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, 2023

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, 2023 was approximately $145.2 million. At March 25, 2024, there were 745,426,859 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2024 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, 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 3.571428575 shares of common stock, or an aggregate of 592,791,712 shares of 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").

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 our business could result in fines or penalties, being required to make changes to its 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 regain compliance with the continued listing standards under NASDAQ Listing Rule 5550(a)(2) and 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, 2023

TABLE OF CONTENTS

		Page
	PART I	
Item 1.	Description of Business	1
Item 1A.	Risk Factors	13
Item 1B.	Unresolved Staff Comments	36
Item 2.	Properties	37
Item 3.	Legal Proceedings	37
Item 4.	Mine Safety Disclosures	37
	PART II	
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	38
Item 6.	Reserved	39
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	39
Item 7A.	Quantitative and Qualitative Disclosures about Market Risk	53
Item 8.	Financial Statements and Supplementary Data	54
Item 9.	Changes In and Disagreements with Accountants on Accounting and Financial Disclosure	90
Item 9A.	Controls and Procedures	90
Item 9B.	Other Information	91
Item 9C.	Disclosures Regarding Foreign Jurisdiction that Prevent Inspections	91
	PART III	
Item 10.	Directors, Executive Officers and Corporate Governance	91
Item 11.	Executive Compensation	91
Item 12.	Security Ownership of Certain Beneficial Owners and Management And Related Stockholder Matters	91
Item 13.	Certain Relationships and Related Transactions and Director Independence	91
Item 14.	Principal Accountant Fees and Services	91
Item 15.	Exhibits and Financial Statement Schedules	92
Signatures		96

PART I

Item 1. Business

Overview

Nutex Health Inc. ("Nutex Health" or the "Company") is a physician-led, healthcare services and operations company with 20 hospital facilities in eight 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.

We employ 800 full-time employees, contract 230 doctors at our facilities and partner with over 1,700 physicians 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 population health management (PHM) division and (ii) the real estate division.

Hospital Division. Our hospital division develops and operates a network of micro-hospitals, specialty hospitals and hospital outpatient departments (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 20 healthcare facilities across eight states and currently have an additional 12 de novo micro-hospitals under development.

Our micro-hospitals generate revenue from both emergency services and in-patient services, providing operating leverage and high 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.

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, and marketing. 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 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 IPAs and offers a cloud-based platform for healthcare organizations to provide value-based care and population health management.

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 typically for a value-based fixed annual fee (capitation). The IPA entities are not owned by us but are managed by our management services organization (MSO) which provides management, administrative, and other support services. Presently, we manage one IPA located in Los Angeles, California having over 22,000 patients. We have established two other IPAs, in Houston and in South Florida, and are actively contracting with primary care physicians and specialists. As of the date of this filing, our Houston IPA enrolled over 1,900 new Medicare Advantage ("MA") patients and our South Florida IPA enrolled over 200 new MA patients, and in California, Associated Hispanic Physicians IPA ("AHP") enrolled 300 new MA members. In total, the Company now has over 4,500 MA members across its platform, in addition to over 6,300 commercial members and over 21,000 Medicaid managed care members. We also anticipate operationalizing our IPA in Phoenix, Arizona in 2024 and to enter 1-2 more new markets this 2024. We consolidate the IPA entities in our financial statements as VIEs since we manage these entities.

We also provided limited services to one health maintenance organization ("HMO") and two other IPAs in Southern and Northern California.

Our cloud-based technology is offered by Clinigence Health, Inc. Our proprietary cloud-based PHM platform aggregates data across multiple groups of information, which it then uses to report clinical quality measures, gaps in care, risk-stratification of patients, predictive analytics as well as providing a scorecard and utilization dashboard on every provider. This platform provides Software as a Service ("SaaS") solutions that enable connected intelligence across the care continuum by transforming massive amounts of data into actionable insights. Our solutions help healthcare organizations improve the quality and cost effectiveness of care, enhance population health management and optimize provider networks.

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 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 20 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,		
	2023	2022	2021
Hospital Division:			
Net patient service revenue	$ 216,329,291	$ 197,254,222	$ 331,531,311
Management fees	1,741,106	1,254,023	-
Total Hospital Division revenue	218,070,397	198,508,245	331,531,311
Population Health Management Division:			
Capitation revenue, net	25,402,973	15,493,432	-
Management fees	2,913,248	4,346,763	-
SaaS revenue	1,259,698	945,866	-
Total Population Health Management Division revenue	29,575,919	20,786,061	-
Total revenue	$ 247,646,316	$ 219,294,306	$ 331,531,311

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 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.

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 20 micro-hospital facilities in eight states and three 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 shareholders 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, 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 will 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 opening or acquiring new micro-hospital facilities in high demand areas of the United States. We are also establishing 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 five new hospital facilities in 2024. These facilities are either under construction or in advanced planning stages and will result in our expansion into three new states: Florida, Wisconsin, and Idaho. We anticipate launching one-to-three additional IPAs per year principally in geographic areas around our existing micro-hospitals.

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. We next 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 facilities. In some instances, Nutex may participate as a co-borrower or guarantee 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.

We may not be successful in executing our growth strategy. In addition to establishing and maintaining strong physician relationships, our growth strategy requires significant financial resources to acquire, build, equip and staff new locations, fund cash needs until the location becomes profitable and provide for working capital needs. 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.

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 virtually 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 access 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 4.1% in 2022 to $4.5 trillion. Federal expenditures for healthcare increased by 1.0% due to the strong growth in federal Medicaid expenditures offset by

declines in other federal health insurance programs due to reduced COVID-19 federal funding, while private health insurance spending increased by 5.9%. CMS anticipates that total U.S. healthcare annual expenditures will reach nearly $7.2 trillion by 2031, accounting for approximately 19.6% 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 2022, hospital care expenditures increased 2.2%, slower than the growth rate of 4.5% in 2021, and totaled nearly $1.4 trillion. The slower growth in 2022 reflected a slowdown in spending for hospital care by private health insurance, Medicare, and Medicaid. CMS projects that the hospital services category will grow at an average of 6.1% annually from 2025 through 2031, reaching nearly $2.3 trillion by 2031.

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 5,129 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 the 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 less wait times for care often seen in larger hospital emergency departments.

Physician and clinical services expenditures grew 2.7% to $884.9 billion in 2022, slower growth than the 5.3% in 2021. 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 by offering IPAs. Our IPAs offer a trusted network of primary care physicians and specialists fostering closer patient-physician relationships.

COVID-19 Public Health Emergency Orders

On May 11, 2023, the Department of Health and Human Services ("HHS") declared the end of the public health emergency ("PHE") for the COVID-19 pandemic. Emergency, public health and executive orders, issued, extended, or declared by the U.S. federal and state governments in response to the COVID-19 pandemic have waived numerous legal requirements while also imposing new legal restrictions which are issued, rescinded or modified with little advance notice. These emergency, public health and executive orders have created significant uncertainty in the legal and operational duties of health care providers. The declaration of the end of the public health emergency has and will continue to result in the rescission and modification of a number of regulatory requirements which will likely increase the uncertainty of the legal and operational duties of health care providers. While we have taken measures to plan and prepare for the end of the public health emergency, failure to adjust our operations based upon the public health emergency reaching its end and the resulting wind down of certain regulatory measures put in place to respond to public health concerns as a result of the global pandemic could have a material adverse impact on our business.

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 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. The legislation was included in the Consolidated Appropriations Act, 2021, which was passed by Congress and signed into law by President Trump on December 27, 2020. 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 IDR arbitration.

Independent Dispute Resolution. 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" 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 "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. In other words, the qualifying payment amount is typically the median rate the insurer would have paid for the service if provided by an in-network provider or facility.

After the NSA became effective January 1, 2022, our average payment by insurers of patient claims for emergency services had declined by approximately 30%, including 37% reduction for physician services, at the end of 2022. In 2023, we experienced a 5% improvement from 2022 in emergency services but a 10% reduction for physician services, for an overall impact of 3% increase combined in 2023. In our experience, insurers often initially pay amounts lower than the QPA without regard for other information relevant to the claim. This requires us to make appeals using the IDR process. We submitted 90,000 cases for IDR open negotiation in 2023 and 28,000 cases for IDR open negotiation in 2022, most in the fourth quarter. The IDR process, subsequent appeals and insurance payor delays require extensive administrative time and delays in collections. 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.

Our experience is similar to that of other healthcare providers. In February 2023, the Emergency Department Physician Management Association reported survey results of its membership. The survey found that in more than 90% of claims surveyed, insurance companies did comply with the NSA's statutory and regulatory requirements for QPA disclosure and that the average claim payment declined 32% per ER Visit post-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:

- 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.

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.

The final rule is already the subject of legal challenges. The Texas Medical Association (TMA) in September of 2022 filed motions for summary judgment in the U.S. Eastern District of Texas, Tyler Division, seeking to invalidate the IDR related provisions of the final rule, arguing that the QPA does not represent the fair value of the services rendered by the physicians and providers and that the final rule illegally favors the QPA over the fair value of the provider services in contravention of the statutory language of the NSA.

On October 19, 2022, and in addition to amicus briefs by several other national medical associations, the American Society of Anesthesiologists, the American College of Emergency Physicians, and the American College of Radiology, professional associations representing an aggregate of approximately 136,000 physicians, filed an Amicus brief supporting the TMA Motion.

On February 6, 2023, the U.S. District Court ruled in favor of the TMA by granting its motion for summary judgment against the HHS and stating that the revised IDR process in the final rule "continues to place a thumb on the scale" in favor of insurers and conflicts with the statutory provisions of the NSA, is unlawful and must be set aside. The Courts decision vacated all of the revised regulations challenged by the TMA, including HHS' rule that arbiters must primarily consider the QPA in the IDR process. The court stated that the final rules wrongly require arbitrators to presume the correctness of the QPA and then impose a heightened burden on the remaining statutory factors to overcome that presumption. In addition, the TMA on January 1, 2023, also in the U.S. Eastern District, filed a lawsuit seeking declaratory and injunctive relief to invalidate a recent 600% percent increase in the administrative fees payable in the IDR process.

Effective January 1, 2024, in consultation with the Departments of Labor and Health and Human Services, the Internal Revenue Service (IRS) announced the annual increase that health plans must apply to the calculation of the QPA for insurance reimbursements to account for inflation from 2023 to 2024 (Notice 2024-1). Under the No Surprises Act, QPAs are calculated based on median contracted rates for the same or similar service as they existed in 2019. Treasury Regulations direct the IRS to anchor the annual inflationary update in the Consumer Price Index for All Urban Consumers (CPI-U). In Notice 2024-1, the IRS directs health plans to update QPAs in 2024 by an increase of 5.4% over 2023 QPAs. Alternatively, to update 2023 rates, health plans may return to the original 2019 calculation and apply a cumulative update factor to account for the IRS inflationary updates from 2019 to 2024. Under that approach, the cumulative update that must be applied to 2019 base year rates is 20.9%.

We are supportive of industry efforts challenging 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 efforts to challenge or amend the final rule. Also, 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 subjects 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 the 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 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.

Since its enactment, there have been judicial, executive, and Congressional challenges to certain aspects of the ACA. On June 17, 2021, the U.S. Supreme Court dismissed the most recent judicial challenge to the ACA without specifically ruling on the constitutionality of the ACA. Prior to the Supreme Court's decision, President Biden issued an executive order initiating a special

enrollment period from February 15, 2021, through August 15, 2021 for purposes of obtaining health insurance coverage through the ACA marketplace. The executive order also instructed certain governmental agencies to review and reconsider their existing policies and rules that limit access to healthcare. It is unclear how other healthcare reform measures of the Biden administration or other efforts, if any, to challenge, repeal or replace the ACA will impact the ACA or our business.

In addition, other legislative changes have been proposed and adopted since the ACA was enacted. These changes included aggregate reductions to Medicare payments to providers of 2% per fiscal year, which went into effect on April 1, 2013, and, due to subsequent legislative amendments to the statute, will remain in effect through 2030, with the exception of a temporary suspension from May 1, 2020 through December 31, 2021, unless additional Congressional action is taken. In addition, on January 2, 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, reduced Medicare payments to several providers, including hospitals, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

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. For example, 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.

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 CMIA, the CCPA, and the 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, 2023, 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"). You may read and copy any document we file with the SEC at the SEC's public reference room located at 100 F Street, N.E., Washington, D.C. 20549, U.S.A. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. 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, 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 could cause the price of our Common Stock to fall.

As of March 25, 2024, there were 745,426,859 shares of Common Stock outstanding, including 287,929,244 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, 2023, 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, 2023, 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 related to our logical access controls for certain financially relevant systems, our financial reporting processes, and key spreadsheets supporting the financial statements.

Throughout 2023, the Company designed and implemented internal control measures to remediate material weaknesses. The Company's efforts include the implementation of a new enterprise-wide system in the first quarter of 2023, 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 senior management positions including a Chief Operating Officer and have made additions to our accounting and financial reporting teams in 2023.

While we believe that these efforts will improve our internal control over financial reporting, our remediation efforts are continuous and is subject to validation and testing of the design and operating effectiveness of internal controls in 2023. 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 weakness 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 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 the 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 limited operating history as a combined company makes it difficult to evaluate our prospects and the risks and challenges we may encounter.

We completed our merger on April 1, 2022 and we are continuing to grow our management capabilities. Consequently, predictions about our future success may not be as accurate as they could be if we had a longer combined operating history. If our growth strategy is not successful, we may not be able to continue to grow our revenue or operations. Our limited combined operating history, evolving business and anticipated rapid growth make it difficult to evaluate our future prospects and the risks and challenges we may encounter, and we may not continue to grow at or near anticipated rates.

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 have experienced operating losses and expect to continue to incur operating losses 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 recent 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

Reimbursement for our medical services is subject to change, and the reimbursement 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 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.

Further, our reimbursements may be delayed due to cyberattacks on electronic payment system providers. For example, as reported by United Health Group Incorporated in its Current Report on Form 8-K filed February 22, 2024, on February 21, 2024 a cyberattack was launched on the information technology systems of its subsidiary, Change Healthcare, one of the largest providers of healthcare payment systems in the United States, which continues to impact medical claims and payment systems nationwide. We are currently unable to estimate the extent of the delays such disruptions will have on our ability to collect payments.

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.

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 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 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 increased the significant 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 expenditures and place increasing demands on our management. We may not be successful in managing or expanding our operations or in maintaining adequate financial and operating systems and controls. If we do not successfully manage these processes, our business, financial condition, cash flows 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 shareholder, 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, which 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 the 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 doctor owners, each Real Estate Entity is partially owned or controlled by Dr. Vo, our Chairman, CEO and major stockholder holding approximately 36% 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 expense to revenue can significantly 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 that 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 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 addition, 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 its 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 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 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:

- 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;
- federal amendments to, lack of enforcement or development of applicable regulations for, or repeal of the ACA;
- 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 would suffer in the event of 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 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, or PHI, 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 are 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, and are being conducted by sophisticated and organized groups and individuals with a wide range of motives and expertise. We may also face increased cybersecurity risks due to our reliance on internet technology and the number of our employees who are working remotely, which may create additional opportunities for cybercriminals to exploit vulnerabilities. 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. We may also experience security breaches that may remain undetected for an extended period. Any such breach or interruption could compromise our networks and the information stored there could be accessed by unauthorized parties, publicly disclosed, lost or stolen. Our information systems must also be continually updated, patched and upgraded to protect against known vulnerabilities. The volume of new vulnerabilities has increased markedly, as has the criticality of patches and other remedial measures. In addition to remediating newly identified vulnerabilities, previously identified vulnerabilities must also be continuously addressed. Accordingly, we are at risk that cyber-attackers exploit these known vulnerabilities before they have been addressed.

Any access, breach, or other loss of information could result in 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 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 to prevent unauthorized access, our data is currently accessible through multiple channels, and there is no guarantee we can protect our data from breach. Unauthorized access, loss or dissemination could also disrupt our operations and damage our reputation, any of which could adversely affect our business.

Actual or perceived failures to comply with applicable data protection, privacy and security laws, regulations, standards and other requirements 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. For example, the Health Insurance Portability and Accountability Act, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, and regulations implemented thereunder, or collectively HIPAA, imposes privacy, security and breach notification obligations on certain healthcare providers, health plans, and healthcare clearinghouses, known as covered entities, as well as their business associates that perform certain services that involve creating, receiving, maintaining or transmitting individually identifiable health information for or on behalf of such covered entities, and their covered subcontractors. HIPAA requires covered entities, such as physician partners, and business associates, such as us, to develop and maintain policies with respect to the protection of, use and disclosure of PHI, including the adoption of administrative, physical and technical safeguards to protect such information, and certain notification requirements in the event of a breach of unsecured PHI.

Additionally, under HIPAA, covered entities must report breaches of unsecured PHI to affected individuals without unreasonable delay, not to exceed 60 days following discovery of the breach by a covered entity or its agents. Notification also must be made to the HHS Office for Civil Rights and, in certain circumstances involving large breaches, to the media. Business associates must report breaches of unsecured PHI to covered entities within 60 days of discovery of the breach by the business associate or its agents. A non-permitted use or disclosure of PHI is presumed to be a breach under HIPAA unless the covered entity or business associate establishes that there is a low probability the information has been compromised consistent with requirements enumerated in HIPAA.

Entities that are found to be in violation of HIPAA 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. HIPAA also authorizes state Attorneys General to file suit on behalf of their residents. Courts may award damages, costs and attorneys' fees related to violations of HIPAA in such cases. While HIPAA does not create a private right of action allowing individuals to sue us in civil court for violations of HIPAA, its standards have been used as the basis for duty of care in state civil suits such as those for negligence or recklessness in the misuse or breach of PHI.

Even when HIPAA does not apply, according to the Federal Trade Commission, or the FTC, violating consumers' privacy rights or failing to take appropriate steps to keep consumers' personal information secure may constitute unfair and/or deceptive acts or practices in violation of Section 5(a) of the Federal Trade Commission Act. The FTC expects a company's data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities.

Further, certain states have also adopted comparable privacy and security laws and regulations, some of which may be more stringent than HIPAA. Such laws and regulations will be subject to interpretation by various courts and other governmental authorities, thus creating potentially complex compliance issues for us and our future customers and strategic partners. For example, the state of Nevada enacted a law that went into force on October 1, 2019 and requires companies to honor consumers' requests to no longer sell their data. In addition, the California Consumer Privacy Act of 2018, or the CCPA, went into effect on January 1, 2020. The CCPA creates individual privacy rights for California consumers and increases the privacy and security obligations of entities handling certain personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. The CCPA may increase our compliance costs and potential liability, and many similar laws have been proposed at the federal level and in other states. Further, the California Privacy Rights Act, or the CPRA, recently passed in California. The CPRA will impose additional data protection obligations on covered businesses, including additional consumer rights processes, limitations on data uses, new audit requirements for higher risk data, and opt outs for certain uses of sensitive data. It will also create a new California data protection agency authorized to issue substantive regulations and could result in increased privacy and information security enforcement. The majority of the provisions will go into effect on January 1, 2023, and additional compliance investment and potential business process changes may be required. In addition, California's Confidentiality of Medical Information Act, or the CMIA, places restrictions on the use and disclosure of health information, including PHI, and other personally identifying information, and can impose a significant compliance obligation. Violations of the CMIA can result in criminal, civil and administrative sanctions, and the CMIA also provides individuals a private right of action with respect to disclosures of their health information that violate CMIA. In the event that we are subject to these domestic privacy and data protection laws, any liability from failure to comply with the requirements of these laws could adversely affect our financial condition.

Although we work to comply with applicable laws, regulations and standards, our contractual obligations and other legal obligations, these requirements are evolving and may be modified, interpreted and applied in an inconsistent manner from one jurisdiction to another, and may conflict with one another or other legal obligations with which we must comply. 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, has 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 Hospital Subsidiaries, 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 Hospital Subsidiaries 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, 2023.

In addition, Nutex Holdco has assumed in the Merger and subsequently entered into guarantees of finance lease obligations of each of the Hospital Subsidiaries 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 boards 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.

Our affiliated physician practice groups are owned by individual physicians who could die, become incapacitated, or become no longer affiliated with us. Although our Management Services Agreements (MSAs) 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 AHP subsidiary, 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 flows, 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 currently unknown, 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.

On January 1, 2022, the NSA and the associated HHS interim final rule becoming effective. As a result, we 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. Since we cannot predict the outcome of numerous legal challenges and whether the final rule to be adopted by HHS will make the independent dispute resolution process more favorable to us, 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.

In addition, the Affordable Care Act ("Act") ACA, which was enacted in 2010, made major changes in how healthcare is delivered and reimbursed, and it increased access to health insurance benefits to the uninsured and underinsured populations of the United States. Since its enactment, there have been judicial, executive and Congressional challenges to certain aspects of the ACA. On June 17, 2021, the U.S. Supreme Court dismissed the most recent judicial challenge to the ACA brought by several states without specifically ruling on the constitutionality of the ACA. Prior to the Supreme Court's decision, President Biden issued an executive order initiating a special enrollment period from February 15, 2021 through August 15, 2021 for purposes of obtaining health insurance coverage through the ACA marketplace. The executive order also instructed certain governmental agencies to review and

reconsider their existing policies and rules that limit access to healthcare. It is unclear how other healthcare reform measures enacted by Congress or implemented by the Biden administration or other challenges to the ACA, if any, will impact the ACA or our business.

Other legislative changes have been proposed and adopted since the ACA was enacted. These changes include aggregate reductions to Medicare payments to providers of 2% per fiscal year, which began in 2013 and will remain in effect through 2030, with the exception of a temporary suspension from May 1, 2020 through December 31, 2021, unless additional Congressional action is taken. In January 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, further reduced Medicare payments to several types of providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. New laws may result in additional reductions in Medicare and other healthcare funding, which may materially adversely affect consumer demand and affordability for our products and services and, accordingly, the results of our financial operations. 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, or MACRA, 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.

Such changes in the regulatory environment may also result in changes to our payer mix that may affect our operations and revenue. In addition, certain provisions of the ACA authorize voluntary demonstration projects, which include the development of bundling payments for acute, inpatient hospital services, physician services and post-acute services for episodes of hospital care. Further, the ACA may adversely affect payors by increasing medical costs generally, which could have an effect on the industry and potentially impact our business and revenue as payors seek to offset these increases by reducing costs in other areas.

Uncertainty regarding future amendments to the ACA as well as new legislative proposals to reform healthcare and government insurance programs, along with the trend toward managed healthcare in the United States, could result in reduced demand and prices for our services. We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments and other third-party payers will pay for healthcare products and services, which could adversely affect our business, financial condition and results of operations.

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.

We may not be able to maintain compliance with the continued listing requirements of The Nasdaq Global Market.

Our common stock is listed on the Nasdaq Capital Market. In order to maintain that listing, we must satisfy minimum financial and other requirements including, without limitation, a requirement that our closing bid price be at least $1.00 per share. On May 22, 2023, the Company received a letter from Nasdaq indicating that, for the last thirty consecutive business days, the bid price for the Company's common stock had closed below the minimum $1.00 per share requirement for continued listing on Nasdaq Capital Market under Nasdaq Listing Rule 5550(a)(2). As reported on the Company's current report on Form 8-K dated May 22, 2023, the Company had an initial period of 180 calendar days, or until November 20, 2023, to regain compliance. On November 21, 2023, Nasdaq notified the Company that is has determined that the Company is eligible for an additional 180 calendar day period, or until May 20, 2024, to regain compliance (the "Second Compliance Period"). Nasdaq's determination is based on the Company's meeting the continued listing requirement for market value of publicly held shares and all other applicable requirements for initial listing on

The Nasdaq Capital Market with the exception of the Minimum Bid Price Requirement, and the Company's written notice of its intention to cure the deficiency during the Second Compliance Period by effecting a reverse stock split, if necessary.

If we fail to regain compliance or fail to continue to meet all applicable continued listing requirements for Nasdaq in the future and Nasdaq determines to delist our common stock, we could face significant material adverse consequences including:

- a limited availability of market quotations for our securities;
- reduced liquidity for our securities;
- a determination that our Common Stock is a "penny stock," which will require brokers trading in our Common Stock to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our securities;
- inability to obtain financing to repay debt and fund our operations;
- a decreased ability to issue additional securities or obtain additional financing in the future; and
- a limited amount of news and analyst coverage.

We may experience additional ownership dilution as a result of the September 2023 Private Offering

From September 2023 to December 2023, the Company conducted a private offering of convertible notes and warrants to accredited investors (the "Holders") as defined in Rule 501 under the 1933 Act and issued notes convertible into an aggregate of 13,462,500 shares of common stock at a conversion price of $0.40 per share and warrants to purchase an aggregate of 6,731,250 shares of common stock an exercise price of $0.40 per share. We also issued warrants for the purchase of 4,038,750 shares to the placement agent. The Notes mature on October 31, 2025 and the warrants expire on December 31, 2029. Subsequently, on March 26, 2024, the Company and the Holders agreed to amend the conversion price of the notes and exercise price of the warrants to $0.20 each, resulting in the notes being convertible into 26,925,000 shares of common stock, the warrants exercisable for 13,462,500 shares of common stock and the placement agent warrants exercisable for 8,077,500 shares of common stock.

If a significant number of the Holders choose to exercise their conversion rights, it could result in the issuance of a significant number of additional shares of common stock, diluting the ownership interests of existing shareholders. Assuming a full conversion and exercise, as applicable, the note and warrant holders would receive up to 48,465,000 shares of Common Stock. This dilution could adversely affect the market price of our common stock.

We may experience increased volatility in the trading price of our stock as a result of the September 2023 Private Offering

The presence of convertible debt with attached warrants in our capital structure may contribute to increased volatility in the trading price of our common stock. The potential for conversion and warrant exercise can lead to fluctuations in our stock price, making it more difficult for investors to predict and assess the value of our common shares.

We may experience a cash flow and liquidity impact as a result of the 2023 Private Notes and Warrants Offering

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 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 Unit Holders have the option to convert all or any portion of the unpaid principal and interest outstanding in Common Stock at the conversion price of $0.20 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%.

Our convertible debt instruments require periodic interest payments and the repayment of principal upon maturity. The need to make interest and principal payments can place financial pressure on our company, especially if our financial performance is not sufficient to cover these obligations.

We may experience additional ownership dilution as a result of the January 2024 Equity Offering

On January 25, 2024, we issued to a single healthcare focused institutional investor 66,666,666 shares of common stock and warrants to purchase an additional 66,666,666 shares of common stock at a public offering price of $0.15 per share of common stock and

accompanying warrant. While 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, the partial or full exercise of the warrants would cause significant ownership dilution to our existing holders of common stock.

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 greater than that which you paid for it.

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 will continue to 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. We expect that continued compliance with these requirements will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. In addition, we expect that our management and other personnel will need to divert attention from operational and other business matters to devote substantial time to these public company requirements. In particular, we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act, which will increase when we are no longer an emerging growth company. We are in the process of hiring additional legal and accounting 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 also expect that being a public company will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. This could also make it more difficult for us to attract and retain qualified people to serve on our board of directors, board committees or as executive officers.

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 Information Technology Manager 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 Information Technology Manager 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 Information Technology Manager 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 Information Technology Manager 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 Information Technology Manager and Chief Operating Officer have the appropriate knowledge and expertise to effectively manage our cybersecurity program. The Information Technology Manager has 17 years of information technology experience across multiple industries before joining Nutex Health.

As of December 31, 2023, 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, 2023, our hospital division operated 20 micro-hospitals, specialty hospitals and HOPDs in eight states in the U.S. We lease each of these locations. Our population health management division manages two 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."

