023
10.17	Employment Agreement, dated as of August 28, 2023, between the Company and Joshua DeTillio.	8-K	10.1	Sep. 5, 2023
10.18	Employment Agreement between Clinigence Holdings, Inc. and Elisa Luqman dated as of October 29, 2019.	10-K	10.18	Mar. 29, 2024
10.19	Amendment to Employment Agreement between Clinigence Holdings, Inc. and Elisa Luqman dated as of February 22, 2021.	10-K	10.19	Mar. 29, 2024
10.20	Second Amendment to Employment Agreement between Clinigence Holdings, Inc. and Elisa Luqman dated as of July 1, 2021.	10-K	10.20	Mar. 29, 2024
10.21	Third Amendment to Employment Agreement between Clinigence Holdings, Inc. and Elisa Luqman dated as of August 15, 2021.	10-K	10.21	Mar. 29, 2024
10.22	Fourth Amendment to Employment Agreement between Nutex Health Inc. and Elisa Luqman dated as of June 14, 2022.	10-K	10.22	Mar. 29, 2024
10.23	Placement Agency Agreement between Maxim Group LLC and the Company dated January 22, 2024.	8-K	10.1	Jan. 22, 2024
10.24	Form of Securities Purchase Agreement dated as of January 22, 2024.	8-K	10.2	Jan. 22, 2024
10.25	Form of Notice of Grant and Stock Option Agreement	10-K	10.25	Mar. 29, 2024
10.26	Form of Restricted Stock Award Agreement	10-K	10.26	Mar. 29, 2024

10.27	Form of Restricted Unit Award Agreement	10-K	10.27	Mar. 29, 2024
10.28	Termination of Pre-Paid Advance Agreement dated February 8, 2024	10-K	10.28	Mar. 29, 2024
10.29	Addendum to Employment Agreement between Nutex Health Inc. and Thomas T. Vo dated as of February 8, 2024	8-K	10.1	Feb. 9, 2024
10.30	Employment Agreement between Nutex Health Inc. and Michael Chang dated as of September 9, 2022	10-K	10.30	Mar. 29, 2024
10.31	Amendment to Employment Agreement between Nutex Health Inc. and Michael Chang dated as of January 31, 2024	10-K	10.31	Mar. 29, 2024
19.1*	Securities Trading Policy			
21.1*	List of Subsidiaries			
23.1*	Consent of Marcum LLP			
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 302 of the Sarbanes-Oxley Act of 2002.			
32.1**	Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			
32.2**	Certification of the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			
97.1*	Nutex Health Inc. Compensation Recovery Policy			
101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.			
101.SCH*	XBRL Taxonomy Extension Schema Document.			
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.			
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.			
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.			
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.			
104	Cover Page Interactive Data File - The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.			

* Filed herewith

** Furnished herewith. This exhibit shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Further, this exhibit shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

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.

March 31, 2025	/s/ Thomas T. Vo Thomas T. Vo, M.D. Chief Executive Officer and Chairman of the Board (principal executive officer)

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.

March 31, 2025	/s/ Thomas T. Vo Thomas T. Vo, M.D. Chief Executive Officer and Chairman of the Board (principal executive officer)
March 31, 2025	/s/ Jon C. Bates Jon C. Bates Chief Financial Officer (principal financial officer and principal accounting officer)
March 31, 2025	/s/ Warren Hosseinion Warren Hosseinion President and Director
March 31, 2025	/s/ Kelvin Spears Kelvin Spears, M.D. Director
March 31, 2025	/s/ Cheryl Grenas Cheryl Grenas, R.N., M.S.N. Director
March 31, 2025	/s/ Michael L. Reed Michael L. Reed Director
March 31, 2025	/s/ Mitchell Creem Michell Creem Director
March 31, 2025	/s/ Scott J. Saunders Scott J. Saunders Director

NUTEX HEALTH INC.

SECURITIES TRADING POLICY

I. Introduction

Federal and state securities laws make it illegal for anyone to trade in a company's securities while in possession of material, nonpublic information relating to that company. This conduct is referred to as "insider trading" and may result in civil or criminal penalties. The purpose of this Securities Trading Policy (this "Policy") is to promote compliance with applicable securities laws and to provide the directors, officers and employees of **Nutex Health Inc.** (together with its subsidiaries, the "Company") with procedures and guidelines with respect to transactions in the securities of the Company, including its common stock ("Company Securities"), in order to preserve the reputation and integrity of the Company as well as that of all persons affiliated with the Company.

Questions regarding this policy should be directed to the Company's Chief Legal Officer - SEC.

This Policy supersedes any previous policy of the Company concerning stock trading. In the event of any conflict or inconsistency between this Policy and any other materials previously distributed by the Company, this Policy shall govern.

II. Applicability

This Policy applies to all directors, officers and employees of the Company and any of their Related Persons (as defined below). This Policy also applies to the Company's agents and advisors (together with directors, officers, employees and Related Persons, "insiders").

III. Policy

If a director, officer, employee, agent or advisor of the Company has material, nonpublic information relating to the Company, it is the Company's policy that neither that person nor any of his or her Related Persons (as defined below) may buy or sell Company Securities or engage in any other action to take advantage of, or pass on to others, that information. This Policy also applies to material, nonpublic information relating to any other company with publicly-traded securities, including our customers or suppliers, obtained in the course of employment by or association with the Company.

To avoid even the appearance of impropriety, additional restrictions on trading Company Securities by directors and officers of the Company are set forth in Section VI.

IV. Definitions/Explanations

A. Who is an "Insider?"

Any person who possesses material, nonpublic information is considered an "insider" as to that information. Insiders include the Company's directors, officers, employees, agents, independent contractors and those persons in a special relationship with the Company (e.g., its auditors, consultants, attorneys or other advisors). The definition of insider is transaction specific; that is, an individual is an insider with respect to each item of material, nonpublic information of which he or she is aware.

B. What is "Material" Information?

The materiality of information depends upon the circumstances. Information is considered "material" if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell or hold a security or where the information is likely to affect the market price of the security. Material information can be positive or negative and can relate to virtually any aspect of the Company's business or to any type of Company Security (i.e., debt or equity).

Some examples of material information include:

- Unpublished financial or operational results or projections, including earnings information
- Pending or proposed mergers, acquisitions, dispositions or other transactions
- Significant changes in corporate objectives
- Significant sale of assets
- Changes in dividend or stock repurchase policies
- Financial liquidity problems
- Cybersecurity risks and incidents, including vulnerabilities and breaches. Insider trading restrictions may also pertain to the period of time the company is investigating the underlying facts, ramifications and materiality of a cybersecurity incident.

The above list is only illustrative; many other types of information may be considered "material," depending on the circumstances. The materiality of particular information is subject to reassessment on a regular basis. If an insider is unsure whether particular nonpublic information is material, the insider should presume that it is material and consult with the General Counsel before disclosing such information or trading in any securities of a company to which such information relates.

C. What is "Nonpublic" Information?

Information is "nonpublic" if it is not available to the general public. In order for information to be considered public, it must have been disclosed in the Company's public filings with the Securities and Exchange Commission or widely disseminated in a manner making it generally available to investors through such media as Dow Jones, Reuters Economic Services, The Wall Street Journal, Associated Press, or BusinessWire. The circulation of rumors, even if accurate, does not constitute information that is adequately available to the general public since the public does not know whether the rumor is accurate.

In addition, even after the Company has publicly announced material information, a reasonable period of time must elapse in order for the market to react to the information. Employees may not trade on publicly announced material information until two full trading days after an announcement. For example, if an announcement is made before the commencement of trading on a Monday, an employee may trade in Company Securities starting on Wednesday of that week, because two full trading days would have elapsed by then (all of Monday and Tuesday). If an announcement is made after trading begins on a Monday, employees may not trade in Company Securities until Thursday. If the announcement is made on Friday after trading begins, employees may not trade in Company Securities until Wednesday of the following week.