Shareholders

As of the date of this report, there are approximately 870 shareholders 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, 2023, there were 20,343,562 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 Company adopted the Amended and Restated Nutex Health Inc. 2023 Equity Incentive Plan (the "2023 Plan"). The 2023 Plan became effective June 29, 2023 upon stockholder approval and amends and restates the Amended and Restated Nutex Health Inc. 2022 Equity Incentive Plan (the "2022 Plan"). The maximum aggregate number of shares that may be issued under the 2023 Plan is the sum of (a) 10,000,000 Shares, and (b) an annual increase on the first day of each calendar year beginning on and including January 1, 2024 and ending on and including January 1, 2033 equal to the lesser of (i) 1% of the aggregate number of shares of Common Stock outstanding on the final day of the immediately preceding calendar year and (ii) such smaller number of Shares as is determined by the Board. A total of 11,013,943 shares were available for issuance under the 2023 Plan at December 31, 2023. Awards granted under the 2023 Plan shall not exceed a ten-year term and may be incentive stock options, non-statutory stock options, restricted stock, restricted stock units, stock appreciation rights, performance units or performance shares. No more than 20,000,000 Shares may be issued pursuant to the exercise of Incentive Stock Options. The awards are granted at an exercise price equal to the fair market value on the date of grant and generally vest over a four-year period.

At December 31, 2023, there were 4,137,149 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

From September to December 2023, the Company issued in a private offering exempt from the registration requirements under Section 4(a)(2) of the Securities Act promissory notes convertible into 13,462,500 shares of common stock at a conversion price of $0.40 per share and (b) six-year warrants to purchase up to 6,731,250 shares of common stock at an exercise price of $0.40 per share, as such conversion price and exercise price, respectively, with such conversion and exercise prices reduced by the parties on March 26, 2024 to $0.20 per shares of common stock. The notes mature on October 31, 2025 and the warrants expire on December 31, 2029. On March 26, 2024, the company and the notes and warrant holders agreed to amend the conversion price of the notes and the exercise of the warrants to $0.20 each, resulting in the notes becoming convertible into 26,925,000 shares of common stock and the warrants becoming exercisable for 13,462,500 shares of common stock. In addition, the Company issued to the placement agent warrants to purchase 8,077,500 shares of common stock at the same terms and conditions.

The 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 noteholders 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 $0.40 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%.

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 3.571428575 shares of common stock, or an aggregate of 592,791,712 shares of common stock.

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. Our financial statements presented for periods prior to April 1, 2022 are those of Nutex Health Holdco LLC, as the Company's predecessor entity. 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 20 hospital facilities in eight 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.

We employ 800 full-time employees, contract 230 doctors at our facilities and partner with over 1,700 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 and a healthcare information technology company providing a cloud-based platform for healthcare 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 are 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,		
	2023	2022	2021
Insurance	93%	89%	96%
Self pay	4%	9%	3%
Workers compensation	2%	1%	1%
Medicare/Medicaid	1%	1%	0%
Total	100%	100%	100%

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.

Our growth strategy. We plan to expand our operations by entering new market areas either through development of new hospitals, formation of new IPAs or by making acquisitions. We expect to open 5 to 10 new hospital facilities by the end of the year 2025. These facilities are either under construction or in advanced planning stages and will result in our expansion into five new states: Florida, Wisconsin, Ohio, Pennsylvania and Idaho. We anticipate launching one-to-three additional IPAs per year principally in geographic areas around our existing micro-hospitals.

Overview of Legislative Developments

The U.S. Congress and many state legislatures have introduced and passed a large number of proposals and legislation designed to make major changes in the healthcare system, including changes that have impacted access to health insurance. The most prominent of these efforts, the *Affordable Care Act*, affects how healthcare services are covered, delivered and reimbursed. The Affordable Care Act increased health insurance coverage through a combination of public program expansion and private sector health insurance reforms. There is uncertainty regarding the ongoing net effect of the Affordable Care Act due to the potential for continued changes to the law's implementation and its interpretation by government agencies and courts. There is also uncertainty regarding the potential impact of other health reform efforts at the federal and state levels.

In response to the COVID-19 pandemic, federal and state governments passed legislation, promulgated regulations, and have taken other administrative actions intended to assist healthcare providers in providing care to COVID-19 and other patients during the public health emergency and to provide financial relief. Among these, the *Coronavirus Aid, Relief, and Economic Security Act* ("CARES Act") had the most impact on our business.

The CARES Act included a waiver of insurance copayments, coinsurance, and annual deductibles for laboratory tests to diagnose COVID-19 and visits to diagnose COVID-19 at an emergency department of a hospital. These provisions of the CARES Act expired on June 30, 2021. While these provisions were effective, we experienced higher levels of revenue due to a shift of payor mix. The larger number and acuity of patient claims for COVID-19 also resulted in higher revenue.

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. The legislation was included in the Consolidated Appropriations Act, 2021, which was passed by Congress and signed into law by President Trump on December 27, 2020. 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 IDR arbitration.

Independent Dispute Resolution. The provider and insurer each submits 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" 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 "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. In other words, the qualifying payment amount is typically the median rate the insurer would have paid for the service if provided by an in-network provider or facility.

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. The final rule eliminated the rebuttable presumption that the qualified payment amount is the correct price and also abandoned the requirement that the certified IDR entity must select the offer closest to the qualifying payment amount. These key provisions were initially part of the interim rule issued in 2021 and were challenged by several court cases. Under the final rule, the certified IDR entity must instead select the offer that best reflects the value of the item or service provided, by first considering the QPA and then considering "additional information" that is relevant to the dispute.

After the NSA became effective January 1, 2022, our average payment by insurers of patient claims for emergency services had declined by approximately 30%, including 37% reduction for physician services, at the end of 2022. In 2023, we experienced a 5% improvement from 2022 in emergency services but a 10% reduction for physician services, for an overall impact of 3% increase combined in 2023. In our experience, insurers often initially pay amounts lower than the QPA without regard for other information relevant to the claim. This requires us to make appeals using the IDR process. We submitted 90,000 cases for IDR open negotiation in 2023 and 28,000 cases for IDR open negotiation in 2022, most in the fourth quarter. The IDR process, subsequent appeals and insurance payor delays require extensive administrative time and delays in collections. 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.

Our experience is similar to that of other healthcare providers. In February 2023, the Emergency Department Physician Management Association reported survey results of its membership. The survey found that in more than 90% of claims surveyed, insurance companies followed the final rules implemented under the NSA for QPA disclosure and that the average claim payment declined 32% per ER Visit post-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:

- 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-base IPA side of our business, which is less affected by the NSA.

The final rule is already the subject of legal challenges. The Texas Medical Association (TMA) in September of 2022 filed motions for summary judgment in the U.S. Eastern District of Texas, Tyler Division, seeking to invalidate the IDR related provisions of the

final rule, arguing that the QPA does not represent the fair value of the services rendered by the physicians and providers and that the final rule illegally favors the QPA over the fair value of the provider services in contravention of the statutory language of the NSA.

On October 19, 2022, and in addition to amicus briefs by several other national medical associations, the American Society of Anesthesiologists, the American College of Emergency Physicians, and the American College of Radiology, professional associations representing an aggregate of approximately 136,000 physicians, filed an Amicus brief supporting the TMA Motion.

On February 6, 2023, the U.S. District Court ruled in favor of the TMA by granting its motion for summary judgment against the HHS and stating that the revised IDR process in the final rule "continues to place a thumb on the scale" in favor of insurers and conflicts with the statutory provisions of the NSA, is unlawful and must be set aside. The Courts decision vacated all of the revised regulations challenged by the TMA, including HHS' rule that arbiters must primarily consider the QPA in the IDR process. The court stated that the final rules wrongly require arbitrators to presume the correctness of the QPA and then impose a heightened burden on the remaining statutory factors to overcome that presumption. In addition, the TMA on January 1, 2023, also in the U.S. Eastern District, filed a lawsuit seeking declaratory and injunctive relief to invalidate a recent 600% percent increase in the administrative fees payable in the IDR process.

Effective January 1, 2024, in consultation with the Departments of Labor and Health and Human Services, the Internal Revenue Service (IRS) announced the annual increase that health plans must apply to the calculation of the QPA for insurance reimbursements to account for inflation from 2023 to 2024 (Notice 2024-1). Under the No Surprises Act, QPAs are calculated based on median contracted rates for the same or similar service as they existed in 2019. Treasury Regulations direct the IRS to anchor the annual inflationary update in the Consumer Price Index for All Urban Consumers (CPI-U). In Notice 2024-1, the IRS directs health plans to update QPAs in 2024 by an increase of 5.4% over 2023 QPAs. Alternatively, to update 2023 rates, health plans may return to the original 2019 calculation and apply a cumulative update factor to account for the IRS inflationary updates from 2019 to 2024. Under that approach, the cumulative update that must be applied to 2019 base year rates is 20.9%.

We are supportive of industry efforts challenging 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 efforts to challenge or amend the final rule. As well, 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.

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 (ii) the real estate division. Activity within our business segments is significantly impacted by 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,		
	2023	2022	2021
Revenue:			
Hospital division	$ 218,070,397	$ 198,508,245	$ 331,531,311
Population health management division	29,575,919	20,786,061	-
Total revenue	247,646,316	219,294,306	331,531,311
Segment operating income (loss):			
Hospital division	36,332,772	15,034,269	179,280,958
Population health management division	(1,558,601)	387,469	-
Total segment operating income	34,774,171	15,421,738	179,280,958
Corporate and other costs:			
Facilities closing costs	217,266	-	-
Acquisition costs	43,464	3,885,666	3,553,716
Stock-based compensation	2,835,971	189,581	-
Impairment of assets	29,082,203	-	-
Impairment of goodwill	1,139,297	398,135,038	-
General and administrative expenses	33,229,718	19,810,607	5,462,344
Total corporate and other costs	66,547,919	422,020,892	9,016,060
Interest expense	16,317,869	12,490,260	6,196,026
Other expense (income)	399,182	559,299	(5,422,144)
Income (loss) before taxes	(48,490,799)	(419,648,713)	169,491,016
Income tax expense (benefit)	(5,067,084)	13,090,905	965,731
Net income (loss)	(43,423,715)	(432,739,618)	168,525,285
Less: net income (loss) attributable to noncontrolling interests	2,362,899	(7,959,172)	35,931,957
Net income (loss) attributable to Nutex Health Inc.	$ (45,786,614)	$ (424,780,446)	$ 132,593,328
Adjusted EBITDA	$ 10,827,681	$ 12,547,923	$ 145,220,199

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 $0.07 per share, for 2023 as compared with a net loss attributable to Nutex Health Inc. of $424.8 million, or a loss of $0.67 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.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

We reported a net loss attributable to Nutex Health Inc. of $424.8 million, or a loss of $0.67 per share, for 2022 as compared with net income attributable to Nutex Health Inc. of $132.6 million, or $0.22 per diluted share, for 2021. Our 2022 results were principally affected by:

- 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;
- Decrease in revenue caused by legislative changes reducing the amounts we are able to collect for patient services to median in-network rates;
- Start-up costs associated with five new facilities opened since April 2021 which are experiencing favorable market acceptance but not yet fully achieving break-even profitability;
- Higher overall costs of employees and independent contractors.

Adjusted EBITDA for 2022 was $12.5 million as compared $145.2 million for 2021. 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 two new hospitals in 2022 contributed significantly to the decline in Adjusted EBITDA in the 2022 period.

A discussion of our segment results is included below.

Hospital Division. Our revenue for 2022 totaled $198.5 million as compared to $331.5 million for 2021, a decrease of 40% caused by a reduction in both collection amounts and the number of patient visits. The following table shows the number of patient visits during the periods:

	Year ended December 31,	
	2022	2021
Patient visits:		
Hospital	161,014	189,016

Total patient visits decreased 15% during 2022 as compared with 2021. Patient visits in 2021 included significant volumes of COVID-19 related cases. The average acuity or severity of patient cases in the 2022 period was slightly higher than in 2021 but only minimally offset the impact of the lower number of total patient visits.

Collections during the years 2020 and 2021 benefited from provisions of the CARES Act which waived insurance copayments, coinsurance, and annual deductibles for laboratory tests and visits at an emergency department of a hospital to diagnose COVID-19. These provisions of the CARES Act expired on June 30, 2021. While these provisions were effective, we experienced higher levels of revenue due to a shift of payor mix.

In 2022, the average payment by insurers for patient claims for emergency services declined by approximately 30% principally because of the NSA compared to prior periods. We also experienced a decrease in collection for the remaining amounts of account receivable for periods before 2022. We believe this decline was caused, in part, by insurers underpaying these claims in the same way we are experiencing lower claim payments since the NSA became effective.

The hospital division's operating income was $13.1 million during 2022, down 93% as compared $179.3 million in the same period of 2021. Our operating income for 2022 was adversely affected by the reduction in net revenue discussed above. Further, start-up costs for newer facilities contributed to reduced segment operating results. We have opened five new facilities since April 2021. Start-up costs include complete staffing for 24/7 operations, lease costs, in-market advertising and other operating expenses. These costs often exceed our revenue at these facilities until they achieve sustaining volumes of patient visits. In general, we expect new facilities to reach profitability within 12 months. In this time, we also added additional staff to manage higher volumes of medical claims billing and collection administration.

Population Health Management Division. We completed our reverse business combination with Clinigence in April 2022. Clinigence's operations are reported as the population health management division. Our total revenue for 2022 for this division was $20.8 million consisting of capitation revenue of $15.5 million, management fees of $4.3 million and SaaS revenue of $946 thousand. 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 $0.4 million of operating income for 2022 since completion of the reverse business combination. 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.

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.

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, 2022, three 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 2022 included general and administrative expenses totaling $18.0 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. Our corporate costs for 2021 included general and administrative costs of $5.5 million and acquisition costs of $3.6 million. General and administrative costs include our executive management, accounting, human resources, corporate technology, insurance and professional fees. We have incurred higher levels of professional fees as a public company. In 2022, we have made staffing additions commensurate with our operational growth and made key additions to our executive management team.

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.

In 2022, 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 acquired in the reverse business combination. This impairment was determined as part of our annual test for impairment of goodwill. This test is made 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 and is subject to significant estimates and assumptions. In performing this test, we determined that the estimated fair value of our population health management division reporting unit was less than its carrying value recorded in the reverse business combination. Therefore, we conducted a second step of the goodwill impairment test to determine the implied fair value of the reporting unit's goodwill. The non-cash impairment charge reduced the excess carrying amount of goodwill for the population health management division that were greater than its residual fair value. As discussed in Item 8, "Financial Statements – Note 20 – Quarterly Financial Data, we made a retrospective adjustment to reduce the amount of goodwill impairment expense from the $408.5 million previously recognized in our quarterly report on Form 10-Q for the period ended September 30, 2022 to $398.1 million.

Nonoperating items

Interest expense. Interest expense totaled $12.5 million in 2022 as compared with $6.2 million for 2021. 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. Interest expense is expected to decline in future periods as a result of the deconsolidation of 17 Real Estate Entities and their associated mortgage indebtedness during the second quarter of 2022 as well as due to the elimination of accretion costs related to the conversion of notes payable 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. 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 also recognized 2022, are one-time, non-cash items.

Liquidity and Capital Resources

As of December 31, 2023, we had $22.0 million of cash and equivalents, compared to $34.3 million of cash and equivalents at December 31, 2022.

Significant sources and uses of cash during 2023.

Sources of cash:

- Cash from operating activities was $1.3 million.
- We received net proceeds of $6.1 million from borrowings under notes payable, lines of credit and convertible notes. Summary of net proceeds:
    - We received $12.6 million in net proceeds from the Yorkville PPA;
    - We received $5.4 million in proceeds from the September 2023 Convertible Debt Issuance;
    - We paid down a portion of $18.1 million in lines of credit and notes payable.
- Non-controlling members made cash capital contributions of $0.3 million.

Uses of cash:

- Capital expenditures were $9.5 million.
- We made distributions to noncontrolling interest owners totaling $5.2 million.
- Cash associated with deconsolidated Real Estate Entity totaled $1.0 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, 2023 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, 2023, we were not in compliance with the debt service coverage ratio for term loan with an outstanding balance of $0.3 million. This balance has been included in current liabilities. At December 31, 2023, we had remaining availability of $1.4 million under outstanding lines of credit.

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.

Nutex intends to use the net proceeds from the future sale of its Common Stock for working capital and general corporate purposes to support its growth.

In connection with the execution of the Yorkville agreement, the Company issued 1,356,318 shares of Common Stock to the Investor as a commitment fee, in a private transaction exempt from registration under Section 4(a)(2) of the Securities Act of 1933, as amended.

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, 2023, 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. 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,		
	2023	2022	2021
Reconciliation of net income (loss) attributable to Nutex Health Inc. to Adjusted EBITDA:			
Net income (loss) attributable to Nutex Health Inc.	$ (45,786,614)	$ (424,780,446)	$ 132,593,328
Depreciation and amortization	17,591,572	13,131,374	7,662,464
Interest expense, net	16,317,869	12,490,260	6,196,026
Income tax expense	(5,067,084)	13,090,905	965,731
Allocation to noncontrolling interests	(5,546,263)	(4,837,514)	(5,751,066)
EBITDA	(22,490,520)	(390,905,421)	141,666,483
Facility closing costs	217,266	-	-
Acquisition costs	43,464	3,885,666	3,553,716
Stock-based compensation	2,835,971	189,581	-
Rescission of warrant exercise	-	1,243,059	-
Impairment of assets	29,082,203	-	-
Impairment of goodwill	1,139,297	398,135,038	-
Adjusted EBITDA	$ 10,827,681	$ 12,547,923	$ 145,220,199

	Three months ended December 31, 2023 Unaudited	Three months ended December 31, 2022 Unaudited
Reconciliation of net income (loss) attributable to Nutex Health Inc. to Adjusted EBITDA:		
Net loss attributable to Nutex Health Inc.	$ (31,617,897)	$ (14,752,177)
Depreciation and amortization	4,682,724	3,271,861
Interest expense, net	4,236,553	2,862,071
Income tax expense	(2,998,554)	1,805,176
Allocation to noncontrolling interests	(2,045,390)	(392,290)
EBITDA	(27,742,564)	(7,205,359)
Stock-based compensation	637,159	54,166
Rescission of warrant exercise	-	1,243,059
Impairment of assets	29,082,203	-
Impairment of goodwill	1,139,297	-
Adjusted EBITDA	$ 3,116,095	$ (5,908,134)

Significant Accounting Policies

Revenue recognition.

Hospital division – 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). The Company's performance obligations are to provide emergency health care services primarily on an outpatient basis. Net patient service revenues are recorded at the amount that reflects the consideration to which the Company expects to be entitled in exchange 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.

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

The transaction price is determined based on gross charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts and implicit e 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. 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.

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.

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 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.

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.

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. As discussed in Item 8, "Financial Statements – Note 20 – Quarterly Financial Data, we made a retrospective adjustment to reduce the amount of goodwill impairment expense from the $408.5 million previously recognized in our quarterly report on Form 10-Q for the period ended September 30, 2022 to $398.1 million.

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, 2023 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

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Management Report on Internal Control Over Financial Reporting	55
Reports of Independent Registered Public Accounting Firm (PCAOB ID Number 688)	56
Consolidated Balance Sheets	60
Consolidated Statements of Operations	61
Consolidated Statements of Equity (Deficit)	62
Consolidated Statements of Cash Flows	63
Notes to Consolidated Financial Statements	64

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, 2023, 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 program 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, 2023, 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.

Marcum llp, the independent registered public accounting firm that audited the Company's consolidated financial statements included in this report, has issued an attestation report on the effectiveness of the Company's internal control over financial reporting, a copy of which appears on page 56-57.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Nutex Health, Inc. (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of operations, changes in equity and cash flows for each of the three years in the period ended December 31 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the 3 years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2023, based on the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013 and our report dated March 28, 2024 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting because of the existence of material weaknesses.

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 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. Our audit[s] 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 provide 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 accounting estimates around revenue recognition and related accounts receivable for the hospital division are based on past experiences. 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, historical trends of refunds 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. We determined that it 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 around revenue recognition 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 28, 2024

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Adverse Opinion on Internal Control over Financial Reporting

We have audited Nutex Health, Inc (the "Company") internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, because of the effect of the material weaknesses described in the following paragraph on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

A material weakness is a control deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in "Management's Annual Report on Internal Control Over Financial Reporting":

- The Company had ineffective design, implementation, and operation of 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 program 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.

These material weaknesses were considered in determining the nature, timing and extent of audit tests applied in our audit of the fiscal December 31, 2023 consolidated financial statements, and this report does not affect our report dated March 28, 2024 on those financial statements.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets as of December 31, 2023 and 2022 and the related consolidated statements of operations, changes in equity, and cash flows for each of the three years in the period ended December 31, 2023 of the Company and our report dated March 28, 2024 expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to

obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the 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 degree of compliance with the policies or procedures may deteriorate.

/s/ Marcum llp

Marcum llp

Houston, Texas
March 28, 2024

NUTEX HEALTH INC.
CONSOLIDATED BALANCE SHEETS

	December 31, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 22,002,056	$ 34,255,264
Accounts receivable	58,624,301	57,777,386
Accounts receivable - related parties	4,152,068	538,183
Inventories	3,390,584	3,533,285
Prepaid expenses and other current assets	2,679,394	1,869,806
Total current assets	90,848,403	97,973,924
Property and equipment, net	81,387,649	82,094,352
Operating right-of-use assets	11,853,082	20,466,632
Financing right-of-use assets	176,146,329	192,591,624
Intangible assets, net	20,512,636	21,191,390
Goodwill, net	17,066,263	17,010,637
Other assets	431,135	423,426
Total assets	$ 398,245,497	$ 431,751,985
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 18,899,196	$ 23,614,387
Accounts payable - related parties	6,382,197	3,915,661
Lines of credit	3,371,676	2,623,479
Current portion of long-term debt	10,808,721	12,546,097
Operating lease liabilities, current portion	1,579,987	1,703,014
Financing lease liabilities, current portion	4,315,979	4,219,518
Accrued expenses and other current liabilities	12,955,296	6,240,813
Total current liabilities	58,313,052	54,862,969
Long-term debt, net	26,314,733	23,051,152
Operating lease liabilities, net	15,479,639	19,438,497
Financing lease liabilities, net	213,886,213	203,619,756
Deferred tax liabilities	5,145,754	10,452,211
Total liabilities	319,139,391	311,424,585
Commitments and contingencies (Note 10)		
Equity:		
Common stock, $0.001 par value; 950,000,000 shares authorized; 676,679,911 and 650,223,840 shares issued and outstanding as of December 31, 2023 and December 31, 2022, respectively	676,680	650,224
Additional paid-in capital	469,849,049	458,498,402
Accumulated deficit	(409,072,539)	(363,285,925)
Nutex Health Inc. equity	61,453,190	95,862,701
Noncontrolling interests	17,652,916	24,464,699
Total equity	79,106,106	120,327,400
Total liabilities and equity	$ 398,245,497	$ 431,751,985

See accompanying notes to the consolidated financial statements.

NUTEX HEALTH INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,		
	2023	**2022**	**2021**
Revenue:			
Hospital division	$ 218,070,397	$ 198,508,245	$ 331,531,311
Population health management division	29,575,919	20,786,061	-
Total revenue	247,646,316	219,294,306	331,531,311
Operating costs and expenses:			
Payroll	108,377,938	111,785,110	93,523,438
Contract services	42,349,982	35,913,441	17,050,957
Medical supplies	14,151,140	12,118,893	12,514,367
Depreciation and amortization	17,591,572	13,131,374	7,662,464
Other	30,401,513	30,923,750	21,499,127
Total operating costs and expenses	212,872,145	203,872,568	152,250,353
Gross profit	34,774,171	15,421,738	179,280,958
Corporate and other costs:			
Facilities closing costs	217,266	-	-
Acquisition costs	43,464	3,885,666	3,553,716
Stock-based compensation	2,835,971	189,581	-
Impairment of assets	29,082,203	-	-
Impairment of goodwill	1,139,297	398,135,038	-
General and administrative expenses	33,229,718	19,810,607	5,462,344
Total corporate and other costs	66,547,919	422,020,892	9,016,060
Operating income (loss)	(31,773,748)	(406,599,154)	170,264,898
Interest expense, net	16,317,869	12,490,260	6,196,026
Other expense (income)	399,182	559,299	(5,422,144)
Income (loss) before taxes	(48,490,799)	(419,648,713)	169,491,016
Income tax expense (benefit)	(5,067,084)	13,090,905	965,731
Net income (loss)	(43,423,715)	(432,739,618)	168,525,285
Less: net income (loss) attributable to noncontrolling interests	2,362,899	(7,959,172)	35,931,957
Net income (loss) attributable to Nutex Health Inc.	$ (45,786,614)	$ (424,780,446)	$ 132,593,328
Earnings (loss) per common share			
Basic	$ (0.07)	$ (0.67)	$ 0.22
Diluted	$ (0.07)	$ (0.67)	$ 0.22

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, 2021	592,791,712	592,792	$ 9,724,053	$ 81,413,211	$ 55,638,769	$ 147,368,825
Contributions	-	-	2,018,838	-	19,734,935	21,753,773
Distributions	-	-	-	(111,690,916)	(32,647,007)	(144,337,923)
Deconsolidation of Kyle Assets, LLC	-	-	-	-	(1,728,950)	(1,728,950)
Net income	-	-	-	132,593,328	35,931,957	168,525,285
Balance at December 31, 2021	592,791,712	592,792	$ 11,742,891	$ 102,315,623	$ 76,929,704	$ 191,581,010
Reverse acquisition with Clinigence	50,961,109	50,961	436,449,305	-	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	3,474,430	3,475	5,381,897	-	-	5,385,372
Common stock issued for exercise of warrants	2,147,252	2,147	4,116,994	-	-	4,119,141
Common stock issued for exercise of options	312,019	312	644,662	-	-	644,974
Rescission of warrant exercise	(819,000)	(819)	(25,572)	-	-	(26,391)
Equity financing agreement Lincoln Park Capital Fund, LLC	1,356,318	1,356	(1,356)	-	-	-
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	650,223,840	$650,224	$ 458,498,402	$ (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	1,268,327	1,268	(1,268)	-	-	-
Common stock issued to Apollo Medical Holding Inc.	1,000,000	1,000	1,899,000	-	-	1,900,000
Common stock issued for Employee Stock Purchase Plan	77,242	77	14,211	-	-	14,288
Common stock issued for acquisition	2,541,511	2,542	902,692	-	-	905,234
Debt conversion to common stock	21,357,603	21,358	6,196,379	-	-	6,217,737
Stock-based compensation	211,388	211	935,756	-	-	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	676,679,911	$676,680	$ 469,849,049	$ (409,072,539)	$ 17,652,916	$ 79,106,106

See accompanying notes to the consolidated financial statements.