D. Who is a "Related Person?"

For purposes of this Policy, a "Related Person" includes the spouse, minor children or anyone else living in an insider's household; partnerships in which an insider is a general partner; trusts of which an insider is a trustee; estates of which an insider is an executor; and any other legal entities controlled by an insider. Although a person's parent or sibling may not be considered a Related Person (unless living in the same household), a parent, sibling or other relative may be a "tippee" for securities laws purposes. "Tipping" material, nonpublic information to others also is prohibited, and is discussed in Section V.D.

V. Guidelines

A. Non-disclosure of Material Nonpublic Information

Material, nonpublic information must not be disclosed to anyone, except persons within the Company or third-party agents of the Company (such as investment banking advisors, auditors or outside legal counsel) whose positions bind them to strict confidentiality and require them to know it, until such information has been publicly released by the Company.

B. Prohibited Trading in Company Securities

No person may trade, including by placing a purchase or sell order, or recommend that another person trade, in Company Securities (including making initial elections, changes in elections or reallocation of funds relating to retirement plan accounts) when he or she has knowledge of material, nonpublic information concerning the Company. Loans, pledges, gifts, charitable donations and other contributions of Company Securities are also subject to this Policy.

Directors, officer and employees are responsible for any trades placed by Related Persons and should make them aware of the need to confer with such person before they trade Company Securities. Directors, officers and employees should treat any such trades as if the transactions were for their own accounts.

C. Hindsight

If securities transactions ever become the subject of scrutiny, they will be evaluated by enforcement authorities or others after-the-fact with the benefit of hindsight. As a result, before engaging in any transaction an insider should carefully consider how the transaction and whether the information was material may be construed in the bright light of hindsight.

D. "Tipping" Information to Others

Insiders may be liable for communicating or "tipping" material, nonpublic information to any third party (a "tippee"), regardless of whether the tippee is a Related Person. Further, insider trading violations are not limited to trading or tipping by insiders. Persons other than insiders also can be liable for insider trading, including tippees who trade on material, nonpublic information tipped to them and individuals who trade on material, nonpublic information which has been misappropriated.

Tippees inherit an insider's duties and are liable for trading on material, nonpublic information illegally tipped to them by an insider. Similarly, just as insiders are liable for the insider trading of their tippees, so are tippees who pass the information along to others who trade. In other words, a tippee's liability for insider trading is no different from that of an insider. Tippees can obtain material, nonpublic information by receiving explicit tips from others or from unintentional disclosure through, among other things, conversations at social, business or other gatherings.

E. Prohibition on Speculation and Hedging

Investing in Company Securities provides an opportunity to share in the long-term growth of the Company. In contrast, short-term speculation based on fluctuations in the market for Company Securities may be distracting, and may unduly focus the Company's directors, officers and employees on the Company's short-term stock market performance. Furthermore, such activities may put the potential for personal gain in conflict with the best interests of the Company and its securityholders or create the appearance of improper or inappropriate conduct involving Company Securities. As such, directors, officers, employees and their Related Persons may not engage in any hedging or monetization transactions with respect to Company Securities, including by trading in put or call options, warrants, swaps, forwards and other derivatives or similar instruments on Company Securities, or by selling Company Securities "short." Anyone may, of course, in accordance with this Policy and other Company policies, exercise options granted to them by the Company.

F. Prohibition on Pledging

Securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on a loan. Because a margin sale or foreclosure sale may occur at a time when a person is aware of material, nonpublic information or otherwise not permitted to trade in Company Securities, the Company's directors, officers, employees and their Related Persons are prohibited from holding Company Securities in a margin account or otherwise pledging Company Securities in any way including as collateral for a loan.

G. Trading in Other Securities

No director, officer, employee or their Related Persons may trade, including by placing purchase or sell orders, or recommend that another person trade, in the securities of another company if the person learns of material, nonpublic information about the other company in the course of his/her employment with the Company.