NUTEX HEALTH INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2023	**2022**	**2021**
Cash flows from operating activities:			
Net income (loss)	$ (43,423,715)	$ (432,739,618)	$ 168,525,285
Adjustment to reconcile net income (loss) to net cash from operating activities:			
Depreciation and amortization	17,591,572	13,131,374	7,662,464
Debt accretion expense	1,209,981	1,952,829	50,273
Impairment of assets	29,082,203	-	-
Impairment of goodwill	1,139,297	398,135,038	-
Stock-based compensation expense	2,835,971	189,581	-
Rescission of warrant exercise expense	-	561,651	-
Other income - gain on PPP loan forgiveness	-	-	(5,546,597)
Deferred tax expense (benefit)	(5,707,323)	4,996,209	-
(Gain) loss on lease termination	58,210	-	(109,494)
Non-cash lease expense	131,582	64,143	97,578
Changes in operating assets and liabilities:			
Accounts receivable	(969,761)	56,622,133	(5,392,614)
Accounts receivable - related party	(3,613,885)	1,454,934	(1,229,940)
Inventories	142,701	(719,107)	(1,088,489)
Prepaid expenses and other current assets	(817,297)	(1,419,139)	(233,114)
Accounts payable	(4,715,101)	10,018,100	6,365,978
Accounts payable - related party	2,466,536	(329,155)	(97,985)
Accrued expenses and other current liabilities	5,845,481	(1,311,865)	4,429,141
Net cash from operating activities	1,256,452	50,607,108	173,432,486
Cash flows from investing activities:			
Acquisitions of property and equipment	(9,496,832)	(14,632,414)	(36,926,591)
Acquired cash in reverse acquisition with Clinigence	-	12,716,228	-
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)	(48,853)
Net cash from investing activities	(11,239,882)	(4,337,398)	(36,975,444)
Cash flows from financing activities:			
Proceeds from lines of credit	2,340,911	2,623,479	-
Proceeds from notes payable	16,952,905	815,881	19,614,372
Proceeds from convertible notes	4,909,864	-	-
Repayments of lines of credit	(1,592,714)	(72,055)	(864,659)
Repayments of notes payable	(16,479,512)	(7,237,094)	(20,715,235)
Repayments of finance leases	(3,484,683)	(1,721,224)	(1,255,486)
Payment of debt issuance costs	-	-	(47,875)
Rescission of warrant exercise	-	(588,042)	-
Common stock issued for exercise of warrants	-	4,119,141	-
Common stock issued for exercise of options	-	644,974	-
Members' contributions	298,032	4,513,867	21,753,773
Members' distributions	(5,214,581)	(51,231,657)	(144,337,923)
Net cash from financing activities	(2,269,778)	(48,132,730)	(125,853,033)
Net change in cash and cash equivalents	(12,253,208)	(1,863,020)	10,604,009
Cash and cash equivalents - beginning of the year	34,255,264	36,118,284	25,514,275
Cash and cash equivalents - end of the year	$ 22,002,056	$ 34,255,264	$ 36,118,284

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 20 hospital facilities in eight 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") 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.

We employ 800 full-time employees, contract 230 doctors at our facilities and partner with over 1,700 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.

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.

Revenue recognition.

Hospital division – 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). The Company's performance obligations are to provide emergency health care services primarily on an outpatient basis. Net patient service revenues are recorded at the amount that reflects the consideration to which the Company expects to be entitled in exchange 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.

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

The transaction price is determined based on gross charges for services provided, reduced by contractual 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. 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.

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.

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.

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.

We recognized an impairment loss of $1.1 million in a reporting unit within our Hospital Division in the fourth quarter of 2023 for the pending closure of a facility. The closure was made in January 2024 (see Note 21). There was no other impairment of goodwill in 2023.

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 stock-based compensation using the fair value method. 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.

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.

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 has no effect on prior year results.

Recent accounting pronouncements.

In November 2023, the FASB issued Accounting Standards Update ("ASU") 2023-07 ("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. We will be required to report segment information in accordance with the new guidance starting in the annual periods beginning after December 15, 2023. We are assessing the potential impact of this update and will make additional segment disclosures upon adoption.

In December 2023, the FASB issued ASU 2023-09 – *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The update is effective for annual periods beginning after December 15, 2024. We are assessing the potential impact of this update.

Note 3 – Business Combinations

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 and $3.6 million in 2021. These costs consisted principally of legal, accounting and other professional fees for the transaction.

Supplemental Pro Forma Information – The supplemental pro forma financial information presented below is for illustrative purposes only and is not necessarily indicative of the financial position or results of operations that would have been realized if the merger with Clinigence had been completed on the date indicated, nor is it indicative of future operating results or financial position. The pro forma adjustments are based upon currently available information and certain assumptions that management believes are reasonable under the circumstances.

The supplemental pro forma financial information reflects pro forma adjustments to present the combined pro forma results of operations as if the acquisition had occurred on January 1, 2021, to give effect to certain events that management believes to be directly attributable to the acquisition. These pro forma adjustments primarily include an increase to depreciation and amortization expense that would have been recognized due to acquired tangible and intangible assets.

The supplemental pro forma financial information for the periods presented is as follows:

	Year ended December 31,	
	2022	2021
Revenue	$ 225,503,481	$ 350,325,094
Net income (loss) attributable to Nutex Health Inc.	(439,130,596)	119,763,791

The pro forma adjustment included in the pro forma loss above included $14.2 million of one-time stock-based compensation expense related to the merger transaction. Pro forma data does not purport to be indicative of the results that would have been obtained had these events actually occurred at the beginning of the period presented and is not intended to be a projection of future results.

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 determined in the fourth quarter of 2023, and contingent 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.

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,		
	2023	2022	2021
Hospital Division:			
Net patient service revenue	$ 216,329,291	$ 197,254,222	$ 331,531,311
Management fees	1,741,106	1,254,023	-
Total Hospital Division revenue	218,070,397	198,508,245	331,531,311
Population Health Management Division:			
Capitation revenue, net	25,402,973	15,493,432	-
Management fees	2,913,248	4,346,763	-
SaaS revenue	1,259,698	945,866	-
Total Population Health Management Division revenue	29,575,919	20,786,061	-
Total revenue	$ 247,646,316	$ 219,294,306	$ 331,531,311

Net patient service revenue. 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 93% 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,		
	2023	2022	2021
Insurance	93%	89%	96%
Self pay	4%	9%	3%
Workers compensation	2%	1%	1%
Medicare/Medicaid	1%	1%	0%
Total	100%	100%	100%

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. The legislation was included in the Consolidated Appropriations Act, 2021, which was passed by Congress and signed into law by President Trump on December 27, 2020. 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. In other words, the qualifying payment amount is typically the median rate the insurer would have paid for the service if provided by an in-network provider or facility.

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 IDR arbitration.

Contract balances. Deferred revenue is presented within accrued liabilities as current liabilities and totaled $0.1 million as of December 31, 2023 and 2022. We expect to recognize revenue for these amounts within the next twelve months.

Note 5 - Property and Equipment

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

	Useful Life (years)	December 31, 2023	December 31, 2022
Buildings and improvements	39	$ 9,878,325	$ 8,521,996
Land	-	4,401,888	3,721,576
Leasehold improvements	10-39	27,606,383	28,855,239
Construction in progress	-	12,845,631	19,389,329
Medical equipment	10	33,519,026	28,744,664
Office furniture and equipment	7	3,698,874	2,860,680
Computer hardware and software	5	6,066,520	1,713,434
Vehicles	5	135,590	135,590
Signage	10	1,576,475	1,163,722
Total cost		99,728,712	95,106,230
Less: accumulated depreciation		(18,341,063)	(13,011,878)
Total property and equipment, net		$ 81,387,649	$ 82,094,352

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

Depreciation and amortization of property and equipment for the years ended December 31, 2023, 2022 and 2021 totaled $6.0 million, $4.9 million and $5.3 million, respectively. Due to the closures of two facilities in January 2023 and two facilities in January 2024, we recorded an impairment loss of $3.8 million as the carrying value of the fixed assets associated with the facilities exceeded the fixed assets' fair value.

Note 6 – Intangible Assets

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

As of December 31, 2023	Weighted Average Useful Life (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
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

As of December 31, 2022				
Amortizing intangible assets:				
Member relationships	15	$ 16,899,000	$ 844,950	$ 16,054,050
Management contracts	16	2,021,000	94,734	1,926,266
Customer contracts	15	914,000	45,700	868,300
Trademarks	7-12	1,425,000	112,525	1,312,475
PHP technology	5	409,000	61,350	347,650
Indefinite life intangible - license	-	682,649	-	682,649
Total		$ 22,350,649	$ 1,159,259	$ 21,191,390

Amortization of intangible assets for the years ended December 31, 2023, 2022 and 2021 totaled $1.6 million, $1.2 million and $0, respectively. Due to the closure of a facility in January 2024, we recorded an impairment loss of $0.7 million 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
2024	$ 1,651,812
2025	1,651,812
2026	1,651,812
2027	1,590,462
2028	1,570,012
Thereafter	12,396,726
Total Intangible Assets	$ 20,512,636

Note 7 – Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	December 31, 2023	December 31, 2022
Accrued wages and benefits	$ 6,590,710	$ 4,235,167
Accrued other	6,364,586	2,005,646
Total accrued expenses and other current liabilities	$ 12,955,296	$ 6,240,813

Note 8 – Debt

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

	Maturity Dates	Interest Rates	December 31, 2023	December 31, 2022
Term loans secured by all assets	01/2024 - 12/2028	4.15 - 7.71%	$ 7,030,613	$ 11,341,934
Term loans secured by property and equipment	01/2024 - 10/2028	3.59 - 10.00%	10,562,207	9,299,197
Line of credit secured by all assets	01/2024 - 09/2024	4.00 - 8.00%	3,371,675	2,623,479
Term loans of consolidated Real Estate Entities	05/2028 - 03/2037	2.84 - 5.75%	13,005,019	15,068,920
Unsecured convertible term notes	10/2025	8.00 - 10.00%	5,384,990	-
Pre-paid advance (convertible debt)	03/2024	0.00%	3,078,302	-
Total			42,432,806	38,333,530
Less: unamortized issuance costs and discount			1,937,676	112,802
Less: short-term lines of credit			3,371,676	2,623,479
Less: current portion of long-term debt			10,808,721	12,546,097
Total long-term debt			$ 26,314,733	$ 23,051,152

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, 2023, we were not in compliance with the debt service coverage ratio for one term loan with an outstanding balance of $0.3 million. This balance has been included in current liabilities. At December 31, 2023, we had remaining availability of $1.4 million under outstanding lines of credit.

Pre-Paid Advance Agreement (convertible debt).

On April 11, 2023, the Company entered into a Pre-Paid Advance Agreement (the "PPA") with 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 21.4 million shares of Common Stock to Yorkville, reducing the principal of initial Pre-Paid Advance to $7.0 million, (ii) made Optional Prepayments of $5.2 million in accordance with the PPA, consisting of $4.9 million of principal and $0.3 million attributed to the Payment Premium 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. See Note 21.

As of December 31, 2023, the net carrying amount of the PPA is $3.0 million and is presented in current portion of long-term debt within the condensed consolidated balance sheet as of December 31, 2023. The net carrying amount of $3.0 million is composed of $3.1 million in principal and $(0.1) million in unamortized discount and debt issuance costs.

Interest expense incurred under the PPA for the year ended December 31, 2023 was $1.9 million, which was the result of the amortization and reductions due to conversions and repayments. The effective interest rate for the PPA for the year ended December 31, 2023 was 19.4%.

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 13,462,500 shares of common stock at a conversion price of $0.40 per share and Warrants to purchase an aggregate of 6,731,250 shares of common stock at an exercise price of $0.40 per share. We also issued Warrants for the purchase of 4,038,750 shares to the placement agent. The Unsecured Convertible Term Notes mature on October 31, 2025 and the Warrants expire on December 31, 2029.

Subsequently, 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 $0.20 each, resulting in the Unsecured Convertible Term Notes being convertible into 26,925,000 shares of common stock, the Warrants exercisable for 13,462,500 shares of common stock and the placement agent Warrants exercisable for 8,077,500 shares of common stock. See Note 21 – *Subsequent Events*.

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 $0.40 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..

During the year ended December 31, 2023, the Company received net cash proceeds of $4.9 million, comprising of $5.4 million in gross proceeds less $0.5 million in placement agent fees paid in cash, recognized as debt issuance costs. The net cash proceeds after the placement agent fees were allocated between the Unsecured Convertible Term Notes and Warrants based on their relative fair values. The fair value of the warrants (a level 3 measurement) was determined using a Black-Scholes Option Pricing model. Key assumptions included a risk-free interest rate of 4.60%, historical volatility of 123.8% and expected term of the warrants of six years. A total of $0.7 million was recorded as equity for the warrants issued to Unit Holders and recognized as debt discount. Warrants issued to Emerson, also recorded as equity, was valued at $0.7 million and is recognized as debt discount. The total discount and debt issuance cost on the Unsecured Convertible Term Notes totaled $1.9 million and is amortized to interest expense over the period until maturity. The net carrying amount of the Unsecured Convertible Term Notes was $3.6 million as of December 31, 2023 and the weighted average effective interest rate on the convertible debt is 21.5%. 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 3,474,430 shares of common stock at a conversion price of $1.55 per share 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
2024	$	14,180,397
2025		10,625,294
2026		4,456,427
2027		5,503,419
2028		2,387,407
Thereafter		5,279,862
Total	$	42,432,806

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,		
	2023	2022	2021
Operating lease cost	$ 2,656,800	$ 2,969,789	$ 2,390,650
Finance lease cost:			
Amortization of right-of-use assets	$ 10,052,616	$ 7,120,266	$ 2,390,546
Interest on lease liabilities	12,100,495	9,952,783	2,183,979
Total finance lease cost	$ 22,153,111	$ 17,073,049	$ 4,574,525
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$ 2,479,120	$ 2,778,767	$ 2,302,074
Operating cash flows from finance leases	12,131,011	9,952,783	2,183,979
Financing cash flows from finance leases	3,495,222	1,721,224	1,255,486
Net cash paid for amounts included in the measurement of lease liabilities	$ 18,105,352	$ 14,452,774	$ 5,741,539
Right-of-use assets obtained in exchange for lease obligations:			
Operating leases	$ 51,435	$ -	$ 13,992,943
Finance leases	25,449,227	23,603,317	31,110,148
Total right-of-use assets obtained in exchange for lease obligations	$ 25,500,662	$ 23,603,317	$ 45,103,091
Weighted average remaining lease term (years):			
Operating leases	9	10	11
Finance leases	21	13	18
Weighted average discount rate:			
Operating leases	5%	4%	4%
Finance leases	8%	3%	5%

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 in the fourth quarter of 2023. After remeasurement, we recognized an impairment loss of $24.6 million in the fourth quarter of 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
2024	$ 1,998,680	$ 342,538	$ 1,386,197	$ 16,143,080
2025	2,040,700	352,814	1,195,783	16,408,446
2026	1,942,910	363,399	1,225,678	16,679,603
2027	1,925,245	374,301	1,256,320	16,958,263
2028	1,972,126	385,530	20,969,917	17,241,294
Thereafter	6,668,926	3,122,140	19,682,189	356,429,939
Total minimum lease payments	16,548,587	4,940,722	45,716,084	439,860,625
Less interest	(3,118,608)	(1,311,075)	(28,994,797)	(238,379,720)
Total lease liabilities	$ 13,429,979	$ 3,629,647	$ 16,721,287	$ 201,480,905

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, 2023, 2022 and 2021, the two facilities did not make significant discretionary contributions to the employee plan.

Note 12 – Stock-based Compensation

In 2022, the Company adopted the Amended and Restated Nutex Health Inc. 2022 Equity Incentive Plan (the "2022 Plan"). The maximum aggregate number of shares that may be issued under the 2022 Plan is 5,000,000 shares, subject to increases on January 1st of each calendar year through January 1, 2027 of up to 5% annually at the discretion of the compensation committee of our Board of Directors. A total of 1,248,072 shares of common stock, par value $0.001 per share ("Common Stock") of the Company were available for issuance under the 2022 Plan at December 31, 2023. On June 29, 2023, the stockholders of the Company approved the Amended and Restated Nutex Health Inc. 2023 Equity Incentive Plan (the "2023 Plan") and an additional 8,751,928 new shares of Common Stock were made available for issuance under the 2023 Plan, which replaces the 2022 Plan. On December 31, 2023, a total of 11,013,943 shares of Common Stock were available for issuance under the 2023 Plan.

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.

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, 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 (a)(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.

- With respect to under construction hospitals, 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.

For the year ended December 31, 2023, we recognized $0.6 million in stock-based compensation expense and additional paid-in capital based on our current estimates of future obligations to the contributing owners.

Restricted stock. On May 9, 2022, the Company issued 83,547 restricted common stock awards, valued at $325,000 to the board of directors to vest 1/12th per month over a 12-month period. In December 2022, the recipients of all restricted common stock awards

agreed to the rescission and cancellation of all 83,547 awards. As a result, such shares are again available for grant under the 2022 Plan. We recognized stock-based compensation expense of $189,581 during 2022 for these awards.

Options. Clinigence had 6,500,010 options for the purchase of our common stock outstanding as of the merger date, all of which were fully vested and exercisable. The following table summarizes stock-based awards activity:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Options outstanding at April 1, 2022 merger date	6,500,010	$ 2.30	6.62
Options exercised	(312,019)	2.08	
Options cancelled	(1,040,221)	2.75	
Options outstanding at December 31, 2022	5,147,770	$ 2.32	7.60
Options exercised	-	-	
Options cancelled	(1,010,621)	2.28	
Options outstanding at December 31, 2023	4,137,149	$ 2.24	6.94

The 1,010,621 options cancelled in the fourth quarter of 2023 were held by former directors or employees of Clinigence who decided to not extend the expiration of their options.

Options outstanding as of December 31, 2023 consisted of:

Expiration Date	Number Outstanding	Number Exercisable	Exercise Price
January 27, 2027	90,000	90,000	$ 1.50
May 11, 2027	260,000	260,000	1.50
June 9, 2027	25,000	25,000	2.55
January 28, 2028	90,000	90,000	1.61
January 27, 2030	181,194	181,194	1.50
June 30, 2030	107,056	107,056	1.45
August 4, 2029	10,120	10,120	5.56
January 28, 2031	1,000,000	1,000,000	1.61
February 28, 2031	200,000	200,000	2.00
September 9, 2031	1,934,779	1,934,779	2.75
September 9, 2031	164,000	164,000	2.75
December 17, 2031	75,000	75,000	3.50
Total	4,137,149	4,137,149	

Restricted Stock Units. On April 1, 2023, the Company issued 604,158 Restricted Stock Units ("RSUs"), valued at $0.6 million to certain employees. Total of 214,719 RSU Common Shares vested on April 1, 2023, another 194,719 common shares will vest on March 1, 2024 and another 194,719 common shares will vest on March 1, 2025.

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 year ended December 31, 2023.

	Shares (in thousands)	Weighted Average Grant-Date Fair Value Per Share
Non-vested awards, January 1, 2023	—	—
Granted	604	$1.01
Vested	(215)	1.01
Non-vested awards, December 31, 2023	389	$1.01

As of December 31, 2023, we estimate $0.3 million of unrecognized compensation cost related to restricted stock units issued to our employees to be recognized over the weighted-average vesting period of 1.0 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 5,000,000 shares 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 year ending December 31, 2023, the Company issued 77,242 shares under the 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. See *Note 8 – Debt* for issuances that were registered on the Company's registration statement on Form S-3 under the Securities Act of 1933. 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 50,961,109 common shares outstanding. These amounts are shown as issued by us in the presentation of consolidated financial statements as the accounting acquiror.
- In March 2023, we issued 1,000,000 common shares to Apollo Medical Holdings, Inc. for IPA managerial services. We recognized $1.9 million of stock-based compensation expense for this issuance. This expense should have been recognized on December 31, 2022. However, we consider this expense not material for revision and thus, it is presented as an out-of-period adjustment in the 2023 financial statements.
- On August 1, 2023, we issued 2,541,511 shares of common stock in connection with the acquisition of two Florida IPAs. See Note 3 for discussion of 2023 Acquisitions.
- Throughout 2023, we issued 21,357,603 shares of common stock to Yorkville for PPA share conversions.

Common Stock Warrants. Clinigence had 12,401,240 common stock warrants outstanding as of the merger date. As of December 31, 2023, as part of the September 2023 Private Offering, the Company issued warrants to Unit Holders to purchase 10,770,000 shares of Common Stock at a strike price of $0.40 for a period of six years. These warrants were outstanding but not yet exercised as of December 31, 2023. Warrant activity follows:

	Warrants Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
Warrants outstanding at April 1, 2022 merger date	12,401,240	$ 2.04	4.65
Warrants exercised	(2,187,225)	2.27	
Warrants cancellation of exercised	819,000	1.55	
Warrants outstanding at December 31, 2022	11,033,015	$ 1.96	3.80
Warrants issued	10,770,000	0.40	
Warrants exercised	(1,456,453)	1.55	
Warrants expired	(3,000)	25.00	
Warrants outstanding at December 31, 2023	20,343,562	$ 1.16	4.42

Warrants outstanding as of December 31, 2023 consisted of:

Expiration Date	Number Outstanding	Number Exercisable	Exercise Price
December 31, 2024	554,873	554,873	$ 6.67
October 31, 2025	16,250	16,250	1.25
October 31, 2025	1,566,451	1,566,451	1.55
February 26, 2026	288,235	288,235	4.00
July 31, 2026	2,532,900	2,532,900	1.55
May 31, 2027	4,614,853	4,614,853	1.75
September 30, 2029	1,237,500	1,237,500	0.40
October 31, 2029	4,293,750	4,293,750	0.40
November 30, 2029	387,500	387,500	0.40
December 31, 2029	4,851,250	4,851,250	0.40
Total	20,343,562	20,343,562	

Note 14 – Income Taxes

Income tax expense consisted of the following:

	Year ended December 31,		
	2023	2022	2021
Current taxes:			
Federal	$ (187,842)	$ 6,396,753	$ -
State	828,067	1,682,682	965,731
Deferred taxes:			
Federal	(4,156,778)	4,292,445	-
State	(1,550,531)	719,025	-
Total income tax expense	$ (5,067,084)	$ 13,090,905	$ 965,731

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.

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,		
	2023	2022	2021
Income taxes computed at the federal statutory rate	$ (10,183,068)	$ (88,126,230)	$ 35,593,113
Effect of:			
State taxes, net of federal benefits	(2,565,163)	(17,962,513)	965,731
Income of flow-through entities	(420,119)	(2,185,760)	(35,593,113)
Change in tax status of Nutex Health Holdco LLC	-	21,312,374	-
Change in valuation allowance	7,481,880	-	-
Reversal of acquired Clinigence valuation allowance	-	(2,393,178)	-
Non-deductible goodwill impairment expense	458,750	100,682,261	-
Other, net	160,636	1,763,951	-
Total income tax expense	$ (5,067,084)	$ 13,090,905	$ 965,731

Deferred tax assets and liabilities were as follows:

	December 31,	
	2023	2022
Deferred tax assets:		
Net operating loss carryforwards	$ 3,814,961	$ 1,713,060
Capital loss carryforwards	1,344,478	-
Accrued liabilities	784,969	626,730
Financing leases	11,780,288	4,090,455
Stock-based compensation	393,442	-
Interest expense limitation	845,940	-
Other	523,980	2,533,271
Total deferred tax assets	19,488,058	8,963,516
Deferred tax liabilities:		
Cash to accrual adjustments	(4,914,654)	(7,938,712)
Property and equipment	(6,726,315)	(6,018,796)
Intangible assets	(5,164,445)	(5,458,219)
Other	(346,517)	-
Total deferred tax liabilities	(17,151,931)	(19,415,727)
Net deferred tax liabilities before valuation allowance	2,336,126	(10,452,211)
Valuation allowance	(7,481,880)	-
Net deferred tax liabilities	$ (5,145,754)	$ (10,452,211)

As of December 31, 2023, the Company had federal net operating loss carryforwards of $15.0 million and state net operating loss carryforwards of $8.1 million. These have no expiration. The Company also has a capital loss carryover of $6.4 million, that expires in 2025.

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,		
	2023	2022	2021
Amounts attributable to Nutex Health Inc.:			
Numerator-			
Net income (loss) attributable to common stockholders	$ (45,786,614)	$ (424,780,446)	$ 132,593,328
Denominator:			
Weighted average shares used to compute basic and diluted EPS	661,247,959	634,877,629	592,791,712
Earnings (loss) per share:			
Basic	$ (0.07)	$ (0.67)	$ 0.22
Diluted	$ (0.07)	$ (0.67)	$ 0.22

The computation of diluted earnings per common share excludes the exercise of 4,137,149 common stock options, 21,803,015 warrants, 389,439 restricted stock units and 2,433,908 common stock issuable upon conversion of outstanding convertible debt for the year ended December 31, 2023. The computation of diluted earnings per common share excludes the exercise of 2,335,402 common stock options and 4,212,724 warrants for the year ended December 31, 2022. The dilutive effect of convertible debt was calculated using the if-converted method, whereas the dilutive effect of the assumed exercise of outstanding options and warrants was calculated using the treasury stock method.

Note 16 - Supplemental Cash Flows Information

	Year ended December 31		
	2023	2022	2021
Cash paid for interest	$ 1,639,044	$ 4,622,106	$ 4,102,167
Cash paid for income taxes	849,358	8,233,000	335,340
Non-cash investing and financing activities:			
Financed capital expenditures	7,935,898	18,473,184	-
Acquisition of financing leases	25,449,227	23,603,317	31,110,148
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	6,217,737	5,385,372	-
Warrants issued with convertible debt	1,403,877	-	-
Payment for acquisition in common stock	905,234	-	-
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 (ii) the real estate division. The determination of our reporting segments was made on the basis of our strategic priorities, which corresponds to the manner in which our Chief Executive Officer, as our chief operating decision maker, reviews and evaluates operating performance to make decisions about resources to be allocated. We evaluate the performance of our reportable segments based on, among other measures, operating income, which is defined as income before interest expense,

other income (expense), and taxes. 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,		
	2023	2022	2021
Revenue from external customers:			
Hospital division	$ 218,070,397	$ 198,508,245	$ 331,531,311
Population health management division	29,575,919	20,786,061	-
Total revenue	$ 247,646,316	$ 219,294,306	$ 331,531,311
Segment operating income (loss):			
Hospital division	$ 36,332,772	$ 15,034,269	$ 179,280,958
Population health management division	(1,558,601)	387,469	-
Total segment operating income (loss)	$ 34,774,171	$ 15,421,738	$ 179,280,958
Capital expenditures:			
Hospital division	$ 9,496,832	$ 5,926,119	$ 13,660,343
Real estate division	-	8,706,295	23,266,248
Total capital expenditures	$ 9,496,832	$ 14,632,414	$ 36,926,591
Revenue from inter-segment activities:			
Real estate division	$ (799,850)	$ 269,699	$ 10,471,333
Depreciation and amortization:			
Hospital division	$ 15,940,716	$ 11,967,649	$ 7,624,816
Population health management division	1,647,417	1,162,864	-
Real estate division	3,439	861	37,648
Total depreciation and amortization	$ 17,591,572	$ 13,131,374	$ 7,662,464

	December 31,	
	2023	2022
Assets:		
Hospital division	$ 278,635,841	$ 314,085,287
Population health management division	83,647,378	77,825,753
Real estate division	35,962,278	39,840,945
Total Assets	$ 398,245,497	$ 431,751,985

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 $4.3 million at December 31, 2023, $2.1 million at December 31, 2022 and $2.7 million at December 31, 2021 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, 2023, 2022 and 2021, we made cash payments for these lease obligations totaling $15.7 million, $13.0 million and $10.7 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, 2023, 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 $4.1 million at December 31, 2023 and $0.5 million at December 31, 2022 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, 2023 and 2022 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 $0.9 million at December 31, 2023 and $0.1 million at December 31, 2022 for reimbursement of expenses incurred on our behalf.

- 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 $0.5 million, $1.2 million, and $1.8 million of managerial fees within the hospital division in the years ended December 31, 2023, 2022 and 2021, 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 $0.5 million and $1.7 million for the years ended December 31, 2023 and 2022, respectively.