VI. Additional Restrictions and Requirements for Directors, Officers and the Company

A. Trading Windows and Blackout Periods

In addition to being subject to all of the other limitations in this Policy, directors and officers are prohibited from trading Company Securities during the following blackout periods:

- ***Quarterly Blackout Periods***. Trading in Company Securities is prohibited from (1) the market close on the date that is the first trading day of each fiscal quarter, except in calendar quarter one, close on the market close on April 15, until (2) market close on the first full day of trading following the release of the Company's quarterly or annual earnings, as applicable. During these quarterly blackout periods, directors and officers generally possess or are presumed to possess material, nonpublic information about the Company's financial results.

- ***Special Blackout Periods***. From time to time, other types of material information regarding the Company (such as negotiation or mergers, acquisitions or dispositions or other developments) may not be publicly disclosed. While such material information remains nonpublic, directors, officers, and other persons with knowledge of such material, nonpublic information are prohibited from trading in Company Securities. The affected persons must keep the existence of any special blackout period confidential.

Exceptions to Trading Window Period

There are no unconditional "safe harbors" for trades made at particular times, and all persons subject to this Policy should exercise good judgment at all times. Even when a quarterly blackout period is not in effect, you may be prohibited from engaging in transactions involving the Company's securities because you possess material nonpublic information, are subject to a special blackout period or are otherwise restricted under this Policy.

The following are certain limited exceptions to the quarterly and special blackout period restrictions and pre-clearance requirements imposed by the Company under this Policy:

1. stock option exercises where the purchase price of such stock options is paid in cash and there is no other associated market activity;

2. purchases pursuant to the employee stock purchase plan; however, this exception does not apply to subsequent sales of the shares;

3. receipt and vesting of stock options, restricted stock units, restricted stock or other equity compensation awards from the Company;

4. net share withholding with respect to equity awards where shares are withheld by the Company in order to satisfy tax withholding requirements, (*x*) as required by either the Company's board of directors (or a committee thereof) or the award agreement governing such equity award or (*y*) as you elect, if permitted by the Company, so long as the election is irrevocable and made in writing at a time when a trading blackout is not in place and you are not in possession of material nonpublic information;

- ***Exception for Approved 10b5-1 Plans.*** The trading restrictions in this Policy do not apply to transactions under a written plan, contract, instruction or arrangement under Rule 10b5-1 under the Securities Exchange Act of 1934 that has been reviewed and approved in advance by the Chief Legal Officer - SEC during an open trading window before any trades are made.

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 non-public information, and the person who enters into such Rule 10b5-1 Plan must act in good faith with respect to such plan. Directors and officers must include a representation in their Rule 10b5-1 Plan certifying that: (i) they are not aware of any material non-public 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. Once the Rule 10b5-1 Plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price(s) at which they are to be traded or the date(s) of the trade(s). The Rule 10b5-1 Plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party.

Any Rule 10b5-1 Plan must be submitted for approval prior to the entry into the Rule 10b5-1 Plan and any subsequent modification or termination. No further pre-approval of transactions conducted pursuant to the Rule 10b5-1 Plan will be required.

After a Rule 10b5-1 Plan is approved, you must wait for a cooling-off period before the first trade is made under the plan. Pursuant to the SEC's rules, a Rule 10b5-1 Plan must include a cooling-off period before trading can commence that, (1) for directors or 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 Rule 10b5-1 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 (2) for persons other than directors or officers, ends 30 days following the adoption or modification of the Rule 10b5-1 Plan.

Only one Rule 10b5-1 Plan should be in effect at any one time. Any Rule 10b5-1 Plans that would call for execution of a single trade are limited to one such plan in a consecutive 12-month period. Any modification of a Rule 10b5-1 Plan is the equivalent of entering into a new trading plan and cancelling the old trading plan. Company personnel seeking to establish, modify or cancel a Rule 10b5-1 Plan must contact the Company's Chief Legal Officer-SEC.