Note 19 – Variable Interest Entities

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

	December 31, 2023		
	Real Estate Entities	Physician LLCs	AHISP IPA
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

	December 31, 2022		
	Real Estate Entities	Physician LLCs	AHISP IPA
Current assets	$ 3,466,811	$ 6,915,710	$ 6,641,448
Property and equipment, net	16,726,986	3,668	-
Other long-term assets	19,647,148	-	16,553,040
Total assets	$ 39,840,945	$ 6,919,378	$ 23,194,488
Current liabilities	2,326,335	4,831,617	23,163,808
Long-term liabilities	15,019,633	-	30,680
Total liabilities	17,345,968	4,831,617	23,194,488
Equity	22,494,977	2,087,761	-
Total liabilities and equity	$ 39,840,945	$ 6,919,378	$ 23,194,488

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 are consolidated by the Company as VIEs because they do not have sufficient equity at risk and our hospital entities are guarantors of their outstanding mortgage loans. We have been working with the third-party lenders to remove our guarantees of their outstanding mortgage loans. As these guarantees are released, the associated Real Estate Entity no longer qualifies as a VIE and is deconsolidated. Since the second quarter of 2022, we deconsolidated 18 Real Estate Entities. There was no gain or loss on the deconsolidation of these 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, 2023, third quarter ended September 30, 2022, which was retrospectively changed, and for the fourth quarter ended December 31, 2022:

	Year ended December 31, 2023	Year ended December 31, 2022	
	Q4	Q3 [1]	Q4
Total revenue	$ 69,669,473	$ 28,395,058	$ 53,724,073
Total operating costs and expenses	56,456,161	54,863,504	53,193,749
Gross profit (loss)	13,213,312	(26,468,446)	530,324
Corporate and other costs:			
Stock-based compensation expense	637,159	-	-
Impairment of assets	29,082,203	-	-
Impairment of goodwill	1,139,297	398,135,038	-
General and administrative expenses	8,499,550	4,077,255	6,309,235
Total corporate and other costs	39,358,209	402,212,293	6,309,235
Operating loss	(26,144,897)	(428,680,739)	(5,778,911)
Interest expense, net	4,236,553	3,402,606	2,862,071
Other expense (income)	328,461	(630,450)	212,426
Loss before taxes	(30,709,911)	(431,452,895)	(8,853,408)
Income tax expense (benefit)	(2,998,554)	(8,543,880)	1,805,176
Net loss	(27,711,357)	(422,909,015)	(10,658,584)
Less: net income (loss) attributable to noncontrolling interests	3,906,540	(10,722,749)	4,093,593
Net loss attributable to Nutex Health Inc.	$ (31,617,897)	$ (412,186,266)	$ (14,752,177)
Loss per common share			
Basic	$ (0.05)	$ (0.63)	$ (0.02)
Diluted	$ (0.05)	$ (0.63)	$ (0.02)

(1) As discussed in Note 3, we made a retrospective change in the valuation of options and warrants assumed by us as part of the total consideration in the merger with Clinigence. This change reduced the fair value of consideration paid and goodwill arising from the reverse business combination by $10.3 million.

In our quarterly report on Form 10-Q for the period ended September 30, 2022, we reported a non-cash impairment charge of $408.5 million to reduce the carrying amount of goodwill for the population health management division reporting unit. This amount was retrospectively lowered by $10.3 million because of the changes made to the fair value of consideration paid and goodwill arising from the reverse business combination.

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 except for the transaction described below:

January 2024 Equity Offering

In January 2024, the Company entered into a securities purchase agreement with an institutional investor whereby the investor agreed to purchase 66,666,666 shares of common stock and warrants to purchase up to an aggregate of 66,666,666 shares of common stock at a purchase price of $0.15 per share and will expire five years following the date of issuance. Maxim Group LLC is the placement agent for the offering. Total gross proceeds from the offering $10.0 million. After deducting placement agent expenses, net proceeds from the offering is $9.3 million.

Pre-Paid Advance Agreement with Yorkville

In January 2024, the Company issued 1,773,645 shares of Common Stock to Yorkville for the conversion of $0.3 million in principal. In addition, the Company paid off in full the remaining principal amount of the Yorkville PPA. The amount paid to Yorkville consisted of $2.7 million of principal and $0.2 million of premium in respect of prepaying the principal. No amounts were due to Yorkville on January 31, 2024.

Hospital Closings

In January 2024, the Company closed two Texas-based micro-hospitals in our hospital division. The estimated closing costs include employee severance totaling approximately $0.2 million which will be recognized in the first quarter of 2024.

Amendment to September 2023 Private Offering

On March 26, 2024 the Company amended the terms of the September 2023 Private Offering. The Conversion Price of the Unsecured Convertible Term Notes was amended to $0.20 per share and the exercise price of the Warrants was amended to $0.20 per shares. All other terms and provisions of the Unsecured Convertible Term Notes and the Warrants were not affected and remain in full force and effect.

* * * * *

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, 2023. Based on this evaluation, the Company concluded that our disclosure controls and procedures were ineffective as of December 31, 2023 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, 2023, 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 program 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, 2023, 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 2023, 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 2023 to assist in the proper design, implementation and testing of internal controls over financial reporting. We added key senior management positions including a Chief Operating Officer and made additions to our accounting and financial reporting teams throughout 2023.

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 Quarterly 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, 2023, 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 2023 Annual Meeting of Stockholders, which is expected to be filed with the SEC within 120 days after the close of our fiscal year.

Item 11. Executive Compensation

The information required by this Item is incorporated herein by reference to our Proxy Statement for the 2023 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 2023 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 2023 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 2023 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, 2023 and 2022

Consolidated Statements of Operations for the Years Ended December 31, 2023, 2022 and 2021

Consolidated Statements of Equity for the Years Ended December 31, 2023, 2022 and 2021

Consolidated Statements of Cash Flows for the Years Ended December 31, 2023, 2022 and 2021

Notes to Consolidated Financial Statements

(b) *Exhibits:*

		Incorporated by Reference (File No. 000-53862)		
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
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			
4.13*	Form of Stock Purchase Warrant expiring December 31, 2029			
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.			
10.19*	Amendment to Employment Agreement between Clinigence Holdings, Inc. and Elisa Luqman dated as of February 22, 2021.			
10.20*	Second Amendment to Employment Agreement between Clinigence Holdings, Inc. and Elisa Luqman dated as of July 1, 2021.			
10.21*	Third Amendment to Employment Agreement between Clinigence Holdings, Inc. and Elisa Luqman dated as of August 15, 2021.			
10.22*	Fourth Amendment to Employment Agreement between Nutex Health Inc. and Elisa Luqman dated as of June 14, 2022.			
10.23	Placement Agency Agreement between Maxim Group LLC and the Company dated January 22, 2024.	8-K	10.1	Jan. 24, 2022
10.24	Form of Securities Purchase Agreement dated as of January 22, 2024.	8-K	10.2	Jan. 24, 2022
10.25*	Form of Notice of Grant and Stock Option Agreement			
10.26*	Form of Restricted Stock Award Agreement			
10.27*	Form of Restricted Unit Award Agreement			
10.28*	Termination of Pre-Paid Advance Agreement dated February 8, 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			
10.31*	Amendment to Employment Agreement between Nutex Health Inc. and Michael Chang dated as of January 31, 2024			
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 28, 2024	/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 28, 2024	/s/ Thomas T. Vo Thomas T. Vo, M.D. Chief Executive Officer and Chairman of the Board (principal executive officer)
March 28, 2024	/s/ Jon C. Bates Jon C. Bates Chief Financial Officer (principal financial officer and principal accounting officer)
March 28, 2024	/s/ Warren Hosseinion Warren Hosseinion President and Director
March 28, 2024	/s/ Danniel Stites Danniel Stites, M.D. Director
March 28, 2024	/s/ Cheryl Grenas Cheryl Grenas, R.N., M.S.N. Director
March 28, 2024	/s/ Michael L. Reed Michael L. Reed Director
March 28, 2024	/s/ Mitchell Creem Michell Creem Director

FORM OF CONVERTIBLE PROMISSORY NOTE

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE SOLD OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS

NUTEX HEALTH INC.

CONVERTIBLE PROMISSORY NOTE

$_____ _____, 2023

FOR VALUE RECEIVED, the undersigned, NUTEX HEALTH INC., a Delaware corporation (the "Company"), promises to pay to the order of _____ or its registered assigns (the "Holder"), the principal sum of _____ Dollars ($_____), with interest (as defined in Section 2), from the date hereof, on the unpaid balance hereof until paid.

1. Principal. If not earlier converted pursuant to Section 4 hereof, the outstanding principal of this Note and all accrued but unpaid interest shall be payable on October 31, 2025 (the "Maturity Date").

2. Interest. Subject to Section 10, the Note will bear simple interest at a rate of 8% per year if paid in cash or 10% per annum if paid in stock grants. It is at Company's discretion to pay interest in stock grants. For interest paid in stock grants, Holder shall receive a number of shares of Company's common stock equal to the quotient of the total accrued interest due divided by the Last Reported Stock Price as defined below. Interest (including additional interest, if any) will be paid quarterly in arrears commencing on March 31, 2024.

Last Reported Stock Price: The Last Reported Stock Price means, with respect to quarterly accrued interest due, the last reported sale price of Company's common stock on the Nasdaq Stock Market, on the last complete trading day of such quarter.

Interest will be paid to the person in whose name a note is registered at the close of business on the date that is ten days prior to the applicable interest payment date (whether or not the day is a business day), immediately preceding the relevant interest payment date. Interest on this Note will be computed on a 360-day year comprised of twelve 30-day months and will accrue from the date of the original issuance of this Note. If any interest payment date falls on a date that is not a business day, such payment of interest (or principal in the case of the Maturity Date or any earlier repurchase date for this Note) will be made on the next succeeding business day, and no interest or other amount will be paid as a result of any such delay. For purposes herein, an "Event of Default" exists if the Company fails to make a payment required by Section 1 or 2 hereof, and such failure is not cured within 10 days following written notice from the Holder.

3. Issuance of Warrants. Concurrently with the issuance of this Note, the Company shall issue to the Holder a warrant to purchase up to _____ (_____) **[Enter amount providing for 50% coverage]** shares (the "Warrants") of the Company's common stock, par value $0.001 per share ("Common Stock"), substantially in the form attached hereto as Exhibit B. The exercise price of the Warrants shall be Forty Cents ($0.40) per share, subject to adjustment for stock splits, stock dividends, reclassifications and other similar recapitalization transactions that occur after the date of issuance of the Warrants.

4. Conversion Events and Mechanics of Conversion.

(a.) Certain Definitions. For purposes of this Note, the following terms have the meanings specified below:

(i) "Conversion Price" means, Forty Cents ($0.40), subject to adjustment for stock splits, stock dividends, reclassifications and other similar recapitalization transactions that occur after the date of this Note.

(ii) "Conversion Shares" means shares of Common Stock of Company

(b.) Conversion. If this Note has not previously been repaid in full, then the Holder shall have the option to convert all or any portion of the unpaid principal and interest outstanding under this Note into Conversion Shares at the Conversion Price.

(c.) Mechanics of Conversion. The Holder shall provide written notice to the Company of its conversion of all or any part of this Note in the form of notice attached hereto as Exhibit A. The Company shall not be obligated to issue certificates evidencing the Conversion Shares issuable upon the conversion of this Note unless this Note is either delivered to the Company, duly endorsed, at the office of the Company, or the Holder notifies the Company that this Note has been lost, stolen or destroyed and executes an agreement satisfactory to the Company to indemnify the Company from any loss incurred by it in connection with this Note. After delivery of this Note, or delivery of an agreement and indemnification in the case of a lost Note, the Company shall issue and deliver to the Holder a certificate or certificates for the Conversion Shares. Any conversion of this Note shall be deemed to have occurred immediately prior to the close of business on the date of such conversion, and the Holder entitled to receive the Conversion Shares shall be treated for all purposes as the record holder of such Conversion Shares on such date.

5. Fractional Shares. Fractional shares will be rounded up to the nearest whole number of shares.

6. Prepayment. This Note may not be prepaid, in whole or in part, before the Maturity Date other than by and through a conversion pursuant to Section 4.

7. Transfer Restrictions. The Holder shall not transfer this Note or the Conversion Shares until (a) it has first given written notice to the Company, describing briefly the manner of any such proposed transfer; and (b)(i) the Company, at its own expense, has received from counsel satisfactory to the Company an opinion that such transfer can be made without compliance with the registration requirements of the Securities Act of 1933, as amended (the "1933 Act"), and

applicable state securities laws, or (ii) a registration statement filed by the Company under the 1933 Act and applicable state securities laws is declared effective by the Securities and Exchange Commission and state securities commissions having jurisdiction. In connection with any such sale or transfer, the Company will if necessary promptly obtain, at its own expense, an opinion of its counsel to the effect that the Conversion Shares may be registered without legend or restriction for sale or transfer under an exemption from such registration. If the Rule 144 exemption is not available, public sale without registration will require compliance with an exemption under the 1933 Act. The Company shall instruct its transfer agent to accept any such opinion(s) and will process the sale or transfer within ten business days at the Company's expense. If either the Company or its transfer agent, individually or jointly, fails or refuses without cause or reason to register on its books the sale or transfer of the Conversion Shares within 20 business days after receipt of the written request to do so, the Company shall pay a penalty to the Holder in an amount of additional restricted shares in the amount of l% of the restricted shares in the original written request for each day after the date of receipt of the written request until the Holder receives the unrestricted shares, provided that the Holder has promptly provided all information and certificates requested by the Company or its transfer agent.

8. Currency; Payments. All references herein to "dollars" or"$" are to U.S. dollars, and all payments of principal of, and interest on, this Note shall be made in lawful money of the United States of America in immediately available funds. If the date on which any such payment is required to be made pursuant to the provisions of this Note occurs on a Saturday or Sunday or legal holiday observed in the State of California, such payments shall be due and payable on the immediately succeeding date which is not a Saturday or Sunday or legal holiday so observed.

9. Representations and Warranties of Holder. The Holder hereby represents and warrants that:

(a.) Securities Not Registered. The Holder is acquiring this Note, the Conversion Shares and the Warrants (collectively, the "Securities") for its own account, not as an agent or nominee, and not with a view to, or for sale in connection with, any distribution thereof in violation of applicable securities laws. By executing this Note, the Holder further represents that Holder does not have any present contract, undertaking, understanding or arrangement with any person to sell, transfer or grant participations to such persons or any third person, with respect to any of the Securities.

(b.) Access to Information. The Company has made available to the Holder the opportunity to ask questions of and to receive answers from the Company's officers, directors and other authorized representatives concerning the Company and its business and prospects, and Holder has been permitted to have access to all information which it has requested in order to evaluate the merits and risks of the purchase of this Note and the issuance of the other Securities.

(c.) Investment Experience. The Holder, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in this Note and the issuance of the other Securities, and has so evaluated the merits and risks of such investment. The Holder is able to bear the economic risk of an investment in this Note and the

issuance of the other Securities, and, at the present time, is able to afford a complete loss of such investment.

(d.) Regulation D. The Holder is an "accredited investor" as defined in Rule 501 under the 1933 Act. In the normal course of business, the Holder invests in or purchases securities similar to the Securities and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of purchasing this Note and the issuance of the other Securities.

(e.) Securities are Unregistered. The Holder has been advised that (i) none of the Securities have been registered under the 1933 Act or other applicable securities laws, (ii) the Securities may need to be held indefinitely, (iii) the Holder will continue to bear the economic risk of the investment in the Securities after they are subsequently registered under the 1933 Act or an exemption from such registration is available, and (iv) when and if the Securities may be disposed of without registration in reliance on Rule 144 promulgated under the 1933 Act, such disposition may be made only in amounts in accordance with the terms and conditions of such Rule in effect at that time.

(f.) Pre-Existing Relationship, Financial Experience. The Holder has either a pre-existing personal or business relationship with the Company or any of its officers, directors or controlling persons, or by his/its business or financial experience or the business or financial experience of his/its financial advisors who are unaffiliated with and who are not compensated by the Company, directly or indirectly, could be reasonably assumed to have the capacity to protect his/its own interest in connection with the acquisition of this Note and the issuance of the other Securities.

(g.) No Advertisement. The Holder acknowledges that the offer and sale of this Note or the other Securities was not accomplished by the publication of any advertisement.

(h.) No Review. The Holder understands that no arbitration board or panel, court or federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, has passed upon or made any recommendation or endorsement of the common stock into which it converts.

(i.) Legal Representation. The Holder has had the opportunity to confer with legal counsel of its choosing regarding the issuance of this Note, any other Securities and any related transactions.

(j.) Legend. The Holder understands that the Conversion Shares shall bear a restrictive legend in substantially the following form:

> THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE SECURITIES REPRESENTED HEREBY MAY NOT BE OFFERED OR SOLD IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE

SECURITIES UNDER APPLICABLE SECURITIES LAWS UNLESS OFFERED, SOLD OR TRANSFERRED UNDER AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THOSE LAWS.

10. Survival of Representation and Warranties. All representations and warranties made by the Holder shall survive the Maturity Date, and shall remain effective and enforceable until the date on which claims based thereon shall have been barred by the applicable statutes of limitation.

11. Default Rate. If the Company fails to pay the outstanding principal amount and all accrued interest under this Note within 30 days after the Maturity Date, the interest rate payable on this Note shall be adjusted to 12% per annum.

12. Usury Savings Clause. The Company and the Holder intend to comply at all times with applicable usury laws. If at any time such laws would render usurious any amounts due under this Note under applicable law, then it is the Company's and the Holder's express intention that the Company not be required to pay interest on this Note at a rate in excess of the maximum lawful rate, that the provisions of this Section 12 shall control over all other provisions of this Note which may be in apparent conflict hereunder, that such excess amount shall be immediately credited to the principal balance of this Note (or, if this Note has been fully paid, refunded by the Holder to the Company), and the provisions hereof shall be immediately reformed and the amounts thereafter decreased, so as to comply with the then applicable usury law, but so as to permit the recovery of the fullest amount otherwise due under this Note. Any such crediting or refund shall not cure or waive any default by the Company under this Note. To the extent applicable, Holder and the Company are relying on an exemption from applicable usury laws pursuant to Section 25118 of the California Corporations Code. In furtherance thereof, the Holder and the Company each acknowledge and agree that, by reason of its or his own business and financial experience or that of its or his professional advisers, it or he could reasonably be assumed to have the capacity to protect its or his own interests in connection with the transactions contemplated by this Note.

13. Waiver. The Company expressly waives presentment, protest, demand, notice of dishonor, notice of nonpayment, notice of maturity, notice of protest, presentment for the purpose of accelerating maturity, and diligence in collection.

14. Attorneys' Fees and Costs. In the event of any legal proceedings in connection with this Note, all expenses in connection with such legal proceedings of the prevailing party, the non-prevailing party upon demand shall reimburse including reasonable legal fees and applicable costs and expenses. This provision shall not merge with any enforcement order or judgment on this Note and shall be applicable to any proceeding to enforce or appeal any judgment relating to this Note.

15. Severability. If any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provisions hereof shall not be in any way impaired, unless the provisions held invalid, illegal or unenforceable shall substantially impair the benefits of the remaining provisions hereof.

16. Successors and Assigns. This Note shall inure to the benefit of the Holder and its successors and permitted assigns and shall be binding upon the undersigned and its successors and permitted assigns. As used herein, the term "Holder" shall mean and include the successors and permitted assigns of the Holder.

17. Governing Law. The parties acknowledge and agree that this Note and the rights and obligations of all parties hereunder shall be governed by and construed under the laws of the State of Delaware, without regard to conflict of laws principles.

18. Modification. This Note may not be modified or amended orally, but only by an agreement in writing signed by the party against whom such agreement is sought to be enforced.

19. Entire Agreement. This Note constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any and all prior written or oral agreements and understandings with respect to the matters covered hereby.

Signature page follows

NUTEX HEALTH INC.,
a Delaware corporation

By: _____
Its: _____
Address: _____

EXHIBIT A
TO
NOTE

NOTICE OF EXERCISE

To Be Executed by the Holder

in Order to Exercise the Note

The undersigned Holder hereby elects to purchase _____ Conversion Shares pursuant to the attached Note, and requests that certificates for securities be issued in the name of:

_____
(Please type or print name and address)

_____

_____

_____
(Social Security or Tax Identification Number)

and delivered

to: _____

_____
(Please type or print name and address if different from above)

If such number of Conversion Shares being purchased hereby shall not be all the Conversion Shares that may be purchased pursuant to the attached Note, a new Note for the balance of such Shares shall be registered in the name of, and delivered to, the Holder at the address set forth below.

In full payment of the purchase price with respect to the Conversion Shares purchased and transfer taxes, if any, the undersigned hereby tenders payment of $_____ by check, money order or wire transfer payable in United States currency to the order of [_____]

HOLDER:

Dated: By:/s/

Name: _____
Title: _____

EXHIBIT B
TO
NOTE

FORM OF WARRANT

FORM OF WARRANT

THIS WARRANT AND THE SHARES OF COMMON STOCK ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE OFFERED, SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO (I) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND ANY APPLICABLE STATE LAWS, (II) TO THE EXTENT APPLICABLE, RULE 144 UNDER THE ACT (OR ANY SIMILAR RULE UNDER THE ACT RELATING TO THE DISPOSITION OF SECURITIES), OR (III) AN OPINION OF COUNSEL, IF SUCH OPINION SHALL BE REASONABLY SATISFACTORY TO COUNSEL TO THE ISSUER, THAT AN EXEMPTION FROM REGISTRATION UNDER THE ACT AND APPLICABLE STATE LAW IS AVAILABLE.

STOCK PURCHASE WARRANT

To Purchase _____ Shares of Common Stock

No. 2023_____ Issue Date: _____, 2023

THIS CERTIFIES that, for value received, _____ (the "Holder"), is entitled, upon the terms and subject to the conditions hereinafter set forth, to subscribe for and purchase, from NUTEX HEALTH INC., a Delaware corporation (the "Company"), of _____ (_____) fully paid non-assessable shares of the Company's common stock, $0.001 par value per share ("Common Stock"), at a purchase price of $0.40 per share, provided that such right will terminate, if not terminated earlier in accordance with the provisions hereof, at 5:00 p.m. (Texas time) on December 31, 2029 (the "Expiration Date").

The purchase price and the number of shares for which this warrant (the "Warrant") is exercisable are subject to adjustment, as provided herein.

This Warrant was issued in connection with the Company's private offering (the "Offering") of investment units of the Company consisting of a Convertible Promissory in the original principal amount of _____ and a warrant to purchase _____ shares of Common Stock pursuant to a Confidential Private Offering Memorandum dated August __, 2023 (the "Memorandum") and is subject to the terms of a Subscription Agreement (the "Subscription Agreement") to which the initial Holder is a party. Capitalized terms used and not otherwise defined herein will have the respective meanings ascribed to such terms in the Memorandum.

As used herein the following terms, unless the context otherwise requires, have the following respective meanings:

(a) "Company" means Nutex Health Inc. and any corporation that shall succeed or assume the obligations of Nutex Health Inc. hereunder.

(b) "Warrant Shares" means (i) the Company's Common Stock and (ii) any Other Securities into which or for which any of the Common Stock may be converted or exchanged pursuant to a plan of recapitalization, reorganization, merger, sale of assets or otherwise.

(c) "Other Securities" refers to any stock (other than Common Stock) and other securities of the Company or any other person (corporate or otherwise) which the holder of the Warrant at any time shall be entitled to receive, or shall have received, on the exercise of the Warrant, in lieu of or in addition to Common Stock, or which at any time shall be issuable or shall have been issued in exchange for or in replacement of Common Stock or Other Securities.

1. Number of Shares Issuable upon Exercise. Unless sooner terminated in accordance herewith, from and after the date hereof through and including the Expiration Date, the Holder shall be entitled to receive, upon exercise of this Warrant in whole or in part, the number of shares of Common Stock of the Company set forth on the first page of this Warrant, subject to adjustment pursuant hereto, by delivery of an original or fax copy of the exercise notice attached hereto as Exhibit A (the "Notice of Exercise"), at least 61 days' prior to the date of exercise, along with payment to the Company of the Exercise Price. To validly exercise this Warrant, the Notice of Exercise must be received by the Company no later than 61 days before the Expiration Date.

2. Exercise of Warrant.

(a) The purchase rights represented by this Warrant are exercisable by the registered Holder hereof, in whole at any time or in part from time to time by delivery of the Notice of Exercise duly completed and executed at the principal executive office of the Company (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder hereof at the address of such Holder appearing on the books of the Company), and upon payment of the Exercise Price of the Warrant Shares thereby purchased (cash, bank wire transfer, or by certified or official bank check payable to the order of the Company in an amount equal to the Exercise Price of the shares thereby purchased); whereupon the Holder of this Warrant shall be entitled to receive a certificate for the number of Warrant Shares so purchased; provided that the Company will place on each certificate a legend substantially the same as that appearing on this Warrant, in addition to any legend required by any applicable state or federal law. If this Warrant is exercised in part, the Company will issue to the Holder hereof a new Warrant upon the same terms as this Warrant but for the balance of Warrant Shares for which this Warrant remains exercisable. The Company agrees that upon proper exercise of this Warrant the Holder shall be deemed to be the record owner of the shares issued upon such proper exercise as of the close of business on the date on which this Warrant shall have been exercised as aforesaid (after taking into account, and following the termination of, any applicable notice period). This Warrant will be surrendered at the time of exercise or if lost, stolen, misplaced or destroyed, the Holder will comply with Section 7 below. Certificates for shares purchased hereunder shall be delivered to the Holder hereof within a reasonable time after the date on which this Warrant shall have been exercised as aforesaid.

(b) The Company covenants that all Warrant Shares which may be issued upon the exercise of rights represented by this Warrant will, upon exercise of the rights represented by this Warrant, be fully paid and nonassessable and free from all preemptive rights, taxes, liens and charges in respect of the issue thereof (other than taxes in respect of any transfer occurring

contemporaneously with such issue which shall be paid by the Company in accordance with Section 4 below).

3. No Fractional Shares The Company shall not be required to issue fractional Warrant Shares upon the exercise of this Warrant or to deliver Warrant Certificates that evidence fractional Warrant Shares. In the event that a fraction of a Warrant Share would, except for the provisions of this Section 3, be issuable upon the exercise of this Warrant, the Company shall, upon such exercise, round down to the nearest whole number the number of shares of Common Stock to be issued upon such exercise.

4. Charges, Taxes and Expenses. Issuance of certificates for Warrant Shares upon the exercise of this Warrant shall be made without charge to the Holder hereof for any issue or transfer tax or other incidental expense in respect of the issuance of such certificate, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder of this Warrant, or in such name or names as may be directed by the Holder of this Warrant; provided, however, that in the event certificates for Warrant Shares are to be issued in a name other than the name of the Holder of this Warrant, this Warrant, when exercised, shall be accompanied by the Assignment Form attached hereto as Exhibit B (the "Assignment Form") duly executed by the Holder hereof; and provided further, that upon any transfer involved in the issuance or delivery of any certificates for Warrant Shares, the Company may require, as a condition thereto, that the transferee execute an appropriate investment representation as may be reasonably required by the Company.

5. No Rights as Shareholders This Warrant does not entitle the Holder hereof to any voting rights or other rights as a stockholder of the Company prior to the exercise hereof.

6. Exchange and Registry of Warrant. This Warrant is exchangeable, upon the surrender hereof by the registered Holder at the above mentioned office or agency of the Company, for a new Warrant or Warrants aggregating the total Warrant Shares of the surrendered Warrant of like tenor and dated as of such exchange. The Company shall maintain at the above mentioned office or agency a registry showing the name and address of the registered Holder of this Warrant. This Warrant may be surrendered for exchange, transfer or exercise, in accordance with its terms, at such office or agency of the Company, and the Company shall be entitled to rely in all respects, prior to written notice to the contrary, upon such registry.

7. Loss; Theft, Destruction or Mutilation of Warrant. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and in case of loss, theft or destruction, of indemnity reasonably satisfactory to it, and upon reimbursement to the Company of all reasonable expenses incidental thereto, and upon surrender and cancellation of this Warrant, if mutilated, the Company will make and deliver a new Warrant of like tenor (but with no additional rights or obligations) and dated as of such cancellation, in lieu of this Warrant.

8. Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall be a Saturday or a Sunday or shall be a legal holiday, then such action may be taken or such right may be exercised on the next succeeding day not a Saturday, Sunday or legal holiday.

9. Cash Distributions. No adjustment on account of cash dividends or interest on the Company's Common Stock or Other Securities that may become purchasable hereunder will be made to the Exercise Price under this Warrant.