Trading windows are not "safe harbors" that ensure compliance with securities laws. Insiders remain responsible for their trades and all officers and directors are required to seek clearance of any trades prior to initiating any trade in Company Securities.

As it relates to the Company, the Company will not engage in transactions in Company Securities while in possession of material, nonpublic information, except for transactions under a Rule 10b5-1 Plan that meet the requirements set forth in Rule 10b5-1.

B. Prior Clearance

Each director and officer (as such term is defined pursuant to Section 16 of the Securities Exchange Act of 1934) of the Company must obtain prior clearance from the Company's Compliance Officer, before such person or one of his or her Related Persons makes any purchases or sales of Company Securities, including any exercise of stock options. Prior clearance is required for all purchases or sales. Clearance will be granted or denied based solely on the restraints imposed by law and will not constitute investment advice regarding the advisability of any transaction or ensure compliance with securities laws. Clearance of a transaction is valid only for a 48-hour period. If the transaction order is not placed and executed within that 48-hour period, a new request for clearance of the transaction must be made. If clearance is denied, the fact of such denial must be kept confidential by the person requesting such clearance.

NUTEX HEALTH INC. SUBSIDIARIES

Company	Jurisdiction of Organization
Nutex Health Holdco LLC	Delaware
Tyvan LLC (100% Owned Subsidiary of Nutex Health Holdco LLC)	Texas
Nutex Health LLC (100% Owned Subsidiary of Nutex Health Holdco LLC)	Texas
AHP Health Management Services, Inc.	Delaware
Accountable Healthcare America, Inc.	Delaware
South Florida Physicians IPA, Inc. (100% Owned Subsidiary of Accountable Healthcare America, Inc.)	Florida
Behar Companies, Inc. (100% Owned Subsidiary of Accountable Healthcare America, Inc.)	Florida
Managed Care Insurance Consultants, Inc. (100% Owned Subsidiary of Behar Companies, Inc.)	Florida
Population Health Associates, Inc. (100% Owned Subsidiary of Behar Companies, Inc.)	Florida
Alhambra Urgent Care, LLC	California

Listed below are the subsidiaries of Nutex Health Holdco LLC, their jurisdictions of incorporation and the respective ownership percentages held by Nutex Health Holdco LLC in such subsidiaries:

Subsidiary of Nutex Health Holdco LLC	Nutex Health Holdco LLC Ownership %	Jurisdiction of Incorporation
ABQ Hospital, LLC	100.00%	New Mexico
Albuquerque ER & Hospital, LLC	100.00%	New Mexico
Alexandria Hospital LLC	99.50%	Louisiana
Clermont Hospital LLC	65.00%	Florida
Columbus ER Hospital, LLC	100.00%	Ohio
Covington Hospital, LLC	64.36%	Louisiana
East Valley Hospital, LLC	100.00%	Arizona
Everest Real Estate Investments, LLP	100.00%	Texas
Fort Myers Hospital, LLC	100.00%	Florida
Fort Smith Emergency Hospital LLC	83.00%	Arkansas
Gahanna Hospital, LLC	100.00%	Ohio
Green Bay Hospital, LLC	75.00%	Wisconsin
Healthcare HL Emergency Services LLC	64.17%	Texas
Jacksonville ER & Hospital LLC	60.00%	Florida
Kyle ER LLC	46.32%	Texas
Little Rock Hospital 1, LLC	81.99%	Arkansas
Maricopa Hospital, LLC	100.00%	Arizona
Miami ER & Hospital, LLC	67.00%	Florida
Milwaukee Hospital, LLC	80.00%	Wisconsin
NB Hospital, LLC	61.00%	Texas
Northwest Indiana Hospital LLC	74.90%	Indiana
Oklahoma ER Hospital, LLC	68.70%	Oklahoma
Phoenix ER and Medical Hospital, L.L.C.	100.00%	Arizona
Post Falls Hospital LLC	60.00%	Idaho
Royse City ER, LLC	89.50%	Texas
Starkey Hospital LLC	51.00%	Florida
Texarkana ER LLC	100.00%	Texas
Texoma ER LLC	100.00%	Texas
Topeka ER Hospital LLC	100.00%	Kansas
Tucson Hospital LLC	100.00%	Arizona
Tulsa ER & Hospital LLC	79.62%	Oklahoma
Vance Jackson Hospital, LLC	62.00%	Texas
WLR ER, LLC	70.00%	Arkansas
Wylie ER, LLC	64.17%	Texas

Exhibit 23.1

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in this Registration Statement of Nutex Health, Inc. on Form S-3 (File No. 333-267686), Form S-8 (File No. 333-267710) Form S-3 (File No. 333-269191), Form S-3 (File No. 333-270886), Form S-8 (File No. 333-273402), and Form S-8 (File No. 333-280495) of our report dated March 31, 2025, with respect to our audits of the consolidated financial statements of Nutex Health, Inc. as of December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 appearing in the Annual Report on Form 10-K of Nutex Health Inc. for the year ended December 31, 2024.

/s/ Marcum llp

Marcum llp
Houston, TX
March 31, 2025

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Thomas Vo, certify that:

1. I have reviewed this annual report on Form 10-K of Nutex 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 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 controls 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 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.

March 31, 2025

/s/ Thomas Vo
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Jon Bates, certify that:

1. I have reviewed this annual report on Form 10-K of Nutex 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 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 controls 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 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.

March 31, 2025

/s/ Jon Bates
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES OXLEY ACT OF 2002

Solely for the purposes of complying with 18 U.S.C. s.1350 as adopted pursuant to section 906 of the Sarbanes-Oxley act of 2002, I, the undersigned Chief Executive Officer of Nutex Health Inc. (the "Company"), hereby certify, based on my knowledge, that the Annual Report on Form 10-K of the Company for the year ended December 31, 2024, (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 31, 2025

/s/ Thomas Vo
Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF
CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES OXLEY ACT OF 2002

Solely for the purposes of complying with 18 U.S.C. s.1350 as adopted pursuant to section 906 of the Sarbanes-Oxley act of 2002, I, the undersigned Chief Financial Officer of Nutex Health Inc. (the "Company"), hereby certify, based on my knowledge, that the Annual Report on Form 10-K of the Company for the year ended December 31, 2024, (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 31, 2025

/s/ Jon Bates
Chief Financial Officer

Nutex Health Inc.

Compensation Recovery Policy

1. Introduction

The Board of Directors (the "***Board***") of Nutex Health Inc., a corporation organized under the laws of Delaware (the "***Company***"), has adopted this policy (this "***Policy***"), which provides for the recovery of erroneously awarded Incentive-based Compensation (as defined below) from current and former executive officers in the event of an Accounting Restatement (as defined below) resulting from the Company's material noncompliance with any financial reporting requirement under United States federal securities laws. This policy is intended to comply with Section 10D and Rule 10D-1 of the Securities Exchange Act of 1934, as amended (the ***"Exchange Act"***) (***"Rule 10D-1"***), and New Listing Rule 5608 of the Nasdaq Stock Market (the ***"Nasdaq Rule"***). Definitions of capitalized terms used in this Policy are included in Section 11 below.

2. Administration

The Compensation Committee will have full authority to administer this Policy. The Compensation Committee will, subject to the provisions of this Policy, applicable law and regulation, and the Nasdaq Rule, make such determinations and interpretations and take such actions in connection with this Policy as it deems necessary, appropriate or advisable. All determinations and interpretations made by the Compensation Committee will be final, binding and conclusive.

3. Recovery

In the event of an Accounting Restatement, the Company shall seek to recover, reasonably promptly, all Erroneously Awarded Compensation from an Executive Officer during the Time Period Covered in accordance with the Nasdaq Rule and Rule 10D-1. Such determination of the amount of Erroneously Awarded Compensation, in the case of an Accounting Restatement, will be made without regard to any individual knowledge or responsibility related to the Accounting Restatement or the Erroneously Awarded Compensation. Notwithstanding the foregoing, if the Company is required to undertake an Accounting Restatement, the Company shall recover the Erroneously Awarded Compensation unless the recovery is Impracticable (as defined below).