10. Consolidation, Merger or Sale of the Company If the Company is a party to a consolidation, merger or transfer of assets that reclassifies or changes its outstanding Common Stock, the successor corporation (or corporation controlling the successor corporation or the Company, as the case may be) shall by operation of law assume the Company's obligations under this Warrant.

11. Adjustments in the Exercise Price. The number of shares and class of capital stock purchasable under this Warrant are subject to adjustment from time to time as set forth in this Section 11.

(a) Adjustment for change in capital stock. If the Company:

(i) pays a dividend or makes a distribution on its Common Stock, in each case, in shares of its Common Stock;

(ii) subdivides its outstanding shares of Common Stock into a greater number of shares;

(iii) combines its outstanding shares of Common Stock into a smaller number of shares;

(iv) makes a distribution on its Common Stock in shares of its capital stock other than Common Stock; or

(v) issues by reclassification of its shares of Common Stock any shares of its capital stock;

then the number and classes of shares purchasable upon exercise of each Warrant in effect immediately prior to such action shall be adjusted so that the holder of any Warrant thereafter exercised may receive the number and classes of shares of capital stock of the Company which such holder would have owned immediately following such action if such holder had exercised the Warrant immediately prior to such action.

For a dividend or distribution the adjustment shall become effective immediately after the record date for the dividend or distribution. For a subdivision, combination or reclassification, the adjustment shall become effective immediately after the effective date of the subdivision, combination or reclassification.

If after an adjustment the Holder, upon exercise of a Warrant, may receive shares of two or more classes of capital stock of the Company, the Board of Directors of the Company shall in good faith determine the allocation of the adjusted Exercise Price between or among the classes of capital stock. After such allocation, that portion of the Exercise Price applicable to each share of each such class of capital stock shall thereafter be subject to adjustment on terms comparable to those applicable to Common Stock in this Warrant. Notwithstanding the allocation of the Exercise

Price between or among shares of capital stock as provided by this Section 11(a), a Warrant may only be exercised in full by payment of the entire Exercise Price currently in effect.

(b) The Company will not, by amendment of its Certificate of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Section 11 and in the taking of all such action as may be necessary or appropriate in order to protect the exercise rights of the Holders of this Warrant against impairment.

12. Certificate as to Adjustments. In each case of any adjustment or readjustment in the shares of Common Stock (or Other Securities) issuable on the exercise of the Warrant, the Company at its expense will promptly cause its Chief Financial Officer or other appropriate designee to compute such adjustment or readjustment in accordance with the terms of the Warrant and prepare a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (a) the consideration received or receivable by the Company for any additional shares of Common Stock (or Other Securities) issued or sold or deemed to have been issued or sold, (b) the number of shares of Common Stock (or Other Securities) outstanding or deemed to be outstanding, and (c) the Exercise Price and the number of shares of Common Stock to be received upon exercise of this Warrant, in effect immediately prior to such adjustment or readjustment and as adjusted or readjusted as provided in this Warrant. The Company will forthwith mail a copy of each such certificate to the Holder of the Warrant and any Warrant agent of the Company (appointed pursuant to Section 15 hereof).

13. Reservation of Stock Issuable on Exercise of Warrant The Company will at all times reserve and keep available, solely for issuance and delivery on the exercise of the Warrant, shares of Common Stock (or Other Securities) from time to time issuable on the exercise of the Warrant.

14. Assignment; Exchange of Warrant. Subject to compliance with applicable securities laws, this Warrant, and the rights evidenced hereby, may be transferred by any registered Holder hereof (a "Transferor") with respect to any or all of the shares underlying this Warrant. On the surrender or exchange of this Warrant, with the Transferor's duly executed Assignment Form and together with evidence reasonably satisfactory to the Company demonstrating compliance with applicable securities laws, which shall include, without limitation, a legal opinion from the Transferor's counsel that such transfer is exempt from the registration requirements of applicable securities laws, the Company at its expense (but with payment by the Transferor of any applicable transfer taxes) will issue and deliver to or on the order of the Transferor thereof a new Warrant of like tenor, in the name of the Transferor and/or the transferee(s) specified in such Assignment Form (each a "Transferee"), calling in the aggregate on the face or faces thereof for the number of Warrant Shares called for on the face or faces of the Warrant so surrendered by the Transferor; and provided further, that upon any such transfer, the Company may require, as a condition thereto, that the Transferee execute an appropriate investment representation as may be reasonably required by the Company.

15. Warrant Agent. The Company may, by written notice to each Holder of a Warrant, appoint an agent for the purpose of issuing Common Stock (or Other Securities) on the exercise of this Warrant pursuant to Section 2, exchanging this Warrant pursuant to Section 14, and replacing this Warrant pursuant to Section 7, or any of the foregoing, and thereafter any such issuance, exchange or replacement, as the case may be, shall be made at such office by such agent.

16. Notices, etc. All notices shall be in writing signed by the party giving such notice, and delivered personally or sent by overnight courier or messenger or sent by registered or certified mail (air mail if overseas), return receipt requested, or by telex, facsimile transmission, telegram or similar means of communication. Notices shall be deemed to have been received on the date of personal, telex, facsimile transmission, telegram or similar means of communication, or if sent by overnight courier or messenger, shall be deemed to have been received on the next delivery day after deposit with the courier or messenger, or if sent by certified or registered mail, return receipt requested, shall be deemed to have been received on the third business day after the date of mailing. Notices shall be sent to the addresses set forth below each party's signature on the Subscription Agreement.

17. Notices of Record Date.

In case,

(a) The Company takes a record of the holders of its Common Stock for the purpose of entitling them to subscribe for or purchase any shares of stock of any class or to receive a dividend, distribution or any other rights; or

(b) There is any capital reorganization of the Company, reclassification of the capital stock of the Company (other than a subdivision or combination of its outstanding shares of Common Stock), or consolidation or merger of the Company with or into another corporation where the Company is not the surviving entity; or

(c) There is a voluntary or involuntary dissolution, liquidation or winding up of the Company;

then, and in any such case, the Company shall cause to be mailed to the Holder, at least 5 business days prior to the date hereinafter specified, a notice stating the date on which (i) a record is to be taken for the purpose of such dividend, distribution or rights, or (ii) such reclassification, reorganization, consolidation, merger, dissolution, liquidation or winding up is to take place and the date, if any is to be fixed, as of which holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, reorganization, consolidation, merger, dissolution, liquidation or winding up.

18. Amendments and Supplements.

(a) The Company may from time to time supplement or amend this Warrant without the approval of any Holders in order to cure any ambiguity or to be correct or supplement any provision contained herein which may be defective or inconsistent with any other provision, or to make any other provisions in regard to matters or questions herein arising hereunder which the Company may deem necessary or desirable and which shall not materially adversely affect the

interest of the Holder. All other supplements or amendments to this Warrant must be signed by the party against whom such supplement or amendment is to be enforced.

(b) Notwithstanding Section 18(a), the Company may at any time during the term of this Warrant reduce the then current Exercise Price to any amount and for any period of time deemed appropriate by the Board of Directors of the Company.

19. Investment Intent. Holder represents and warrants to the Company that Holder is acquiring the Warrant for investment and with no present intention of distributing or reselling all or any part of the Warrant.

20. Certificates to Bear Language. The Warrant Shares issuable upon exercise thereof shall bear the following legend by which Holder shall be bound:

> "THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT of 1933, AS AMENDED. THE SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE of SUCH REGISTRATION OR AN OPINION of COUNSEL REASONABLY SATISFACTORY TO THE COMPANY THAT AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT IS AVAILABLE."

Certificates for Warrants or Warrant Shares without such legend shall be issued if such Warrants or Warrant Shares are sold pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "1933 Act"), or if the Company has received an opinion from counsel reasonably satisfactory to counsel for the Company, that such legend is no longer required under the 1933 Act.

21. Representations and Warranties of Holder. The Holder hereby represents and warrants that on the date hereof and on each date of exercise of this Warrant:

(a) Securities Not Registered. The Holder is acquiring this Warrant and the Warrant Shares (collectively, the "Securities") for its own account, not as an agent or nominee, and not with a view to, or for sale in connection with, any distribution thereof in violation of applicable securities laws. By accepting this Warrant, the Holder further represents that the Holder does not have any present contract, undertaking, understanding or arrangement with any person to sell, transfer or grant participations to such persons or any third person, with respect to any of the Securities.

(b) Access to Information. The Company has made available to the Holder the opportunity to ask questions of and to receive answers from the Company's officers, directors and other authorized representatives concerning the Company and its business and prospects, and Holder has been permitted to have access to all information which it has requested in order to evaluate the merits and risks of the purchase of the Securities.

(c) Investment Experience. The Holder is an investor in securities of companies in various stages of development and growth and acknowledges that it is able to fend for itself, can bear the economic risk of its investment, and has such knowledge and experience in

financial and business matters that it is capable of evaluating the merits and risks of the purchase of the Securities.

(d) Regulation D. The Holder is an "accredited investor" as defined in Rule 501 under the 1933 Act. In the normal course of business, the Holder invests in or purchases securities similar to the Securities and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of purchasing the Securities. The Holder is not a registered broker dealer or an affiliate of any broker or dealer registered under Section 15(a) of the Exchange Act of 1934, as amended, or a member of the FINRA or a Person engaged in the business of being a broker dealer.

(e) Securities are Unregistered. The Holder has been advised that (i) none of the Securities have been registered under the 1933 Act or other applicable securities laws, (ii) the Securities may need to be held indefinitely, (iii) the Holder will continue to bear the economic risk of the investment in the Securities after they are subsequently registered under the 1933 Act or an exemption from such registration is available, and (iv) when and if the Securities may be disposed of without registration in reliance on Rule 144 promulgated under the 1933 Act, such disposition may be made only in amounts in accordance with the terms and conditions of such Rule in effect at that time.

(f) Pre-Existing Relationship. The Holder has a pre-existing personal or business relationship with the Company or any of its officers, directors or controlling persons, or by his/its business or financial experience or the business or financial experience of his/its financial advisors who are unaffiliated with and who are not compensated by the Company, directly or indirectly, could be reasonably assumed to have the capacity to protect his/its own interest in connection with the acquisition of the Securities.

(g) No Advertisement. The Holder acknowledges that the offer and sale of the Securities was not accomplished by the publication of any advertisement.

(h) No Review. The Holder understands that no arbitration board or panel, court or federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, has passed upon or made any recommendation or endorsement of the common stock into which it converts.

(i) Legal Representation. The Holder has had the opportunity to confer with legal counsel of its choosing regarding the issuance of the Securities and any related transactions.

22. Survival of Representation and Warranties. All representations and warranties made by the Holder shall survive the earlier of the Expiration Date and shall remain effective and enforceable until the earlier to occur of the Expiration Date or the date on which claims based thereon shall have been barred by the applicable statutes of limitation.

23. Miscellaneous.

(a) This Warrant shall be governed by and construed in accordance with the laws of the State of Delaware without regard to principles of conflicts of laws. The parties submit to the jurisdiction of the Courts of the County of Houston, State of Texas or a Federal Court

empaneled in the State of Texas for the resolution of all legal disputes arising under the terms of this Warrant, including, but not limited to, enforcement of any arbitration award. The Company and the Holder agree to submit to the jurisdiction of such courts and waive trial by jury.

(b) If any action or proceeding is brought by the Company on the one hand or by the Holder on the other hand to enforce or continue any provision of this Warrant, the prevailing party's costs and expenses, including its reasonable attorney's fees, in connection with such action or proceeding shall be paid by the other party.

(c) In the event that any provision of this Warrant is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision, which may prove invalid or unenforceable under any law, shall not affect the validity or enforceability of any other provision of this Warrant.

(d) The headings in this Warrant are for purposes of reference only, and shall not limit or otherwise affect any of the terms hereof.

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first written above.

NUTEX HEALTH INC.,
a Delaware corporation

By: _____
Thomas Vo, M.D.
Chief Executive Officer

EXHIBIT A
TO
WARRANT

NOTICE OF EXERCISE

(To Be Executed by the Holder in Order to Exercise the Warrant)

The undersigned Holder hereby elects to purchase _____ Shares pursuant to the attached Warrant, and requests that certificates for securities be issued in the name of :

_____
(Please type or print name and address)

_____

_____

_____
(Social Security or Tax Identification Number)

and delivered

to: _____

_____
(Please type or print name and address if different from above)

If such number of Shares being purchased hereby shall not be all the Shares that may be purchased pursuant to the attached Warrant, a new Warrant for the balance of such Shares shall be registered in the name of , and delivered to, the Holder at the address set forth below.

In full payment of the purchase price with respect to the Shares purchased and transfer taxes, if any, the undersigned hereby tenders payment of $_____ by check, money order or wire transfer payable in United States currency to the order of [_____]

HOLDER:

Dated: By:_____

Name: _____
Title: _____

EXHIBIT B
TO
WARRANT

FORM OF ASSIGNMENT

(To be signed only on transfer of Warrant)

For value received, the undersigned hereby sells, assigns, and transfers unto _____ the right represented by the within Warrant to purchase _____ shares of Common Stock of Nutex Health, Inc., a Delaware corporation, to which the within Warrant relates, and appoints _____ Attorney to transfer such right on the books of Nutex Health, Inc., a Delaware corporation, with full power of substitution of premises.

Dated: By:_____

Name: _____
Title: _____

(signature must conform to name of holder as specified on the fact of the Warrant)

Address:

Signed in the presence of:

Dated: _____

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of October 29, 2019, by and between Clinigence Holdings, Inc., a Delaware corporation (the "Company"), and Elisa Luqman (the "Employee" and together with the Company referred to as the "Parties") to become effective as of the date hereof (the "Effective Date"). For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Positions and Duties

(a) Position. The Employee shall initially serve as Chief Financial Officer and General Counsel of the Company. The Company may change the Employee's position and/or title to those of another senior executive officer as the Company's needs change.

(b) Duties. The Employee shall perform for the Company the duties that are customarily associated with being a Chief Financial Officer and General Counsel that are consistent with her experience and skills and such other duties as may be assigned to the Employee from time to time by the Company's Board of Directors (the "Board") and/or the Company's Chief Executive Officer (the "CEO") that are consistent with the duties normally performed by those performing the role of the Chief Financial Officer and General Counsel of similar entities.

(c) Reporting. The Employee shall report directly to the CEO.

(d) Devotion of Time. The Employee shall devote such working time, attention, knowledge, skills and efforts as maybe required to fulfill the Employee's duties hereunder and not less than a full-time (40 hours per week) commitment.

(e) Location. The Employee shall be based in St. Petersburg, Florida.

(f) Company Policies. The Employee agrees to comply with the policies and procedures of the Company as may be adopted and changed from time to time. If this Agreement conflicts with such policies or procedures, this Agreement shall control.

(g) Fiduciary Duties. The Employee owes a duty of loyalty to the Company, as well as a duty to perform his duties in a manner that is in the best interests of the Company.

2. Term. The term of this Agreement shall be for a three (3) year period commencing on the Effective Date (the "Initial Term"). The term of this Agreement shall automatically renew for an additional year (each, a "Renewal Term") following the Initial Term and any Renewal Term unless either Party provides written notice to the other Party at least sixty (60) days before the end of the Initial Term or any Renewal Term, as applicable, that it does not desire to renew this Agreement, in which case this Agreement shall expire at the end of the Initial Term or any Renewal Term, as applicable. The Initial Term and any Renewal Term are referred to herein collectively as the "Term".

3. Compensation and Related Matters. The Company shall provide the Employee with the compensation and benefits set forth in this Section 3 during the Term. Authority to take action under this Section 3 with respect to the Employee's compensation and benefits maybe delegated by the Board to its compensation committee and/or the CEO.

(a) Base Salary. The Company shall pay the Employee for all services rendered a base salary of One Hundred Fifty Thousand Dollars ($150,000) per year (the "Base Salary"), payable in accordance with the Company's payroll procedures, subject to customary withholdings and employment taxes. The Base Salary shall be evaluated annually by the Board for increase only.

(b) Annual Bonus. The Employee will be eligible to receive an annual cash bonus (the "Annual Bonus") for each fiscal year during the Term based on the extent to which, in the discretion of the Board, the Employee achieves or exceed specific and measurable individual and Company performance objectives established by the Board and communicated to the Employee in advance.

(c) Long Term Incentive Awards. The Employee shall be eligible to participate in any long-term incentive plan that may be available to similarly positioned executives. The Board may determine to grant long-term incentive awards in cash or in equity awards settled in shares of the Company's stock, including but not limited to stock options, restricted stock and performance shares. In the event the Employee terminates service as a Good Leaver, any requirements under a long-term incentive award held by the Employee shall be deemed to have been satisfied by the Company immediately prior to such termination. A "Good Leaver" means that, during the Term, either the Employee has resigned for Good Reason (as defined in Section 4(e) below), the Company has terminated the Employee's employment without Cause (as defined in Section 4(d) below or the Employee terminates employment on account of death or Disability (as defined in Section 4(b) below). For avoidance of doubt, being a Good Leaver entitles the Employee to be fully vested with respect to any restricted stock, stock options, or other equity rights with vesting conditions based solely on continued employment, and to be entitled to payment with respect to any long-term incentive award subject to corporate or business goals to the extent that such goals are met during the performance period on the same basis as if the Employee had remained continuously employed with the Company.

(d) Paid Time Off. During the term, the Employee shall be entitled to twenty (20) business days of paid time off ("PTO") per calendar year which shall be accrued ratably during the calendar year, to be taken at such times and intervals as shall be agreed to by Company and the Employee in their reasonable discretion. The Employee shall be entitled to accrue a maximum of twenty (20) business days of paid time off. When the maximum accrual is reached, no additional PTO time will accrue until Employee uses one or more accrued PTO days. Accrued and unused PTO shall be paid in cash at the end of a fiscal year.

Business Expenses. The Employee shall be entitled to prompt reimbursement of reasonable and usual business expenses incurred on behalf of Company in accordance with the Company's expense reimbursement policy.

(e) Benefit Plans. The Employee shall be entitled to continue to participate in

or receive benefits under any employee benefit plan or arrangement which is or may, in the future, be made available by the Company to its employees, subject to and on a basis consistent with the terms, conditions and overall administration of such plan or arrangement.

4. Termination. The Employee's employment hereunder maybe terminated during the Term without any breach of this Agreement under the following circumstances:

(a) Death. The Employee's employment hereunder shall terminate upon the Employee's death.

(b) Disability. The Company may terminate the Employee's employment if the Employee is disabled and, because of the disability, is unable to perform the essential functions of the Employee's then existing position or positions under this Agreement with or without reasonable accommodation. This provision is not intended to reduce any rights the Employee may have pursuant to any law.

(c) Termination by the Company for Cause. At any time during the Term, the Company may terminate the Employee's employment hereunder for Cause. For purposes of this Agreement, "Cause" shall mean: (i) conduct by the Employee constituting a material act of willful misconduct in connection with the performance of the Employee's duties that results in loss, damage or injury that is material to the Company; (ii) the commission by the Employee of (A) any felony or (B) a misdemeanor in which dishonesty or fraud is a material element, (iii) continued, willful and deliberate non-performance by the Employee of the Employee's duties hereunder (other than by reason of the Employee's physical or mental illness, incapacity or disability); (iv) a material breach by the Employee of Section 6 of this Agreement that results in loss, damage or injury that is material to the Company; (v) willful failure to cooperate with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, after being instructed by the Company to cooperate, or the willful destruction or failure to preserve documents or other materials known to be relevant to such investigation or the willful inducement of others to fail to cooperate or to produce documents or other materials in connection with such investigations; or (vi) fraud, embezzlement or theft against the Company or any of its Affiliates (as defined in Section 6(a) below). With respect to the events in (i), (iii) and (iv) herein, the Company shall have delivered written notice to the Employee of its intention to terminate the Employee's employment for Cause, which notice specifies in reasonable detail the circumstances claimed to give rise to the Company's right to terminate the Employee's employment for Cause and the Employee shall not have cured such circumstances to the extent such circumstances are reasonably susceptible to cure as determined by the Board in good faith within thirty (30) days following the Company's delivery of such notice. For avoidance of doubt, "Cause" shall not include (w) below par or below average operational performance, in and of itself; (x) expense reimbursement disputes in which the Employee acts in reasonable good faith; (y) occasional, customary and de minimis use of the Company's property for personal purposes; and (z) acting in good faith upon advice of Company's legal counsel.

(d) Termination without Cause. At any time during the Term, the Company may terminate the Employee's employment hereunder without Cause by providing the Employee with sixty (60) days advance written notice. Any termination by the Company of the Employee's employment under this Agreement that does not constitute a termination for Cause

under Section 4(c) and does not result from the death or Disability of the Employee under Sections 4(a) or 4(b) shall be deemed a termination without Cause under this Section 4(d). Any suspension of the Employee's employment with pay or benefits pending an investigation of alleged improper activities by the Employee that, if determined to be accurate, would be grounds for a Cause termination, shall not be considered a termination of the Employee's employment without Cause or provide with Good Reason to terminate employment.

(e) Termination by the Employee. At any time during the Term, the Employee may terminate his employment hereunder for any reason, including, but not limited to, Good Reason. For purposes of this Agreement, "Good Reason" shall mean that the Employee has complied with the "Good Reason Process" (hereinafter defined) following the occurrence of any of the following events: (i) a material diminution in the Employee's responsibilities, authority or duties; (ii) the material breach of this Agreement by the Company, including but not limited to a failure to pay Base Salary or Annual Bonus as provided for under this Agreement; (iii) any relocation of the Employee's principal place of business to a location more than 30 miles from the Employee's current office location as specified in Paragraph 1(e); provided, however, that this clause (iii) will not apply to the extent that any new office location is less than 30 miles from the Employee's residence; or (iv) a change in control of the Company. "Good Reason Process" shall mean (i) the Employee reasonably determines in good faith that a "Good Reason" condition has occurred; (ii) the Employee notifies the Company in writing of the occurrence of the Good Reason condition within (60) days of the occurrence of such condition; (iii) the Employee cooperates in good faith with the Company's efforts, fora period of sixty (60) days following such notice (the "Cure Period"), to remedy the condition; (iv) notwithstanding such efforts, the Good Reason condition continues to exist; and (v) the Employee terminates his employment within thirty (30) days after the end of the Cure Period. If the Company cures the Good Reason condition during the Cure Period, Good Reason shall be deemed not to have occurred.

(f) Notice of Termination. Except for termination as specified in Section 4(a), any termination of the Employee's employment shall be communicated by written Notice of Termination by the terminating Party to the other Party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon.

(g) Date of Termination. "Date of Termination" shall mean the earliest of the following: (i) if the Employee's employment is terminated by the Employee's death, the date of the Employee's death; (ii) if the Employee's employment is terminated on account of Disability under Section 4(b) or by the Company for Cause under Section 4(c), the date on which Notice of Termination is given that follows any applicable required cure period; (iii) if the Employee's employment is terminated by the Company under Section 4(d), thirty (30) days after the date on which a Notice of Termination is given; (iv) if the Employee's employment is terminated by the Employee under Section 4(e) without Good Reason, thirty (30) days after the date of which a Notice of Termination is given or such shorter period agreed to by the Company; or (v) if the Employee's employment is terminated by the Employee under Section 4(e) with Good Reason, the date on which Notice of Termination is given after the end of the Cure Period. Notwithstanding the foregoing, in the event that the Employee gives a Notice of Termination to the Company, the Company may unilaterally accelerate the Date of Termination but such acceleration shall nevertheless be deemed a termination by the Employee on the accelerated date

for purposes of this Agreement. For purposes of determining the time when the lump sum portion of the Severance Amount, if any, is to be paid under Section 5(b)(i) of this Agreement, "Date of Termination" means the Employee's separation from service as defined under Section 409A.

5. Compensation upon Termination.

(a) Accrued Benefits. If the Employee's employment with the Company is terminated for any reason during the Term, or if the Term is not renewed, the Company shall pay or provide the Employee (or the Employee's authorized representative or estate) any earned but unpaid Base Salary or Annual Bonus for services rendered through the Date of Termination, unpaid expense reimbursements, and accrued but unused paid time off (the "Accrued Benefits") within thirty (30) days. With respect to vested compensation or benefits the Employee may have under any employee benefit or compensation plan, program or arrangement of the Company, payment will be made to the Employee under the terms of the applicable plan, program or arrangement.

(b) Termination by the Company without Cause or by the Employee with Good Reason If the Employee's employment is terminated by the Company without Cause as provided in Section 4(d), or the Employee terminates his employment for Good Reason as provided in Section 4(e), or the Employee terminates employment at the end of the Term after the Company provides notice of intent not to renew pursuant to Section 1 for reasons other than would provide grounds for a Cause termination, then the Company shall, through the Date of Termination, pay the Employee his or her Accrued Benefits. If the Employee signs a general release of claims substantially in the form which is attached as Exhibit A to this Agreement) (the "Release") within twenty-one (21) days of the receipt of the form of the Release (extended to forty-five (45) days in the event of a group termination or exit incentive program) and does not revoke such Release during the seven-day revocation period:

(i) the Company shall pay the Employee an amount equal to one times the sum of the Employee's most recent Base Salary and target Annual Bonus (but determined prior to any action involving Base Salary that would constitute Good Reason) (the "Severance Amount"). To the extent that such Severance Amount exceeds the 409A Separation Pay Limit (as defined below), such amount shall be paid in a single lump sum on the regular payroll date of the Company, pertaining to then current salaried employees of the Company, ("payroll date") next following the first anniversary date of the Employee's Date of Termination. The portion of the Severance Amount that does not exceed the 409A Separation Pay Limit shall be paid in substantially equal amounts on each payroll date over a one year period; and

(ii) the Company shall pay the Employee an amount in cash equal to the Company's premium amounts paid for coverage of Employee at the time of the Employee's termination of coverage under the Company's group medical, dental and vision programs fora period of twelve (12) months, to be paid directly to the Employee at the same times such payments would be paid on behalf of a current employee for such coverage; provided, however:

(A) No payments shall be made under this paragraph (ii) unless and until the Employee timely elects continued coverage under such plan(s)

pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 as amended ("COBRA");

(B) This paragraph (ii) shall not be read or construed as placing any restrictions upon amounts paid under this paragraph (ii) as to their use;

(C) Payments under this paragraph (ii) shall cease as of the earliest to occur of the following:

(1) the Employee is no longer eligible for and continuing to receive the COBRA coverage elected in subparagraph (A);

(2) the time period set forth in the first sentence of this paragraph (ii);

(3) the date on which the Employee first becomes eligible to enroll in a group health plan in which eligibility is based on employment with an employer, and

(4) if the Company in good faith determines that payments under this paragraph (ii) would result in a discriminatory health plan pursuant to the Patient Protection and Affordable Care Act of 2010, as amended.

(iii) If the Employee has opted out of the Company's group medical, dental and vision programs during the coverage year in which termination occurs, the Company shall add to the Severance Amount an amount equal to 12 months of the Company's monthly amount paid to employees who opt out from such coverage.

(iv) Each individual payment of Severance Amount under Section 5(b)(i), Section 5(b)(ii), and Section 5(b)(iii) of this Agreement, shall be deemed to be a separate "payment" for purposes and within the meaning of Treasury Regulation Section 1.409A-2(b)(2)(iii).

(v) Each individual payment of the Severance Amount under Section 5(b)(i), Section 5(b)(ii), and Section 5(b)(iii) of this Agreement, which are considered "non-qualified deferred compensation" ("NQDC") under Section 409A shall be made on the date(s) provided herein and no request to accelerate or defer any such payment under this Agreement shall be considered or approved for any reason whatsoever, except as permitted under Section 409A and as the Company allows in its sole discretion. The Company may in its sole discretion accelerate or defer (but not beyond the time limit set forth below) any severance payments which do not constitute NQDC in order to allow for the payment of taxes due, but not beyond the time limit specified for such payment such that the payment would be treated as NQDC. Subject to the requirements of Section 409A, if any severance payment or reimbursement under Section 5(b) of this Agreement is determined in good faith by the Company to constitute NQDC payable to a "specified employee" as defined under Section 409A, then the Company shall make any such payment not earlier than the earlier of: (x) the first payroll date which is six (6) months

following the Employee's separation from service (as defined under Section 409A) with the Company, or (y) the date of Employee's death.