The Company shall seek to recover all Erroneously Awarded Compensation that was awarded or paid in accordance with the definition of "Erroneously Awarded Compensation" set forth below in Section 11. If such Erroneously Awarded Compensation was not awarded or paid on a formulaic basis, the Company shall seek to recover the amount that the Compensation Committee determines in good faith should be recouped.

4. Other Actions

The Compensation Committee may, subject to applicable law, seek recovery in the manner it chooses, including by seeking reimbursement from the Executive Officer of all or part of the

compensation awarded or paid, by electing to withhold unpaid compensation, by set-off, or by rescinding or canceling unvested stock.

To the extent that the Executive Officer has already reimbursed the Company for any Erroneously Awarded Compensation received under any duplicative recovery obligations established by the Company or applicable law, it shall be appropriate for any such reimbursed amount to be credited to the amount of Erroneously Awarded Compensation that is subject to recovery under this Policy.

To the extent that an Executive Officer fails to repay all Erroneously Awarded Compensation to the Company when due, the Company shall take all actions reasonable and appropriate to recover such Erroneously Awarded Compensation from the applicable Executive Officer. The applicable Executive Officer shall be required to reimburse the Company for any and all expenses reasonably incurred (including legal fees) by the Company in recovering such Erroneously Awarded Compensation in accordance with the immediately preceding sentence.

In the reasonable exercise of its business judgment under this Policy, the Compensation Committee may in its sole discretion determine whether and to what extent additional action is appropriate to address the circumstances surrounding an Accounting Restatement to minimize the likelihood of any recurrence and to impose such other discipline as it deems appropriate.

5. No Indemnification or Reimbursement

Notwithstanding the terms of any other policy, program, agreement or arrangement, in no event will the Company or any of its affiliates indemnify or reimburse an Executive Officer for any loss of Erroneously Awarded Compensation, or any claims relating to the Company's enforcement of its rights under this Policy and in no event will the Company or any of its affiliates pay premiums on any insurance policy that would cover an Executive Officer's potential obligations with respect to Erroneously Awarded Compensation under this Policy.

6. Other Claims and Rights

The remedies under this Policy are in addition to, and not in lieu of, any legal and equitable claims the Company or any of its affiliates may have or any actions that may be imposed by law enforcement agencies, regulators, administrative bodies, or other authorities. Further, the exercise by the Compensation Committee of any rights pursuant to this Policy will not impact any other rights that the Company or any of its affiliates may have with respect to any Covered Person subject to this Policy.

7. Acknowledgement by Executive Officers; Condition to Eligibility for Incentive Compensation

The Company will provide notice and seek acknowledgement of this Policy from each Executive Officer (see Exhibit A attached hereto), provided that the failure to provide such notice or obtain such acknowledgement will have no impact on the applicability or enforceability of this Policy. After the Effective Date, the Company must be in receipt of an Executive Officer's acknowledgement as a condition to such Executive Officer's eligibility to receive Incentive-based Compensation. All Incentive-based Compensation subject to this Policy will not be earned, even

if already paid, until the Policy ceases to apply to such Incentive-based Compensation and any other vesting conditions applicable to such Incentive Compensation are satisfied.

8. Amendment

The Board may amend this Policy from time to time in its discretion or as it deems necessary. No amendment to this Policy shall be effective if such amendment would (after taking into account any actions taken by the Company contemporaneously with such amendment) cause the Company to violate any federal securities laws, Securities and Exchange Commission rules or Nasdaq Rule.

9. Effectiveness

Except as otherwise determined in writing by the Compensation Committee, this Policy will apply to any Incentive-based Compensation that is Received by an Executive Officer on or after the Effective Date. This Policy will survive and continue notwithstanding any termination of an Executive Officer's employment with the Company and its affiliates.