(vi) for purposes of this Section 5, "Section 409A" means Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

(vii) for purposes of this Section 5, "409A Separation Pay Limit" means two times the lesser of (*x*) the Employee's annual compensation during the calendar year preceding the year of the termination of employment; and (*y*) the adjusted compensation limit under Code Section 401(a)(17) in effect for the year of the termination.

6. Confidential Information, Non-solicitation, and Cooperation

(a) Definitions.

(i) As used in this Agreement, "Affiliate" means, as to any Person, (i) any other Person which directly, or indirectly through one or more intermediaries, controls such Person or is consolidated with such Person in accordance with GAAP, (ii) any other Person which directly, or indirectly through one or more intermediaries, is controlled by or is under common control with such Person, or (iii) any other Person of which such Person owns, directly or indirectly, fifty percent (50%) or more of the common stock or equivalent equity interests. As used herein, the term "control" means possession, directly or indirectly, of the power to director cause the direction of the management or policies of a Person, whether through the ownership of voting securities or otherwise.

(ii) As used in this Agreement, "Person" means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization.

(b) Confidential Information As used in this Agreement, "Confidential Information" means information belonging to the Company or its Affiliates which is of value to the Company or any of its Affiliates in the course of conducting its business (whether having existed, now existing, or to be developed or created during Employee's employment by Company) and the disclosure of which could result in a competitive or other disadvantage to the Company or its Affiliates. Confidential Information includes, without limitation, contract terms and rates; negotiating and contracting strategies; financial information, reports, and forecasts; inventions, improvements and other intellectual property; product plans or proposed product plans; trade secrets; designs, processes or formulae; software; market or sales information, plans or strategies; employee, customer, patient, provider and supplier information; information from patient medical records; financial data; insurance reimbursement methodologies, strategies and practices; product and service pricing methodologies, strategies and practices; contracts with physicians, providers, provider networks, payors, physician databases and contracts with hospitals; regulatory and clinical manuals; and business plans, prospects and opportunities (such as possible acquisitions or dispositions of businesses or facilities) that have been discussed or considered by the Company or its Affiliates, including, without limitation, the management of the Company or its Affiliates. Confidential Information includes information developed by the Employee in the course of the Employee's employment by the Company, as well as other

information to which the Employee may have access in connection with the Employee's employment. Confidential Information also includes the confidential information of others with which the Company or its Affiliates has a business relationship. Notwithstanding the foregoing, Confidential Information does not include information in the public domain, unless due to breach of the Employee's duties under Section 6(b), unless otherwise due to Employee's breach of the obligations in this Agreement, or unless due to violation of another Person's obligations to the Company or its Affiliates that Employee should have taken reasonable measures to prevent but that Employee did not take.

(c) Confidentiality. The Employee understands and agrees that the Employee's employment creates a relationship of confidence and trust between the Company and the Employee with respect to all Confidential Information. At all times, both during the Employee's employment with the Company and after the Employee's termination from employment for any reason, the Employee shall keep in confidence and trust all such Confidential Information, and shall not use, disclose, or transfer any such Confidential Information without the written consent of the Company, except as may be necessary within the scope of Employee's duties with Company and in the ordinary course of performing the Employee's duties to the Company or as otherwise provided in Section 6(d) below. Employee understands and agrees not to sell, license or otherwise exploit any products or services which embody or otherwise exploit in whole or in part any Confidential Information or materials. Employee acknowledges and agrees that the sale, misappropriation, or unauthorized use or disclosure in writing, orally or by electronic means, at any time of Confidential Information obtained by Employee during or in connection with the course of Employee's employment constitutes unfair competition. Employee agrees and promises not to engage in unfair competition with Company or its Affiliates, either during employment, or at any time thereafter.

(d) Protected Rights. Notwithstanding anything to the contrary in this Section 6, this Agreement is not intended to, and shall not, in any way prohibit, limit or otherwise interfere with the Employee's protected rights under federal, state or local law to, without notice to the Company, (i) communicate or file a charge with a government regulator; (ii) participate in an investigation or proceeding conducted by a government regulator; or (iii) receive an award paid by a government regulator for providing information.

(e) Documents, Records, etc. All documents, records, data, apparatus, equipment and other physical property, whether or not pertaining to Confidential Information, that are furnished to the Employee by the Company or its Affiliates or are produced by the Employee in connection with the Employee's employment will be and remain the sole property of the Company and its Affiliates. The Employee shall return to the Company all such materials and property as and when requested by the Company. In any event, the Employee shall return all such materials and property immediately upon termination of the Employee's employment for any reason. The Employee shall not retain any such material or property or any copies thereof after such termination. It is specifically agreed that any documents, card files, notebooks, programs, or similar items containing customer or patient information are the property of the Company and its Affiliates regardless of by whom they were compiled.

(f) Disclosure Prevention. The Employee will take all reasonable precautions to prevent the inadvertent or accidental exposure of Confidential Information.

(g) Removal of Material. The Employee will not remove any Confidential Information from the Company's or its Affiliate's premises except for use in the Company's business, and only consistent with the Employee's duties with the Company.

(h) Copying. The Employee agrees that copying or transferring Confidential Information (by any means) shall be done only as needed in furtherance of and for use in the Company's and its Affiliate's business, and consistent with the Employee's duties with the Company. The Employee further agrees that copies of Confidential Information shall be treated with the same degree of confidentiality as the original information and shall be subject to all restrictions herein.

(i) Computer Security. During the Employee's employment with the Company, the Employee agrees only to use Company'sand its Affiliate's computer resources (both on and off the Company's premises) for which the Employee has been authorized and granted access. The Employee agrees to comply with the Company's policies and procedures concerning computer security.

(j) E-Mail. The Employee acknowledges that the Company retains the right to review any and all electronic mail communications made with employer provided email accounts, hardware, software, or networks, with or without notice, at any time.

(k) Assignment. The Employee acknowledges that any and all inventions, discoveries, designs, developments, methods, modifications, improvements, trade secrets, processes, software, formulae, data, "know-how," databases, algorithms, techniques and works of authorship whether or not patentable or protectable by copyright or trade secret, made or conceived, first reduced to practice, or learned by the Employee, either alone or jointly with others, during the Term that (i) relate to or are useful in the business of the Company or its Affiliates, or (ii) are conceived, made or worked on at the expense of or during the Employee's work time for the Company, or using any resources or materials of the Company or its Affiliates, or (iii) arise out of tasks assigned to the Employee by the Company (together 'Proprietary Inventions") will be the sole property of the Company or its Affiliates. The Employee acknowledges that all work performed by the Employee is on a "work for hire" basis and the Employee hereby assigns or agrees to assign to the Company the Employee's entire right, title and interest in and to any and all Proprietary Inventions and related intellectual property rights. The Employee agrees to assist the Company to obtain, maintain and enforce intellectual property rights for Proprietary Inventions in any and all countries during the Term, and thereafter for as long as such intellectual property rights exist.

(l) Non-solicitation. Employee agrees and covenants that, at any time during Employee's employment with the Company and for a period of twelve (12) months immediately following the termination of Employee's relationship with the Company for any reason, whether with or without cause, Employee shall not, either on Employee's own behalf or on behalf of any other Person: (i) solicit the services of or entice away, directly or indirectly, any Person employed or engaged by or otherwise providing services to the Company or its Affiliates (this provision does not prohibit the Employee's post-termination acceptance of unsolicited applications for employment); or (ii) take any illegal action or engage in any unfair business practice, including, without limitation, any misappropriation of confidential, proprietary or trade

secret information of the Company or its Affiliates, as a result of which relations between the Company or its Affiliates, and any of their customers, clients, suppliers, distributors or others, may be impaired or which might otherwise be detrimental to the business interests or reputation of the Company or its Affiliates.

(m) Third-Party Agreements and Rights. The Employee hereby confirms that the Employee is not bound by the terms of any agreement with any previous employer or other party which restricts in any way the Employee's use or disclosure of information or the Employee's engagement in any business except as Employee has previously provided written notice to Company and has attached to this Agreement. The Employee represents to the Company that the Employee's execution of this Agreement, the Employee's employment with the Company and the performance of the Employee's proposed duties for the Company will not violate any obligations the Employee may have to any previous employer or other party. In the Employee's work for the Company, the Employee will not disclose or use any information in violation of any agreements with or rights of any such previous employer or other party, and the Employee will not bring to (by any means) the premises of the Company any copies or other tangible embodiments of non-public information belonging to or obtained from any such previous employment or other party.

(n) Litigation and Regulatory Cooperation. During and after the Employee's employment, the Employee shall cooperate fully with the Company in the defense or prosecution of any claims or actions now in existence or that may be brought in the future against or on behalf of the Company that relate to events or occurrences that transpired while the Employee was employed by the Company. The Employee's full cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after the Employee's employment, the Employee also shall cooperate fully with the Company in connection with any investigation or review of any federal, state, or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while the Employee was employed by the Company. The Company shall reimburse the Employee for any reasonable out of pocket expenses incurred in connection with the Employee's performance of obligations pursuant to this Section. "Full cooperation" shall not be construed to in any way require any violation of law or any testimony that is false or misleading.

(o) Enforcement; Injunction. The Employee acknowledges and agrees that the restrictions contained in this Agreement are reasonable and necessary to protect the business and interests of the Company and its Affiliates, do not create any undue hardship for the Employee, and that any violation of the restrictions in this Agreement would cause the Company and its Affiliates substantial irreparable injury. Accordingly, the Employee agrees that a remedy at law for any breach or threatened breach of the covenants or other obligations in Section 6 of this Agreement would be inadequate and that the Company, in addition to any other remedies available, shall be entitled to obtain preliminary and permanent injunctive relief to secure specific performance of such covenants and to prevent a breach or contemplated or threatened breach of this Agreement without the necessity of proving actual damage and without the necessity of posting bond or security, which the Employee expressly waives. Moreover, the Employee will provide the Company a full accounting of all proceeds and profits received by the Employee as a result of or in connection with a breach of Section 6 of this Agreement. Unless

prohibited by law, the Company shall have the right to retain any amounts otherwise payable by the Company to the Employee to satisfy any of the Employee's obligations as a result of any breach of Section 6 of this Agreement. The Employee hereby agrees to indemnify and hold harmless the Company and its Affiliates from and against any damages incurred by the Company or its Affiliates as assessed by a court of competent jurisdiction as a result of any breach of Section 6 of this Agreement by the Employee. The prevailing party shall be entitled to recover its reasonable attorneys' fees and costs if it prevails in any action to enforce Section 6 of this Agreement. It is the express intention of the parties that the obligations of Section 6 of this Agreement shall survive the termination of the Employee's employment. The Employee agrees that each obligation specified in Section 6 of this Agreement is a separate and independent covenant that shall survive any termination of this Agreement and that the unenforceability of any of them shall not preclude the enforcement of any other covenants in Section 6 of this Agreement. No change in the Employee's duties or compensation shall be construed to affect, alter or otherwise release the Employee from the covenants herein.

7. Successors and Assigns. This Agreement shall be assignable to and shall be binding upon and inure to the benefit of, the Company's successors and assigns, including, without limitation, successors through merger, name change, consolidation, or sale of a majority of the Company's stock or assets, and shall be binding upon the Employee. The Empoyee shall not have the right to assign his rights or obligations under this Agreement.

8. Severability. The provisions of this Agreement are severable. If any provision of this Agreement is determined to be unenforceable, in whole or in part, then such provision shall be modified so as to be enforceable to the maximum extent permitted by law. If such provision cannot be modified to be enforceable, the provision shall be severed from this Agreement to the extent unenforceable. The remaining provisions and any partially enforceable provisions shall remain in full force and effect.

9. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

10. Notices. Whenever any notice is required hereunder, such notice shall be deemed to have been effectively delivered or given and received on the date personally delivered or on the date sent via email to the respective party to whom it is directed and confirmed by return email within three (3) business days, provided that if confirmation by email is not received within such time, a copy of such notice is also delivered to the person via overnight delivery at the known address of such person or, if not known, then to the corporate headquarters and to the attention of such person.

11. Publicity. The Employee hereby grants to the Company the right to use the Employee's name and likeness, without additional consideration, on, in and in connection with technical, marketing and/or disclosure materials published by or for the Company for the duration of Employee's employment with Company.

12. Conflicting Obligations and Rights. The Employee agrees to inform the Company of any apparent conflicts between the Employee's work for the Company and (a) any obligations the Employee may have to preserve the confidentiality of another's proprietary information or

materials or (b) any rights the Employee claims to any inventions or ideas before using the same on the Company's behalf. Otherwise, the Company may conclude that no such conflict exists and the Employee agrees thereafter to make no such claim against the Company. The Company shall receive such disclosures in confidence and consistent with the objectives of avoiding any conflict of obligations and rights or the appearance of any conflict of interest.

13. Notification of New Employer. In the event that the Employee leaves the employ of the Company, voluntarily or involuntarily, the Employee agrees to inform any subsequent employer of the Employee's obligations under Section 6 of this Agreement. The Employee further hereby authorizes the Company to notify the Employee's new employer about the Employee's obligations under Section 6 of this Agreement.

14. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any previous oral or written communications, negotiations, representations, understandings, or agreements between them. Any modification of this Agreement shall be effective only if set forth in a written document signed by the Employee and a duly authorized officer of the Company.

15. Amendment. This Agreement may be amended or modified only by a written instrument signed by the Employee and by a duly authorized representative of the Company.

16. Non-Interference. Notwithstanding anything to the contrary set forth in this Agreement or in any other agreement between the Employee and the Company, nothing in this Agreement or in any other agreement shall limit the Employee's ability, or otherwise interfere with the Employee's rights, to (a) file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission, or any other federal, state, or local governmental agency or commission (each a "Government Agency"), (b) communicate with any Government Agency or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company, (c) receive an award for information provided to any Government Agency, or (d) engage in activity specifically protected by Section 7 of the National Labor Relations Act, or any other federal or state statute or regulation.

17. Governing Law/Consent to Jurisdiction and Venue. The laws of the State of Forida shall govern this Agreement. If Florida's conflict of law rules would apply another state's laws, the Parties agree that Florida law shall still govern. Any and all claims arising out of or relating to this Agreement shall be brought in a state or federal court of competent jurisdiction in Florida. The Parties consent to the personal jurisdiction of the state and/or federal courts located in Hillsborough County, Florida. The Parties waive (i) any objection to jurisdiction or venue, or (ii) any defense claiming lack of jurisdiction or improper venue, in any action brought in such courts.

18. Obligations of Successors. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

19. Limitation on Payments in Certain Events.

(a) Limitation on Payments. Notwithstanding anything to the contrary in Section 3 and Section 5 of this Agreement, if any payment or distribution that the Employee would receive pursuant to this Agreement or otherwise ("Payment") would (a) constitute a "parachute payment" within the meaning of Section 280G of the Code), and (b) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the 'Excise Tax"), then the Company shall cause to be determined, before any amounts of the Payment are paid to the Employee, which of the following alternative forms of payment would maximize the Employee's after-tax proceeds: (i) payment in full of the entire amount of the Payment (a "Full Payment"), or (ii) payment of only apart of the Payment so that the Employee receives that largest Payment possible without being subject to the Excise Tax (a "Reduced Payment"), whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax (all computed at the highest marginal rate, net of the maximum reduction in federal income taxes which could be obtained from a deduction of such state and local taxes), results in the Employee's receipt, on an after-tax basis, of the greater amount of the Payment, notwithstanding that all or some portion the Payment may be subject to the Excise Tax.

(b) The independent registered public accounting firm engaged by the Company for general audit purposes as of the day prior to the date the first Payment is due shall make all determinations required to be made under this Section 18. If the independent registered public accounting firm so engaged by the Company is serving as accountant or auditor for the individual, group or entity effecting the transaction, the Company shall appoint a nationally recognized independent registered public accounting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such independent registered public accounting firm required to be made hereunder.

(c) The independent registered public accounting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to the Company and the Employee at such time as requested by the Company or the Employee. If the independent registered public accounting firm determines that no Excise Tax is payable with respect to a Payment, either before or after the application of the Reduced Payment, it shall furnish the Company and the Employee with an opinion reasonably acceptable to the Employee that no Excise Tax will be imposed with respect to such Payment. Any good faith determinations of the accounting firm made hereunder shall be final, binding and conclusive upon the Parties.

20. Counterparts. This Agreement may be executed in any number of counterparts, including, but not limited to, electronically signed or scanned images, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

[*Signature Page Follows*]

IN WITNESS WHEREOF, this Agreement has been executed as a sealed instrument by the Company by its duly authorized officer, and by the Employee, as of the date first above written.

COMPANY:

CLINIGENCE HOLDINGS, INC.:

By: 

Printed Name: Jacob Margolin

Its: CEO

Date: October 29, 2019

EMPLOYEE:

Printed Name: Elisa Luqman

Date: October 29, 2019

EXHIBIT A

Release of Claims

I, _____, in consideration of and subject to the performance by CLINIGENCE HOLDINGS, INC., a Delaware corporation (the "Company") of its obligations under the Employment Agreement, dated as of_____ __, 20__ (as amended from time to time, the "Agreement"), do hereby release and forever discharge as of the date of my execution of this release (this "Release") the Company, its affiliated and related entities, its and their respective predecessors, successors and assigns, its and their respective employee benefit plans and fiduciaries of such plans, and the current and former officers, directors, shareholders, employees, attorneys, accountants and agents of each of the foregoing in their official and personal capacities (collectively, the "Released Parties") to the extent provided below.

1. I understand that any payments or benefits paid or granted to me under Section 5(b) of the Agreement represent, in part, consideration for signing this Release and are not salary, wages or benefits to which I was already entitled. Such payments and benefits will not be considered compensation for purposes of any employee benefit plan, program, policy or arrangement maintained or hereafter established by the Company or its affiliates.

2. Releases.

   I knowingly and voluntarily (on behalf of myself, my spouse, my heirs, executors, administrators, agents and assigns, past and present) fully and forever release and discharge the Company and the other Released Parties from any and all claims, suits, controversies, actions, causes of action, cross claims, counterclaims, demands, debts, liens, contracts, covenants, suits, rights, obligations, expenses, judgments, compensatory damages, liquid damages, punitive or exemplary damages, other damages, claims for costs and attorneys' fees, orders and liabilities of whatever kind of nature, in law and in equity, in contract of in tort, both past and present (through the date this General Release becomes effective and enforceable) and whether known or unknown, vested or contingent, suspected, or claimed, against the Company or any of the Released Parties which I, my spouse, or any of my heirs, executors, administrators or assigns, may have, which arise out of or relate to my employment with, or my separation or termination from, the Company up to the date of my execution of this Release (including, but not limited to, any allegation, claim of violation arising under: Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967, as amended (including the Older Workers Benefit Protection Act), the Equal Pay Act of 1963, as amended; the Americans with Disabilities Act of 1990; the Family and Medical Leave Act of 1993; the Worker Adjustment Retraining and Notification Act; the Employee Retirement Income Security Act of 1974; the Fair Labor Standards Act; or their state or local counterparts; or under any other federal, state or local civil or human rights law, or under any other local state or federal law, regulation or ordinance; or under any public policy, contract of tort, or under common law; or arising under any policies, practices or procedures of the Company; or any claim for wrongful discharge, breach of the Agreement, infliction of emotional distress or defamation; or any

claim for costs, fees, or other expenses, including attorneys' fees incurred in these matters) (collectively, the "Claims").

Employee agrees that this Agreement is intended to include all claims, if any, that Employee may have against the Company, and that this Agreement extinguishes those claims.

3. I represent that I have made no assignment of transfer of any right, claim, demand, cause of action, or other matter covered by Section 2 above.

4. In signing this Release, I acknowledge and intend that it shall be effective as a bar to each and every one of the claims, demands and causes of action herein above mentioned or implied. I expressly consent that this Release shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected claims up to the date of my execution of this Release, if any, as well as those relating to any other claims hereinabove mentioned. I acknowledge and agree that this waiver is an essential and material term of this Release and that without such waiver the Company would not have agreed to the terms of the Agreement. I further agree that in the event I should bring a claim seeking damages against the Company, this Release shall serve as a complete defense to such claims as to my rights and entitlements. I further agree that I am not aware of any pending charge or complaint of the type described in Section 2 above as of the date of my execution of this Release.

5. I agree that neither this Release, nor the furnishing of the consideration for this Release, shall be deemed or constructed at any time to be an admission or acknowledgement by the Company, any Released Party or myself of any improper or unlawful conduct.

6. I agree and acknowledge that the provisions, conditions, and negotiations of this Release are confidential and agree not to disclose any information regarding the terms, conditions and negotiations of this Release, nor transfer any copy of this Release to any person or entity, other than my immediate family and any tax, legal or other counsel or advisor I have consulted regarding the meaning or effect hereof or as required by applicable law, and I will instruct each of the foregoing not to disclose the same to anyone.

7. Notwithstanding anything in the Release to the contrary, nothing in this Release shall be deemed to affect, impair, relinquish, diminish, or in any way affect any rights or claims in any respect to (i) any vested rights or other entitlements that I may have as of the date of my execution of this Release under the Company's 401(k) plan; (ii) any other vested rights or other entitlements that I may have as of the date of my execution of this Release under any employee benefit plan or program, in which I participated in my capacity as an employee of the Company; (iii) my rights under the Agreement; or (iv) my rights under the Release.

8. I understand that I continue to be bound by Section 6 of the Agreement.

9. Whenever possible, each provision of this Release shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provisions of this Release are held to be invalid, illegal or unenforceable in any respect under any applicable law or rule

in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Release shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provisions had never been contained herein.

10. This Release shall be governed by and construed in accordance with the laws of the State of Florida, without giving effect to the conflict of laws principles of the State of Florida.

BY SIGNING THIS RELEASE, I REPRESENT AND AGREE THAT:

(i) I HAVE READ IT CAREFULLY;

(ii) I UNDERSTAND ALL OF ITS TERMS AND KNOW THAT I AM GIVING UP IMPORTANT RIGHTS, INCLUDING BUT NOT LIMITED TO, RIGHTS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED;

(iii) I VOLUNTARILY CONSENT TO EVERYTHING IN IT;

(iv) THE COMPANY IS HEREBY ADVISING ME TO CONSULT WITH AN ATTORNEY BEFORE EXECUTING IT, I HAVE HAD THE OPPORTUNITY TO SO CONSULT, AND HAVE AVAILED MYSELF OF SUCH ADVICE TO THE EXTENT I HAVE DEEMED NECESSARY TO MAKE A VOLUNTARY AND INFORMED CHOICE TO EXECUTE THIS RELEASE;

(v) I HAVE HAD AT LEAST TWENTY ONE (21) DAYS [45 DAYS IN CONNECTION WITH A GROUP TERMINATION OR EXIT INCENTIVE PLAN] FOLLOWING THE DATE OF TERMINATION OF MY EMPLOYMENT TO CONSIDER THIS RELEASE;

(vi) CHANGES TO THIS RELEASE, WHETHER MATERIAL OR IMMATERIAL, DO NOT RESTART THE RUNNING OF THE 21-DAY [OR 45 DAY] CONSIDERATION PERIOD;

(vii) I UNDERSTAND THAT I HAVE SEVEN (7) DAYS AFTER THE EXECUTION OF THIS RELEASE TO REVOKE IT, SUCH REVOCATION TO BE RECEIVED IN WRITING BY THE COMPANY BY THE END OF THE SEVENTH DAY AFTER THE DATE HEREOF, AND THAT THIS RELEASE SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THE REVOCATION PERIOD HAS EXPIRED;

(viii) I HAVE SIGNED THIS RELEASE KNOWINGLY AND VOLUNTARILY AND WITH THE ADVICE OF ANY COUNSEL RETAINED TO ADVISE ME WITH RESPECT TO IT; AND

(ix) I AGREE THAT THE PROVISIONS OF THIS RELEASE MAY NOT BE AMENDED, WAIVED OR MODIFIED EXCEPT BY AN INSTRUMENT IN

WRITING SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY AND BY ME.

DATED AS OF_____, 20__

_____

[***Name***]

Amendment to Employment Agreement

THIS AMENDMENT TO EMPLOYMENT AGREEMENT (this "***Amendment***") is made and entered into effective as of February 22, 2021 (the "***Amendment Effective Date***"), by and between Clinigence Holdings, Inc., a Delaware corporation (the "***Company***"), and Elisa Luqman (the "***Employee***" and, together with the Company, the "***Parties***").

Whereas, the Company and Executive entered into that certain Employment Agreement (the "**Agreement**") dated as of October 29, 2019, and

Whereas, the Parties desire to amend Section 1 (a) of the Agreement in the manner reflected herein, and

Whereas, the Board of Directors of the Company has approved the amendment of the Agreement in the manner reflected herein,

Now Therefore, in consideration of the premises and mutual covenants and conditions herein, the Parties, intending to be legally bound, hereby agree as follows, effective as of the Amendment Effective Date:

1. Position. Section 1 (a) of the Agreement is hereby deleted and replaced in its entirety with the following (with all capitalized terms having the meaning originally ascribed thereto in the Agreement):

> **Position**. The Employee shall initially serve as General Counsel and Executive Vice President of Finance of the Company. The Company may change the Employee's position and/or title to those of another senior executive officer as the Company's needs change.

2. Counterparts. This Amendment may be executed in one or more facsimile, electronic or original counterparts, each of which shall be deemed an original and both of which together shall constitute the same instrument.

3. Ratification. All terms and provisions of the Agreement not amended hereby, either expressly or by necessary implication, shall remain in full force and effect. From and after the date of this Amendment, all references to the term "***Agreement***" in this Amendment or the original Agreement shall include the terms contained in this Amendment.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment to Employment Agreement effective as of the Amendment Effective Date.

CLINIGENCE HOLDINGS, INC

By: DocuSigned by: Larry Schimmel EB6FAB21036248A...

Name: Lawrence Schimmel
Title: CEO

DocuSigned by: Elisa Luqman C9EF8485F3244FB...

Name: Elisa Luqman

AMENDMENT TO EMPLOYMENT AGREEMENT

This AMENDMENT TO EMPLOYMENT AGREEMENT (this "Amendment"), dated as of July 1, 2021, to the Employment Agreement dated as of October 29, 2019 (the "Employment Agreement"), by and between Clinigence Holdings, Inc., a Delaware corporation (the "Company"), and Elisa Luqman ("Employee").

WHEREAS, the Company and Employee have previously entered into the Employment Agreement;

WHEREAS, it is mutually in the best interests of the Company and Employee to modify and amend the Employment Agreement in the manner stated herein.

NOW, THEREFORE, in order to effect the foregoing, in consideration of the premises and the respective covenants and agreements of the parties herein contained, and intending to be legally bound hereby, the parties hereto agree as follows (capitalized terms used but not defined herein having the meanings ascribed to such terms in the Employment Agreement):

1. **Term**. Sections 2 of the Employment Agreement is hereby amended to read in their entirety as follows:

"The term of this Agreement shall be for a three (3) year period commencing on the Effective Date of this Amendment (the "Initial Term"). The term of this Agreement shall automatically renew for an additional year (each, a "Renewal Term") following the Initial Term and any Renewal Term unless either Party provides written notice to the other Party at least sixty (60) days before the end of the Initial Term or any Renewal Term, as applicable, that it does not desire to renew this Agreement, in which case this Agreement shall expire at the end of the Initial Term or any Renewal Term, as applicable. The Initial Term and any Renewal Term are referred to herein collectively as the "Term".

2. **Compensation and Related Matters**. Sections 3(a) of the Employment Agreement is hereby amended to read in their entirety as follows:

"Base Salary. The Company shall pay the Employee for all services rendered a base salary of Two Hundred Twenty-Five Thousand Dollars ($225,000) per year (the "Base Salary"), payable in accordance with the Company's payroll procedures, subject to customary withholdings and employment taxes. The Base Salary shall be evaluated annually by the Board for increase only."

3. **Counterparts**. This Amendment may be executed in one or more facsimile, electronic or original counterparts, each of which shall be deemed an original and both of which together shall constitute the same instrument.

4. **Ratification**. All terms and provisions of the Agreement not amended hereby, either expressly or by necessary implication, shall remain in full force and effect. From and after the date of this Amendment, all references to the term "***Agreement***" in this Amendment or the original Agreement shall include the terms contained in this Amendment.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment to Employment Agreement effective as of the Amendment Effective Date.

CLINIGENCE HOLDINGS, INC

By: /s/ Warren Hosseinion
Name: Warren Hosseinion
Title: Chief Executive Officer

/s/ Elisa Luqman
Name:

Elisa Luqman

THIRD AMENDMENT TO EMPLOYMENT AGREEMENT

This THIRD AMENDMENT TO EMPLOYMENT AGREEMENT (this "Amendment"), dated as of August 15, 2021, to the Employment Agreement dated as of October 29, 2019, as Amended on February 22, 2021 and July 1, 2021 (collectively the "Employment Agreement"), by and between Clinigence Holdings, Inc., a Delaware corporation (the "Company"), and Elisa Luqman ("Employee").

WHEREAS, the Company and Employee have previously entered into the Employment Agreement;

WHEREAS, it is mutually in the best interests of the Company and Employee to modify and amend the Employment Agreement in the manner stated herein.

NOW, THEREFORE, in order to effect the foregoing, in consideration of the premises and the respective covenants and agreements of the parties herein contained, and intending to be legally bound hereby, the parties hereto agree as follows (capitalized terms used but not defined herein having the meanings ascribed to such terms in the Employment Agreement):

1. **Positions and Duties** Sections 1(d) and 1(e) of the Employment Agreement are hereby amended to read in their entirety as follows:

(d) Devotion of Time. The Employee shall devote such working time, attention, knowledge, skills and efforts as may be required to fulfill the Employee's duties hereunder, as reasonably determined by the Board and/or the Company's Chief Executive Officer (the "CEO". The Employee may participate as a member of the board of directors or advisory board of other entities and in professional organizations and civic and charitable organizations so long as any such positions are disclosed to the Board and do not materially interfere with the Employee's duties and responsibilities to the Employer. Company recognizes that Executive is currently a member of Cardio Diagnostics Inc, executive management team. Employer also recognizes all the requirements associated with that role and acknowledges those activities are allowed under this agreement.

(e) Location. Employee is authorized to perform her services for the Company from a location of her choosing other than the Company's offices, so long as she is able to fulfill the requirements of her position. The Employee must have quality internet connectivity and must be able to access email and have a working telephone throughout the day. If the internal Company needs dictate, Employee may be required to physically attend certain pre-planned in-person internal meetings at the principal executive offices in Ft. Lauderdale, Florida. The Employee may also be required to travel on Company business during the Term.

2. **Counterparts**. This Amendment may be executed in one or more facsimile, electronic or original counterparts, each of which shall be deemed an original and both of which together shall constitute the same instrument.

3. **Ratification**. All terms and provisions of the Agreement not amended hereby, either expressly or by necessary implication, shall remain in full force and effect. From and after the date of this Amendment, all references to the term "***Agreement***" in this Amendment or the original Agreement shall include the terms contained in this Amendment.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment to Employment Agreement effective as of the Amendment Effective Date.

CLINIGENCE HOLDINGS, INC

By: /s/ Warren Husseinion
Name: Warren Hosseinion
Title: Chief Executive Officer

/s/ Elisa Luqman
Name:

Elisa Luqman

AMENDMENT #4 TO EMPLOYMENT AGREEMENT

This AMENDMENT #4 TO EMPLOYMENT AGREEMENT (this "Amendment"), dated as of June 14, 2022, to the Employment Agreement dated as of October 29, 2019, and as Amended on August 15, 2021, February 22, 2021, and July 1, 2021 (collectively the "Employment Agreement") (the "Employment Agreement"), by and between Nutex Health Inc. (formerly Clinigence Holdings, Inc.) a Delaware corporation (the "Company"), and Elisa Luqman ("Employee").

WHEREAS, the Company and Employee have previously entered into the Employment Agreement;

WHEREAS, it is mutually in the best interests of the Company and Employee to modify and amend the Employment Agreement in the manner stated herein.

NOW, THEREFORE, in order to effect the foregoing, in consideration of the premises and the respective covenants and agreements of the parties herein contained, and intending to be legally bound hereby, the parties hereto agree as follows (capitalized terms used but not defined herein having the meanings ascribed to such terms in the Employment Agreement):

1. **Position and Duties**. Sections 1 (a) and (b) of the Agreement are hereby deleted and replaced in their entirety with the following (with all capitalized terms having the meaning originally ascribed thereto in the Agreement):

(a) Position. The Employee shall serve as Chief Legal Officer (SEC) and Secretary to the Board.

(b) Duties. The Employee shall perform for the Company the duties that are customarily associated with being a Chief Legal Officer (SEC) and Secretary to the Board, as set forth on, but not limited to the duties on Annex A, and which are consistent with her experience and skills and such other duties as may be assigned to the Employee from time to time by the Company's Board of Directors (the "Board") and/or the Company's Chief Executive Officer (the "CEO") that are consistent with the duties normally performed by those performing the role of the Chief Legal Officer (SEC) and Secretary to the Board of similar entities.

2. **Compensation and Related Matters** Sections 3(a) of the Employment Agreement is hereby amended to read in their entirety as follows:

"Base Salary. The Company shall pay the Employee for all services rendered a base salary of Two Hundred Fifty Thousand Dollars ($250,000) per year (the "Base Salary"), payable in accordance with the Company's payroll procedures, subject to customary withholdings and employment taxes. The Base Salary shall be evaluated annually by the Board for increase only."

3. **Counterparts**. This Amendment may be executed in one or more facsimile, electronic or original counterparts, each of which shall be deemed an original and both of which together shall constitute the same instrument.

4. **Ratification**. All terms and provisions of the Agreement not amended hereby, either expressly or by necessary implication, shall remain in full force and effect. From and after the date of this Amendment, all references to the term "***Agreement***" in this Amendment or the original Agreement shall include the terms contained in this Amendment.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment to Employment Agreement effective as of the Amendment Effective Date.

NUTEX HEALTH, INC.

By: /s/ Thomas Vo
Name: Thomas Vo
Title: Chief Executive Officer

/s/ Elisa Luqman
Name:

Elisa Luqman

Annex A

Chief Legal Officer - SEC Specific CLO Duties

- Ensure compliance with SEC and other securities-related regulatory requirements applicable to publicly traded companies, including the SOX, Dodd-Frank Act, Regulation FD, and NASDAQ listing standards.

- Advise members of senior management and business functions on public company SEC and NASDAQ Compliance and corporate governance.

- Filings: Managing reparation and review of SEC filings, including registration statements, Forms 10-K, 10-Q and 8-K, proxy statements and Section 16 reporting

- Secretary: Overall corporate governance and secretarial matters, including preparation of minutes, notices, agendas, resolutions, and other materials for the board of directors and committee meetings, and the preparation of proxy statements, registrations statements and annual shareholder meetings.

- Audits: Support the Internal Audit, Investor Relations, Finance and Accounting functions as primary internal clients.

- Equity: Stock administration including review and implementation of employee equity incentive plans.

- Provide guidance regarding SEC rules and regulations, insider trading, conflict of interest and related party transactions review.

- Provide legal support for the finance department including working on debt offerings, credit facilities, dividend and stock repurchase programs and charitable support or foundations.

- Manage the D&O Questionnaire process, including updating questionnaires, coordinating distribution, review of completed questionnaires for disclosure issues.

- Public Information: Support Investor Relations and manage or support the management of the company Insider Trading Policy and Communications Policies. Advise investor relations, corporate communications, and corporate financial reporting functions on disclosure and securities matters, including in connection with press releases, investor presentations, management presentations and periodic filings.

NUTEX HEALTH INC.

[PLAN NAME]

**NOTICE OF GRANT OF
STOCK OPTION AND
STOCK OPTION AGREEMENT**

You have been granted an option to purchase Common Stock of the Corporation, subject to the terms and conditions of the Plan and this Agreement, as follows:

Optionee:

Grant Date:

Number of Shares:

Expiration Date:

Exercise Price Per Share: $

Type of Option: **Incentive Stock Option / Nonstatutory Stock Option**

Vesting Schedule: See Paragraph 2

This STOCK OPTION AGREEMENT is executed and delivered in duplicate, as of the _____ day of _____, 20__ by and between **[Corporation Name]**, a [**Jurisdiction]** corporation (the "Corporation"), and the employee named above (the "Optionee").

In consideration of the mutual covenants of the parties set forth below, the parties agree as follows:

1. Grant of Option. The Corporation, pursuant to the **[Plan Name]**, as amended from time to time (the "Plan"), and subject to the terms and conditions of the Plan, grants to the Optionee an **[Incentive] [Nonstatutory]** Stock Option (the "Option") to purchase the above-designated number of shares of Common Stock of the Corporation at the exercise price per share designated above. The number of shares and exercise price per share of the Option shall be proportionately adjusted in the event the Corporation changes the number of shares of its outstanding Common Stock by reason of a stock dividend or stock split issued to shareholders, and is otherwise subject to adjustment as provided in the Plan.

2. Exercisability of Option. The Option shall become first exercisable in accordance with the Vesting Schedule below, and shall in no event be exercisable after the close of business on the above-designated Expiration Date. Further, the Committee may in its discretion, at any time accelerate the vesting of the Option on such terms and conditions as it deems appropriate.

Completed Years of Employment/Service From Date of Grant	**Cumulative Vesting Percentage**
1	25%
2	50%
3	75%
4 Years or more	100%

3. Time to Exercise Option.

(a) *General.* If Optionee ceases to be an Employee or a Consultant terminates Service for any reason other than Optionee's death, Disability or termination for Cause, Optionee may exercise the Option in accordance with its terms for a period of three months after such termination of employment, but only to the extent Optionee was entitled to exercise the Option on the date of termination.

(b) *Death*. If Optionee dies while an Employee or Consultant, the Option shall be automatically 100% vested and shall be exercisable in accordance with its terms by the personal representative of Optionee or other successor to the interest of Optionee for one year after Optionee's death, but not beyond the Expiration Date of the Option. If Optionee dies after the termination of employment or termination of Service other than for Cause but during the time when Optionee could have exercised the Option, the Option shall be exercisable in accordance with its terms by the personal representative of Optionee or other successor to the interest of Optionee for one year after Optionee's death, but only to the extent that Optionee was entitled to exercise the Option on the date of death or termination of Service, whichever first occurred, and not beyond the Expiration Date of the Option.

(c) *Disability*. If Optionee ceases to be an Employee or Consultant of the Corporation or one of its Subsidiaries due to Optionee's Disability, the Option shall be automatically 100% vested and Optionee may exercise the Option in accordance with its terms for one year following such termination of Service, but not beyond the Expiration Date of the Option.

(d) *Termination for Cause*. If Optionee's Service is terminated for Cause, Optionee shall have no further right to exercise this Option and all of Optionee's outstanding Options shall automatically be forfeited and returned to the Corporation. The Committee or officers designated by the Committee shall have absolute discretion to determine whether a termination is for Cause.

4. Method of Exercise. Optionee, from time to time during the period when the Option may by its terms be exercised, may exercise the Option in whole or in part by delivering to the Corporation:

(a) A written notice signed by Optionee in substantially the form attached as **Exhibit A** stating the number of shares that Optionee has elected to purchase at that time from the Corporation; and

(b) Cash, a check, bank draft, money order or wire of funds payable to the Corporation in an amount equal to the purchase price of the shares then to be purchased; or

(c) Through the delivery of shares of Common Stock of the Corporation owned by Optionee for more than six months with a Fair Market Value equal to the exercise price, provided, however, that shares of Common Stock acquired by Optionee through the exercise of an incentive stock option may not be used for payment prior to the expiration of holding periods prescribed by the Internal Revenue Code; or

(d) Consideration received by the Corporation under a cashless exercise program implemented by the Corporation in connection with the Plan; or

(e) By a combination of any one or more of (b), (c) and (d) above aggregating the purchase price of the shares then to be purchased.

The value of the shares of the Common Stock delivered to Optionee shall be the Fair Market Value of the Common Stock as defined in Section 2(s) of the Plan. If the Committee deems it necessary or desirable for any reason connected with any law or regulation of any governmental authority relating to the regulation of securities, the Committee may require Optionee to execute and file with it such evidence as it may deem necessary that Optionee is acquiring such shares for investment and not with a view to their distribution.

5. Non-Transferability of Option. The Option shall, during the lifetime of Optionee, be exercisable only by Optionee in accordance with the terms of the Plan and shall not be assignable or transferable except by Will or by the laws of descent or, subject to the Administrator's consent, pursuant to a domestic relations order and distribution.

6. Change in Control. The Option is subject to the accelerated vesting upon a Change in Control in accordance with Section 6 of the Plan.

7. Notices. Any notice by Optionee to the Corporation under this Agreement shall be in writing and shall be deemed duly given only upon receipt of the notice by the Corporation at its principal executive offices addressed to its Secretary or Chief Financial Officer. Any notice by the Corporation to Optionee shall be in writing or by electronic transmission and shall be deemed duly given if mailed or sent by electronic transmission to Optionee at the address specified below by Optionee, or to Optionee's email address

at the Corporation, or to such other address as Optionee may later designate by notice given to the Corporation.

8. Acceptance of the Terms and Conditions of the Plan. The Option and this Agreement are subject to the terms and conditions of the Plan. The Plan is incorporated in this Agreement by reference and all capitalized terms used in this Agreement have the meaning set forth in the Plan, unless this Agreement specifies a different meaning. By signing this Agreement, Optionee accepts the Option, acknowledges receipt of a copy of the Plan and the prospectus covering the Plan and acknowledges that the Option is subject to all the terms and provisions of the Plan and this Agreement. Optionee further agrees to accept as binding, conclusive and final all decisions and interpretations by the Committee upon any questions arising under the Plan.

9. Continued Employment. Nothing in this Agreement shall be deemed to create any employment or guaranty of continued employment or limit in any way the Corporation's right to terminate Optionee's employment at any time.

10. Early Disposition of Stock – Incentive Stock Options. Optionee understands that if Optionee disposes of any shares of Common Stock received under an Incentive Stock Option within two years after the date of grant or within one year after such shares of Common Stock were transferred to Optionee, Optionee may be treated for federal and state income tax purposes as having received ordinary income at the time of such disposition as determined in accordance with the Internal Revenue Code and applicable state law. Optionee agrees to notify the Corporation in writing within thirty days after the date of any such disposition. Optionee authorizes the Corporation to withhold tax from Optionee's current compensation with respect to any income recognized as a result of any such disposition.

11. Governing Law. The validity, construction and effect of this Agreement shall be governed by the laws of the State of Delaware.

[Signatures on following page]

The Corporation has caused this Agreement to be executed by its duly authorized officer, and Optionee has executed this Agreement, as of the Grant Date.

[Corporation]

By: _____

Its: _____

OPTIONEE

Optionee acknowledges having received, read and understood the Plan and this Agreement, and agrees to all of the terms and provisions of this Agreement.

_____
(Signature)

_____

_____
(Please print your residence address)

Exhibit A

NOTICE OF EXERCISE OF STOCK OPTION

The undersigned hereby gives notice to **[Corporation Name]**. (the "Corporation") of the desire to purchase shares of Common Stock of the Corporation pursuant to the **[Plan Name]**,

1. **Exercise of Option**.

Name: _____

Date: _____

Shares to be Exercised: _____ Incentive Stock Options / Nonstatutory Stock Options

Per-Share Exercise Price: $_____

Aggregate Exercise Price: $_____ (for all shares being purchased)

2. **Delivery of Payment**. Indicate below how the full option exercise price for the shares is to be paid:

____ Cash in the form of check, bank draft, money order, or wire of funds payable to "Clinigence Holdings, Inc."

___ By surrender to the Corporation of shares of Common Stock owned and held for more than six months with a value of $_____ represented by certificate number(s): _____

___ Pursuant to a cashless exercise program implemented by the Corporation

___ A combination of the above (please provide details, for example, describe the number of shares to be purchased with cash and the number of shares to be purchased with previously owned shares of Common Stock):

_____
_____
_____

_____
Signature

Dated: _____

Address: _____

_____

NUTEX HEALTH, INC.
2022 EQUITY INCENTIVE PLAN

RESTRICTED STOCK AWARD AGREEMENT
NOTIFICATION OF AWARD AND TERMS AND CONDITIONS OF AWARD

Name of Grantee:

Grant Date:

Number of Shares:

Restricted Period(s) See Paragraph 5

This Restricted Stock Award Agreement (the "Agreement") contains the terms and conditions of the restricted stock award granted to you by Nutex Health Inc., a Delaware corporation (the "Corporation"), under the Nutex Health, Inc. 2022 Equity Incentive Plan, as amended from time to time (the "Plan").

1. Grant of Restricted Stock Pursuant to the Plan, the Corporation has granted to you, effective on the Grant Date (shown above), the right to receive the number of shares shown above of the Common Stock of the Corporation ("Shares") at the end of the applicable Restricted Period (as provided for in Paragraph 5 below). The Shares, or any installment of the Shares respectively, while subject to risk of forfeiture or any restrictions imposed by the Plan or this Agreement, are referred to in this Agreement as "Restricted Stock."

2. Equity Incentive Plan Governs The award and this Agreement are subject to the terms and conditions of the Plan. The Plan is incorporated into this Agreement by reference and all capitalized terms used in this Agreement have the meaning set forth in the Plan, unless this Agreement specifies a different meaning. By signing this Agreement, you accept this award, acknowledge receipt of a copy of the Plan and the prospectus covering the Plan and acknowledge that the award is subject to all the terms and provisions of the Plan and this Agreement. You further agree to accept as binding, conclusive and final all decisions and interpretations by the Committee of the Plan and this Agreement.

3. Payment. The Restricted Stock is granted without requirement of payment.

4. Shareholder Rights. Your Restricted Stock shall be held for you by the Corporation, in book entry or certificated form, in your name, during the applicable Restricted Period. You shall have all the rights of a shareholder for your Restricted Stock

after the applicable Restricted Period. With respect to your Restricted Stock during the applicable Restricted Period,

A. You will not have the right to vote such shares; and

B. You will not have the right to receive dividends.

5. Vesting of Restricted Stock.

A. *Vesting*. The Restricted Period for the Restricted Stock, or applicable installment of the Restricted Stock, will end, the risk of forfeiture and restrictions will lapse, and the Restricted Stock will vest as follows, provided you have not incurred a Forfeiture Event (as defined below):

Completed Years of Employment/Service From Date of Grant	**Cumulative Vesting Percentage**
1	25%
2	50%
3	75%
4 Years or more	100%

All or part of your Restricted Stock may vest earlier than described above in this Paragraph 5A under the circumstances provided for in Paragraphs 5C, 5D or 5E below.

B. *Forfeiture Event.* Subject to Paragraphs 5C, 5D and 5E below, the shares of your Restricted Stock that would otherwise vest on a Vesting Date will not vest and shall automatically be forfeited and returned to the Corporation, if after the Grant Date and prior to the Vesting Date for such Restricted Stock (i.e. during the applicable Restricted Period), you cease to be an Employee or service provider (a "Forfeiture Event").

C. *Accelerated Vesting Upon Death or Disability.* If you cease to be an Employee, Consultant or Director because of death or Disability during the Restricted Period, all restrictions remaining on your Restricted Stock shall terminate automatically and your Restricted Stock shall become immediately fully vested and nonforfeitable.

D. *Accelerated Vesting at the Committee's Discretion.* The Committee may, in its discretion, at any time accelerate the vesting of your Restricted Stock on such terms and conditions as it deems appropriate.

E. *Change in Control.* Your Restricted Stock shall become fully vested upon a Change of Control of the Corporation.

6. Forfeiture of Restricted Stock If any of your Restricted Stock is forfeited as provided for in Paragraph 5, such forfeiture shall be immediate, and forfeited Restricted Stock (including any cash dividends or liquidation payments for which the record date occurs on or after the date of the forfeiture, and any noncash dividends or noncash distributions with respect to Restricted Stock that is forfeited), and all of your rights to and interest in the forfeited Restricted Stock shall terminate without payment of consideration. Forfeited Restricted Stock shall be reconveyed to the Corporation, and you agree to promptly take such action and sign such documents as the Corporation may request to facilitate such reconveyance to the Corporation.

7. Restricted Stock Not Transferable Unless the Committee otherwise consents or permits, neither the Restricted Stock, nor any interest in the Restricted Stock, may be sold, exchanged, transferred, pledged, assigned, or otherwise alienated or hypothecated during the Restricted Period except by will or the laws of descent and distribution, and all of your rights with respect to the Restricted Stock shall be exercisable during your lifetime only by you, or your guardian or legal representative. Any attempted action in violation of this paragraph shall be null, void, and without effect.

8. Taxes and Tax Withholding

A. The vesting of your Restricted Stock, or making an Internal Revenue Code Section 83(b) election with respect to this award of Restricted Stock, will cause you to have income with respect to the Restricted Stock, and will subject you to income tax on that income.

B. You agree to consult with any tax consultants you think advisable in connection with your Restricted Stock and acknowledge that you are not relying, and will not rely, on the Corporation for any tax advice.

C. Whenever any Restricted Stock becomes vested under the terms of this Agreement, or an Internal Revenue Code Section 83(b) election is made with respect to this award of Restricted Stock, you must remit, on or prior to the due date thereof, the minimum amount necessary to satisfy all of the federal, state and local withholding (including FICA) tax requirements imposed on the Corporation (or the Subsidiary that employs you) relating to your Shares. This withholding tax obligation may be satisfied by any (or a combination) of the following means: (i) cash, check, or wire transfer; (ii) authorizing the Corporation (or Subsidiary that employs you) to withhold from other cash compensation payable to you by the Corporation or a Subsidiary; or (iii) unless the Committee determines otherwise, authorizing the Corporation to withhold Shares otherwise deliverable to you as a result of the vesting of the Restricted Stock, or delivering other unencumbered shares of the Common Stock of the Corporation which have been held for at least six months, equal to the amount of the withholding obligation.

D. You may within the thirty day period after the Grant Date, in your sole discretion, make an election with the Internal Revenue Service under, and to the extent permitted by, Section 83(b) of the Internal Revenue Code, a copy of which election is

attached as Exhibit A. If you make this election, you will promptly give the Corporation notice that you have made the election, and provide the Corporation a copy of the election with the notice.

9. Value of Shares Not Included In Other Computations. The value of the Shares under this Agreement will not be taken into account in computing the amount of your salary or other compensation for purposes of determining any incentive compensation, pension, retirement, death or other benefit under any employee benefit plan of the Corporation or any Subsidiary, except to the extent, if any, that such plan or another agreement between you, and Corporation or a Subsidiary, specifically provides otherwise.

10. Legending Restricted Stock. The Corporation may, without liability for its good faith actions, place legend restrictions upon the Restricted Stock or unrestricted Shares obtained upon vesting of the Restricted Stock and issue "stop transfer" instructions requiring compliance with applicable securities laws and the terms of the Restricted Stock.

In addition to any other legend or notice that may be set forth on the certificate or book entry records relating to any Restricted Stock, any certificate or book entry records evidencing shares of Restricted Stock awarded pursuant to this Agreement may bear a legend or notice substantially as follows:

> The shares represented by this certificate were issued subject to certain restrictions under the Nutex Health Inc. 2022 Equity Incentive Plan (the "Plan"). This certificate is held subject to the terms and conditions contained in a restricted stock agreement that includes a prohibition against the sale or transfer of the stock represented by this certificate except in compliance with that agreement and that provides for forfeiture upon certain events. Copies of the Plan and the restricted stock agreement are on file in the office of the Secretary of the Corporation.

11. Committee Determinations Are Conclusive. Determinations regarding this Agreement (including, but not limited to whether an event has occurred resulting in the forfeiture of or vesting of Restricted Stock) shall be made by the Committee in accordance with this Agreement and the Plan, and all determinations of the Committee shall be final and conclusive and binding on all persons.

12. No Right of Continuing Employment. Neither this Agreement nor the Plan creates any contract of employment, and nothing in this Agreement or the Plan shall interfere with or limit in any way the right of the Corporation or any Subsidiary to terminate your employment or service at any time, nor confer upon you the right to continue in the employ of the Corporation or any Subsidiary. Nothing in this Agreement or the Plan creates any fiduciary or other duty to you owed by the Corporation, any Subsidiary, or any member of the Committee except as expressly stated in this Agreement or the Plan.

13. Amendment of Plan and this Agreement. The Corporation reserves the right to amend the Plan and this Agreement as provided for or not prohibited by the Plan. Any amendment to this Agreement shall be in writing and signed by the Corporation, and to the extent required by the Plan, signed by you.

14. Additional Information. By signing this Agreement, you agree to provide any information relating to this Agreement or the Restricted Stock that is reasonably requested from time to time by the Corporation.

15. Notices. Any notice by you to the Corporation under this Agreement shall be in writing and shall be deemed duly given only upon receipt of the notice by the Corporation at its principal executive office addressed to its Secretary or Chief Financial Officer. Any notice by the Corporation to you shall be in writing or by electronic transmission, and shall be deemed duly given if mailed or sent by electronic transmission to you at the address specified below by you, or to your email address at the Corporation, or to such other address as you may later designate by notice given to the Corporation.

16. Governing Law. The validity, construction and effect of this Agreement shall be governed by the laws of the State of Delaware.

[*Signatures on following page*]

The Corporation has caused this Agreement to be executed by its duly authorized officer, and the Grantee has executed this Agreement, each as of the Grant Date set forth above.

NUTEX HEALTH, INC.

By: _____

Its: _____

GRANTEE

I acknowledge having received, read and understood the Plan and this Agreement, and agree to all of the terms and provisions of this Agreement.

_____
(Signature)

_____

_____
(Please print your residence address)

Exhibit A

ELECTION TO INCLUDE VALUE OF RESTRICTED STOCK IN GROSS INCOME PURSUANT TO SECTION 83(b) OF THE INTERNAL REVENUE CODE

The undersigned received an Award of Restricted Stock on _____ pursuant to the Nutex Health, Inc. 2022 Equity Incentive Plan. The Restricted Stock is subject to a substantial risk of forfeiture and transfer restrictions. The undersigned desires to make an election to have the receipt of the Restricted Stock taxed under the provisions of section 83(b) of the Code, at the time the undersigned was awarded the Restricted Stock.

Therefore, pursuant to section 83(b) of the Code and Treasury Regulation §1.83-2 promulgated thereunder, the undersigned hereby makes an election with respect to the Restricted Stock, to report as taxable income for calendar year _____, the Fair Market Value of the Restricted Stock on _____, _____ over the acquisition price thereof.

The following information is supplied in accordance with Treasury Regulation §1.83-2(e):

1. The name, address and social security number of the undersigned:
   Name:_____ SSN: _____
   Address:_____

2. A description of each property with respect to which the election is being made:_____.

3. The property was transferred on _____and the taxable year for which such election is made is: _____.

4. The restrictions to which the property is subject:
   _____

5. The Fair Market Value on of the property on the date of grant with respect to which this election is being made, determined without regard to any lapse of restrictions, is:_____.

6. The amount paid for such property is: _____.

A copy of this election has been furnished to the Corporation pursuant to Treasury Regulation §1.83-2(e)(7). A copy of this election will be submitted with the _____ income tax return of the undersigned pursuant to Treasury Regulations §1.83-2(c).

Dated:_____

_____
Participant Signature

NUTEX HEALTH INC.

AMENDED AND RESTATED NUTEX HEALTH INC.
2022 EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNIT GRANT NOTICE

Nutex Health Inc., a Delaware corporation (the "***Company***"), has granted to the participant listed below ("***Participant***") the Restricted Stock Units (the "***RSUs***") described in this Restricted Stock Unit Grant Notice (this "***Grant Notice***"), subject to the terms and conditions of the Amended and Restated Nutex Health Inc. 2022 Equity Incentive Award Plan (as amended from time to time, the "***Plan***") and the Restricted Stock Unit Agreement attached hereto as **Exhibit A** (the "***Agreement***"), both of which are incorporated into this Grant Notice by reference. Capitalized terms not specifically defined in this Grant Notice or the Agreement have the meanings given to them in the Plan.

Participant:	[To be specified]
Grant Date:	[To be specified]
Number of RSUs:	[To be specified]
Vesting Commencement Date:	[To be specified]
Vesting Schedule:	[To be specified]

By accepting (whether in writing, electronically or otherwise) the RSUs, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

NUTEX HEALTH INC.	**PARTICIPANT**
By: _____	_____
Name: Thomas T. Vo, MD	[Participant Name]
Title: Chief Executive Officer	

RESTRICTED STOCK UNIT AGREEMENT

Capitalized terms not specifically defined in this Restricted Stock Unit Agreement (this "***Agreement***") have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

ARTICLE I.
GENERAL

1.1 Award of Restricted Stock Units [and Dividend Equivalent Rights][1].

(a) The Company has granted the Restricted Stock Units (***"RSUs"***) to Participant effective as of the Grant Date set forth in the Grant Notice (the "***Grant Date***") in accordance with Section 8 of the Plan. Each RSU represents the right to receive one Share as set forth in this Agreement. Participant will have no right to the distribution of any Shares until the time (if ever) the RSUs have vested.

(b) [The Company hereby grants to Participant, with respect to each RSU granted hereunder, a Dividend Equivalent for ordinary cash dividends paid to substantially all holders of outstanding Shares with a record date after the Grant Date and prior to the date the applicable RSU is settled, forfeited or otherwise expires. Each Dividend Equivalent entitles Participant to receive the equivalent value of any such ordinary cash dividends paid on a single Share. The Company will establish a separate Dividend Equivalent bookkeeping account (a "***Dividend Equivalent Account***") for each Dividend Equivalent and credit the Dividend Equivalent Account (without interest) on the applicable dividend payment date with the amount of any such cash paid. Any Dividend Equivalents granted in connection with the RSUs issued hereunder, and any amounts that may become distributable in respect thereof, shall be treated separately from such RSUs and the rights arising in connection therewith for purposes of the designation of time and form of payments required by Section 409A.]

1.2 Incorporation of Terms of Plan. The RSUs are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

1.3 Unsecured Promise. The RSUs and Dividend Equivalents will at all times prior to settlement represent an unsecured Company obligation payable only from the Company's general assets.

ARTICLE II.
VESTING; FORFEITURE AND SETTLEMENT

2.1 Vesting; Forfeiture. The RSUs will vest according to the vesting schedule in the Grant Notice except that any fraction of an RSU that would otherwise be vested will be accumulated and will vest only when a whole RSU has accumulated. Dividend Equivalents (including any Dividend Equivalent Account balance) will vest upon the vesting of the RSUs with respect to which the Dividend Equivalent (including the Dividend Equivalent Account) relates. In the event of Participant's Termination of Service for any reason, (a) all unvested RSUs will immediately and automatically be cancelled and forfeited, except as otherwise determined by the Administrator or provided in a binding written agreement between Participant and the Company and (b) Dividend Equivalents (including any Dividend Equivalent Account balance) will be forfeited upon the forfeiture of the RSUs with respect to which the Dividend Equivalent (including the Dividend Equivalent Account) relates.

2.2 Settlement.

(a) The RSUs will, to the extent vested, be paid in Shares and Dividend Equivalents (including any Dividend Equivalent Account balance) will be paid in cash or Shares, in any case, as soon as administratively practicable after the vesting of the applicable RSU, but in no event later than March 15 of the year following the year in which the RSU's vesting date occurs.

(b) Notwithstanding the foregoing, the Company may delay any payment under this Agreement that the Company reasonably determines would violate Applicable Laws until the earliest date the Company reasonably determines the making of the payment will not cause such a violation (in accordance with Treasury Regulation Section 1.409A-2(b)(7)(ii)); provided the Company reasonably believes the delay will not result in the imposition of excise taxes under Section 409A. For the avoidance of doubt, any Dividend Equivalents granted in connection with the RSUs issued hereunder, and any amounts that may become distributable in respect thereof, shall be treated separately from such RSUs and the rights arising in connection therewith for purposes of the designation of time and form of payments required by Section 409A.

(c) This Agreement is intended to comply with the provisions of Section 409A or an exemption thereunder and this Agreement and the Plan shall, to the extent practicable, be construed in accordance therewith. However, notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A or an exemption thereunder and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with Section 409A.

(d) If a Dividend Equivalent is paid in Shares, the number of Shares paid with respect to the Dividend Equivalent will equal the quotient, rounded down to the nearest whole Share, of the Dividend Equivalent Account balance divided by the Fair Market Value of a Share on the day immediately preceding the payment date.

ARTICLE III.
TAXATION AND TAX WITHHOLDING

3.1 Representation. Participant represents to the Company that Participant has reviewed with Participant's own tax advisors the tax consequences of this award of RSUs and Dividend Equivalents (the "***Award***") and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

3.2 Tax Withholding.

(a) Subject to Section 3.2(b) of this Agreement, payment of the withholding tax obligations with respect to the Award may be by any of the following, or a combination thereof, as determined by the Company in its sole discretion:

(i) Cash or check;

(ii) In whole or in part by delivery of Shares, including Shares delivered by attestation and Shares retained from the Award creating the tax obligation, valued at their Fair Market Value on the date of delivery; or

(iii) In whole or in part by the Company or an Affiliate withholding of Shares otherwise vesting or issuable under this Award in satisfaction of any applicable withholding tax obligations.

(b) Unless the Company otherwise determines, payment of the withholding tax obligations with respect to the Award shall be by [delivery (including electronically or telephonically to the extent permitted by the Company) of an irrevocable and unconditional undertaking by a broker acceptable to the Company to deliver promptly to the Company or an Affiliate sufficient funds to satisfy the applicable tax withholding obligations]/ [delivery (including electronically or telephonically to the extent permitted by the Company) by Participant to the

Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Company that Participant has placed a market sell order with such broker with respect to Shares then-issuable upon settlement of the Award, and that the broker has been directed to deliver promptly to the Company or an Affiliate funds sufficient to satisfy the applicable tax withholding obligations; provided, that payment of such proceeds is then made to the Company or an Affiliate at such time as may be required by the Administrator].

(c) Subject to Section 11 of the Plan, the applicable tax withholding obligation will be determined based on Participant's Applicable Withholding Rate. Participant's "***Applicable Withholding Rate***" shall mean (i) if Participant is subject to Section 16 of the Exchange Act, the greater of (A) the minimum applicable statutory tax withholding rate or (B) with Participant's consent, the maximum individual tax withholding rate permitted under the rules of the applicable taxing authority for tax withholding attributable to the underlying transaction, or (ii) if Participant is not subject to Section 16 of the Exchange Act, the minimum applicable statutory tax withholding rate or such other higher rate approved by the Company; *provided*, *however*, that (i) in no event shall Participant's Applicable Withholding Rate exceed the maximum individual statutory tax rate in the applicable jurisdiction at the time of such withholding (or such other rate as may be required to avoid the liability classification of the applicable award under generally accepted accounting principles in the United States of America); and (ii) the number of Shares tendered or withheld, if applicable, shall be rounded up to the nearest whole Share sufficient to cover the applicable tax withholding obligation, to the extent rounding up to the nearest whole Share does not result in the liability classification of the RSUs under generally accepted accounting principles.

(d) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the RSUs and Dividend Equivalents, regardless of any action the Company or any Affiliate takes with respect to any tax withholding obligations that arise in connection with the RSUs or Dividend Equivalents. Neither the Company nor any Affiliate makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the RSUs or the Dividend Equivalents or the subsequent sale of Shares. The Company and its Affiliates do not commit and are under no obligation to structure the RSUs or Dividend Equivalents to reduce or eliminate Participant's tax liability.

ARTICLE IV.
OTHER PROVISIONS

4.1 Adjustments. Participant acknowledges that the RSUs and the Shares subject to the RSUs and Dividend Equivalents are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

4.2 Clawback. The Award and the Shares issuable hereunder shall be subject to any clawback or recoupment policy in effect on the Grant Date or as may be adopted or maintained by the Company following the Grant Date, including the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder.

4.3 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's General Counsel at the Company's principal office or the General Counsel's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant (or, if Participant is then deceased, to the Designated Beneficiary) at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

4.4 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.5 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

4.6 Successors and Assigns. The Company may assign any of its rights under this Agreement to a single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in this Agreement or the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.7 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement and the RSUs and Dividend Equivalents will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

4.8 Entire Agreement; Amendment. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board; provided, however, that except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall materially and adversely affect the RSUs or Dividend Equivalents without the prior written consent of Participant.

4.9 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

4.10 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs and Dividend Equivalents, and rights no greater than the right to receive cash or the Shares as a general unsecured creditor with respect to the RSUs and Dividend Equivalents, as and when settled pursuant to the terms of this Agreement.

4.11 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Affiliate or interferes with or restricts in any way the rights of the Company and its Affiliates, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or an Affiliate and Participant.

4.12 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

* * * * *

NUTEX HEALTH

EXHIBIT 10.28

February 8, 2024

YA II PN, Ltd.
1012 Springfield Avenue
Mountainside, NJ 07092
Attention: Michael Rosselli
Email: *****
Attention: David Fine, Esq.
Email: *****

Subject: Termination of Pre-Paid Advance Agreement

Dear Michael,

As previously discussed, I am writing to formally notify you of Nutex Health Inc.'s intention to terminate our Pre-Paid Advance Agreement (the "Agreement") dated April 11, 2023.

In accordance with the terms outlined in Section 10.1 of the Agreement, we are providing this letter as a 5 Trading Days' notice, with the termination set to take effect on February 15, 2024 (the "Termination Effective Date"), 5 trading days from the date of this notice.

As agreed by both parties, this termination releases both parties from any further obligations or liabilities under the Agreement beyond the Termination Effective Date other than Article VI of the Agreement (the indemnification section) which shall survive termination of the Agreement. This letter serves as formal confirmation of our mutual Agreement to terminate the aforementioned Agreement. As of the Termination Effective Date both parties are relieved from any further commitments or responsibilities stemming from the Agreement.

We would like to express our appreciation for the cooperation and partnership we have shared during the course of this Agreement. We wish YA II PN, Ltd. and Yorkville Advisors Global, LP success in all your future endeavors.

If you have any questions or need additional documentation related to this mutual termination, please do not hesitate to contact me at *******.

Thank you for your understanding and cooperation.

Sincerely,

Elisa Luqman
Chief Legal Officer

6030 S Rice, Suite C
Houston, TX 77081
(713) 660-0557
www.nutexhealth.com

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of September 9, 2022, by and between Nutex Health, Inc., a Delaware corporation (the "Company"), and Michael Chang, M.D., (the "Employee"), each individually a "party" and collectively the "Parties," to become effective as of the date hereof (the "Effective Date"). For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Positions and Duties.

(a) Position. The Employee shall initially serve as Chief Medical Officer for Healthcare (CMO) of the Company. The Company may change the Employee's position and/or title to those of another senior executive officer as the Company's needs change.

(b) Duties. The Employee shall perform for the Company the duties that are customarily associated with being a senior executive officer that are consistent with his experience and skills and such other duties as may be assigned to the Employee from time to time by the Company's Board of Directors (the "Board") and/or the Company's Chief Executive Officer (the "CEO") that are consistent with the duties normally performed by those performing the role of the most senior executives of similar entities.

(c) Reporting. The Employee shall report directly to the CEO.

(d) Devotion of Time. The Employee shall devote such working time, attention, knowledge, skills, and efforts as may be required to fulfill the Employee's duties hereunder and not less than a full-time (40 hours per week) commitment.

(e) Location. The Employee shall be based in Houston, Texas.

(f) Company Policies. The Employee agrees to comply with the policies and procedures of the Company as may be adopted and changed from time to time. If this Agreement conflicts with such policies or procedures, this Agreement shall control.

(g) Fiduciary Duties. The Employee owes a duty of loyalty to the Company, as well as a duty to perform his duties in a manner that is in the best interests of the Company.

2. Term. Employee will commence his employment as CMO of the Company under the terms of this Agreement starting on April 1, 2022 (the **"Commencement Date"**). The term of this Agreement shall be for a two (2) year period commencing on the Effective Date (the "Initial Term"). The term of this Agreement shall automatically renew for an additional two (2) years (each, a "Renewal Term") following the Initial Term and any Renewal Term unless either Party provides written notice to the other Party at least sixty (60) days before the end of the Initial Term or any Renewal Term, as applicable, that it does not desire to renew this Agreement, in which case this Agreement shall expire at the end of the Initial Term or any Renewal Term, as applicable. The Initial Term and any Renewal Term are referred to herein collectively as the "Term".

3. Compensation and Related Matters. The Company shall provide the Employee with the compensation and benefits set forth in this Section 3 during the Term. Authority to take action under this Section 3 with respect to the Employee's compensation and benefits may be delegated by the Board to its compensation committee and/or the CEO.

(a) Base Salary. The Company shall pay the Employee for all services rendered a base salary of Two Hundred Fifty Thousand and No/100s Dollars ($250,000.00) per year (the "Base Salary"), payable in accordance with the Company's payroll procedures, subject to customary withholdings and employment taxes. The Base Salary shall be evaluated annually by the CEO and Board of Directors for increase only.

(b) Annual Bonus. The Employee will be eligible to receive an annual cash bonus (the "Annual Bonus"). The amount of the Annual Bonus will be recommended by the CEO at his discretion and approved by the Company Board of Directors. The Annual Bonus shall be based on a combination of Company-wide and Employee-specific goals, both qualitative and quantitative, to be developed by the CEO, with input from the CMO, each year and approved by the Board of Directors, and which will be set forth in the attached Exhibit B, "*Employment Agreement Addendum"*, together with the specifics of such bonus payment terms.

(c) Long Term Incentive Awards. The Employee shall be eligible to participate in any long-term incentive plan that may be available to similarly positioned executives. The Board may determine to grant long-term incentive awards in cash or in equity awards settled in shares of the Company's stock, including but not limited to stock options, restricted stock, and performance shares. In the event the Company has terminated the Employee's employment without Cause (as defined in Section 4(d) below or the Employee terminates employment on account of Death or Disability (as defined in Section 4(b) below), the Employee shall be deemed to be fully vested with respect to any restricted stock, stock options, or other equity rights with vesting conditions based solely on continued employment, and to be entitled to payment with respect to any long-term incentive award subject to corporate or business goals to the extent that such goals are met during the performance period on the same basis as if the Employee had remained continuously employed with the Company.

(d) Paid Time Off. During the term, the Employee shall be entitled to twenty (20) business days of paid time off ("PTO") per calendar year which shall be accrued ratably during the calendar year, to be taken at such times and intervals as shall be agreed to by Company and the Employee in their reasonable discretion. The Employee may at his/her option elect to carry over a maximum of five (5) days at the end of the year into the next year. Otherwise, any accrued and unused PTO shall be paid in cash at the end of a fiscal year.

(e) Business Expenses. The Employee shall be entitled to prompt reimbursement of reasonable and usual business expenses incurred on behalf of Company in accordance with the Company's expense reimbursement policy.

(f) Benefit Plans. The Employee shall be entitled to continue to participate in or receive benefits under any employee benefit plan or arrangement which is or may, in the future, be made available by the Company to its employees, subject to and on a basis consistent with the terms, conditions and overall administration of such plan or arrangement.

4. Termination. The Employee's employment hereunder may be terminated during the Term without any breach of this Agreement under the following circumstances:

(a) Death. The Employee's employment hereunder shall terminate upon the Employee's death.

(b) Disability. The Company may terminate the Employee's employment if the Employee is disabled and, because of the disability, is unable to perform the essential functions of the Employee's then existing position or positions under this Agreement with or without reasonable accommodation. This provision is not intended to reduce any rights the Employee may have pursuant to any law.

(c) Termination by the Company for Cause. At any time during the Term, the Company may terminate the Employee's employment hereunder for Cause. For purposes of this Agreement, "Cause" shall mean: (i) conduct by the Employee constituting a material act of willful misconduct in connection with the performance of the Employee's duties that results in loss, damage or injury that is material to the Company; (ii) the commission by the Employee of (A) any felony or (B) a misdemeanor in which dishonesty or fraud is a material element, (iii) continued, willful and deliberate non-performance by the Employee of the Employee's duties hereunder (other than by reason of the Employee's physical or mental illness, incapacity or disability); (iv) a material breach by the Employee of Section 6 of this Agreement that results in loss, damage or injury that is material to the Company; (v) willful failure to cooperate with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, after being instructed by the Company to cooperate, or the willful destruction or failure to preserve documents or other materials known to be relevant to such investigation or the willful inducement of others to fail to cooperate or to produce documents or other materials in connection with such investigations; or (vi) fraud, embezzlement or theft against the Company or any of its Affiliates (as defined in Section 6(a) below). With respect to the events in (i), (iii) and (iv) herein, the Company shall have delivered written notice to the Employee of its intention to terminate the Employee's employment for Cause, which notice specifies in reasonable detail the circumstances claimed to give rise to the Company's right to terminate the Employee's employment for Cause and the Employee shall not have cured such circumstances to the extent such circumstances are reasonably susceptible to cure as determined by the Board in good faith within thirty (30) days following the Company's delivery of such notice. For avoidance of doubt, "Cause" shall not include (w) below par or below average operational performance, in and of itself; (x) expense reimbursement disputes in which the Employee acts in reasonably good faith; (y) occasional, customary and de minimis use of the Company's property for personal purposes; and (z) acting in good faith upon advice of Company's legal counsel.

(d) Termination without Cause. At any time during the Term, the Company may terminate the Employee's employment hereunder without Cause by providing the Employee with sixty (60) days advance written notice. Any termination by the Company of the Employee's employment under this Agreement that does not constitute a termination for Cause under Section 4(c) and does not result from the death or Disability of the Employee under Sections 4(a) or 4(b) shall be deemed a termination without Cause under this Section 4(d). Any suspension of the Employee's employment with pay or benefits pending an investigation of alleged improper activities by the Employee that, if determined to be accurate, would-be grounds for a Cause

termination, shall not be considered a termination of the Employee's employment without Cause.

(e) Notice of Termination. Except for termination as specified in Section 4(a), any termination of the Employee's employment shall be communicated by written Notice of Termination by the terminating Party to the other Party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon.

(f) Date of Termination. "Date of Termination" shall mean the earliest of the following: (i) if the Employee's employment is terminated by the Employee's death, the date of the Employee's death; (ii) if the Employee's employment is terminated on account of Disability under Section 4(b) or by the Company for Cause under Section 4(c), the date on which Notice of Termination is given that follows any applicable required cure period; (iii) if the Employee's employment is terminated by the Company under Section 4(d), thirty (30) days after the date on which a Notice of Termination is given; or (iv) if the Employee's employment is terminated by the Employee, thirty (30) days after the date of which a Notice of Termination is given or such shorter period agreed to by the Company. Notwithstanding the foregoing, in the event that the Employee gives a Notice of Termination to the Company, the Company may unilaterally accelerate the Date of Termination, but such acceleration shall nevertheless be deemed a termination by the Employee on the accelerated date for purposes of this Agreement. For purposes of determining the time when the lump sum portion of the Severance Amount, if any, is to be paid under Section 5(b)(i) of this Agreement, "Date of Termination" means the Employee's separation from service as defined under Section 1.409A.

5. Compensation upon Termination.

(a) Accrued Benefits. If the Employee's employment with the Company is terminated for any reason during the Term, or if the Term is not renewed, the Company shall pay or provide the Employee (or the Employee's authorized representative or estate) any earned but unpaid Base Salary or Annual Bonus for services rendered through the Date of Termination, unpaid expense reimbursements, and accrued but unused paid time off (the "Accrued Benefits") within thirty (30) days. The unpaid Annual Bonus pursuant to this Paragraph 5(a) will be any bonus earned from the prior calendar year, but not yet paid, plus a pro rata amount of the Annual Bonus in Paragraph 3(b) for the year in which Employee is terminated. With respect to vested compensation or benefits the Employee may have under any employee benefit or compensation plan, program or arrangement of the Company, payment will be made to the Employee under the terms of the applicable plan, program, or arrangement.

(b) Termination by the Company without Cause. If the Employee's employment is terminated by the Company without Cause as provided in Section 4(d), or the Employee terminates his employment during the Term, or the Employee terminates employment at the end of the Term after the Company provides notice of intent not to renew pursuant to Section 1 for reasons other than would provide grounds for a Cause termination, then the Company shall, through the Date of Termination, pay the Employee his or her Accrued Benefits. If the Employee signs a general release of claims substantially in the form which is attached as Exhibit A to this Agreement) (the "Release") within twenty-one (21) days of the receipt of the form of the Release

(extended to forty-five (45) days in the event of a group termination or exit incentive program) and does not revoke such Release during the seven (7) day revocation period:

(i) the Company shall pay the Employee an amount equal to one time the sum of the Employee's most recent Base Salary and any earned but unpaid Annual Bonus (the "Severance Amount"), with such amount to be paid out over twelve (12) months, commencing the first full month following termination and in accordance with the Company's normal payment schedule and policies and

(ii) any unvested Employee options/stocks shall be deemed vested at the time of termination; and

(iii) the Company shall pay the Employee an amount in cash equal to the Company's premium amounts paid for coverage of Employee at the time of the Employee's termination of coverage under the Company's group medical, dental and vision programs for a period of twelve (12) months, to be paid directly to the Employee at the same times such payments would be paid on behalf of a current employee for such coverage; provided, however:

(A) No payments shall be made under this paragraph (ii) unless and until the Employee timely elects continued coverage under such plan(s) pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 as amended ("COBRA");

(B) This paragraph (ii) shall not be read or construed as placing any restrictions upon amounts paid under this paragraph (ii) as to their use;

(C) Payments under this paragraph (ii) shall cease as of the earliest to occur of the following:

(1) the Employee is no longer eligible for and continuing to receive the COBRA coverage elected in subparagraph (A);

(2) the time period set forth in the first sentence of this paragraph (ii);

(3) the date on which the Employee first becomes eligible to enroll in a group health plan in which eligibility is based on employment with an employer, and

(4) if the Company in good faith determines that payments under this paragraph (ii) would result in a discriminatory health plan pursuant to the Patient Protection and Affordable Care Act of 2010, as amended.

(iv) If the Employee has opted out of the Company's group medical, dental and vision programs during the coverage year in which termination occurs, the Company shall add to the Severance Amount an amount equal to twelve (12) months of the Company's monthly amount paid to employees who opt out from such coverage.

(v) Each individual payment of Severance Amount under Section 5(b)(i), Section 5(b)(ii), and Section 5(b)(iii) of this Agreement, shall be deemed to be a separate "payment" for purposes and within the meaning of Treasury Regulation Section 1.409A-2(b)(2)(iii).

(vi) Each individual payment of the Severance Amount under Section 5(b)(i), Section 5(b)(ii), and Section 5(b)(iii) of this Agreement, which are considered "non-qualified deferred compensation" ("NQDC") under Section 1.409A shall be made on the date(s) provided herein and no request to accelerate or defer any such payment under this Agreement shall be considered or approved for any reason whatsoever, except as permitted under Section 1.409A and as the Company allows in its sole discretion. The Company may in its sole discretion accelerate or defer (but not beyond the time limit set forth below) any severance payments which do not constitute NQDC in order to allow for the payment of taxes due, but not beyond the time limit specified for such payment such that the payment would be treated as NQDC. Subject to the requirements of Section 1.409A, if any severance payment or reimbursement under Section 5(b) of this Agreement is determined in good faith by the Company to constitute NQDC payable to a "specified employee" as defined under Section 1.409A, then the Company shall make any such payment not earlier than the earlier of: (x) the first payroll date which is six (6) months following the Employee's separation from service (as defined under Section 1.409A) with the Company, or (y) the date of Employee's death.

(vii) for purposes of this Section 5, "Section 1.409A" means Section 1.409A of the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

6. Confidential Information, Non-solicitation, and Cooperation.

(a) Definitions.

(i) As used in this Agreement, "Affiliate" means, as to any Person, (i) any other Person which directly, or indirectly through one or more intermediaries, controls such Person or is consolidated with such Person in accordance with GAAP, (ii) any other Person which directly, or indirectly through one or more intermediaries, is controlled by or is under common control with such Person, or (iii) any other Person of which such Person owns, directly or indirectly, fifty percent (50%) or more of the common stock or equivalent equity interests. As used herein, the term "control" means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities or otherwise.

(ii) As used in this Agreement, "Person" means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization.

(b) Confidential Information As used in this Agreement, "Confidential Information" means information belonging to the Company or its Affiliates which is of value to the Company or any of its Affiliates in the course of conducting its business (whether having existed, now existing, or to be developed or created during Employee's employment by Company) and the disclosure of which could result in a competitive or other disadvantage to the Company or

its Affiliates. Confidential Information includes, without limitation, contract terms and rates; negotiating and contracting strategies; financial information, reports, and forecasts; inventions, improvements and other intellectual property; product plans or proposed product plans; trade secrets; designs, processes or formulae; software; market or sales information, plans or strategies; employee, customer, patient, provider and supplier information; information from patient medical records; financial data; insurance reimbursement methodologies, strategies and practices; product and service pricing methodologies, strategies and practices; contracts with physicians, providers, provider networks, payors, physician databases and contracts with hospitals; regulatory and clinical manuals; and business plans, prospects and opportunities (such as possible acquisitions or dispositions of businesses or facilities) that have been discussed or considered by the Company or its Affiliates, including, without limitation, the management of the Company or its Affiliates. Confidential Information includes information developed by the Employee in the course of the Employee's employment by the Company, as well as other information to which the Employee may have access in connection with the Employee's employment. Confidential Information also includes the confidential information of others with which the Company or its Affiliates has a business relationship. Notwithstanding the foregoing, Confidential Information does not include information in the public domain, unless due to breach of the Employee's duties under Section 6(b), unless otherwise due to Employee's breach of the obligations in this Agreement, or unless due to violation of another Person's obligations to the Company or its Affiliates that Employee should have taken reasonable measures to prevent but that Employee did not take.

(c) Confidentiality. The Employee understands and agrees that the Employee's employment creates a relationship of confidence and trust between the Company and the Employee with respect to all Confidential Information. At all times, both during the Employee's employment with the Company and after the Employee's termination from employment for any reason, the Employee shall keep in confidence and trust all such Confidential Information, and shall not use, disclose, or transfer any such Confidential Information without the written consent of the Company, except as may be necessary within the scope of Employee's duties with Company and in the ordinary course of performing the Employee's duties to the Company or as otherwise provided in Section 6(d) below. Employee understands and agrees not to sell, license, or otherwise exploit any products or services which embody or otherwise exploit in whole or in part any Confidential Information or materials. Employee acknowledges and agrees that the sale, misappropriation, or unauthorized use or disclosure in writing, orally or by electronic means, at any time of Confidential Information obtained by Employee during or in connection with the course of Employee's employment constitutes unfair competition. Employee agrees and promises not to engage in unfair competition with Company or its Affiliates, either during employment, or at any time thereafter.

(d) Business Associate Agreement. Pursuant to this Employment Agreement, Employee and the Company agree to enter into the attached Exhibit C, *"Business Associate Addendum,"* related to the functions and activities Employer performs on behalf of the Company.

(e) Non-Compete. Due to the Company