10. Successors

This Policy shall be binding and enforceable against all Executive Officers and their successors, beneficiaries, heirs, executors, administrators, or other legal representatives.

11. Definitions of Terms

"***Accounting Restatement***" means a restatement of any of the Company's financial statements filed with the Securities and Exchange Commission under the Exchange Act, or the Securities Act of 1933, as amended, due to the Company's material noncompliance with any financial reporting requirement under U.S. securities laws, regardless of whether the Company or Executive Officer misconduct was the cause for such accounting restatement. "Accounting Restatement" includes any accounting restatement the Company is required to prepare to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

"***Compensation Committee***" means the Company's committee comprised entirely of independent directors responsible for executive compensation decisions, or in the absence of such a committee, a majority of the independent directors serving on the Board.

*"**Effective Date**"* means October 2, 2023. Notwithstanding the look-back period under *"Time Period Covered"* below, the Company is only required to apply this Policy to Incentive-based Compensation Received on or after the Effective Date.

"***Erroneously Awarded Compensation***" means the amount of any Incentive-based Compensation (calculated on a pre-tax basis) Received by an Executive Officer during the Time Period Covered that is in excess of the amount that otherwise would have been Received if the calculation were based on the Accounting Restatement. For the avoidance of doubt, Erroneously Awarded Compensation does not include any Incentive-based Compensation Received by a person (i) before

such person began service in a position or capacity meeting the definition of an "Executive Officer," (ii) who did not serve as an Executive Officer at any time during the performance period relating to any Incentive-based Compensation, or (iii) during any period the Company did not have a class of its securities listed on a national securities exchange or a national securities association. 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 will be determined by the Compensation Committee 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 will maintain documentation of such determination of that reasonable estimate and provide such documentation to the Company's applicable listing exchange).

"***Executive Officer***" means the Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the issuer 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, or any other person who performs similar policymaking functions for the issuer. Executive officers of an issuer's parent(s) or subsidiaries are deemed executive officers of the issuer if they perform such policy making functions for the issuer. The identification of an executive officer for purposes of this Policy would include at a minimum executive officers identified pursuant to Item 401(b) of Regulation S-K.

"***Financial Reporting Measure***" means a measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements (including "non-GAAP" financial measures, such as those appearing in the Company's earnings releases or Management Discussion and Analysis), and any measure that is derived wholly or in part from such measure. Stock price and total shareholder return (and any measures derived wholly or in part therefrom) 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.

"***Impracticable.***" Either of the following two conditions is met and the Compensation Committee has determined that recovery would be impracticable:

(i) The Compensation Committee has determined that the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered after the Company has (A) made a reasonable attempt to recover the Erroneously Awarded Compensation and (B) documented such attempts and provided documentation of such attempts to recover to the Company's applicable listing exchange; or

(ii) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the qualifications and other applicable requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder.

"***Incentive-based Compensation***" means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

"***Received.***" Incentive-based Compensation is 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 the payment or grant of the Incentive-based Compensation occurs after the end of that period.

"***Time Period Covered***" means, with respect to any Accounting Restatement, the three completed fiscal years of the Company immediately preceding the earlier of (i) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes (or reasonably should have concluded) that the Company is required to prepare an Accounting Restatement or (ii) the date a regulator, court or other legally authorized entity directs the Company to undertake an Accounting Restatement. The "*Time Period Covered*" also includes any transition period of less than nine months (that results from a change in the Company's fiscal year) within or immediately following the three completed fiscal years identified in the preceding sentence.

Exhibit A

ATTESTATION AND ACKNOWLEDGEMENT OF POLICY FOR THE RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

By my signature below, I acknowledge and agree that:

- I have received and read the attached Policy for the Recovery of Erroneously Awarded Compensation (this "Policy").

- I hereby agree to abide by all of the terms of this Policy both during and after my employment with the Company, including, without limitation, by promptly repaying or returning any Erroneously Awarded Compensation to the Company as determined in accordance with this Policy.

Signature:

Printed Name:

Date: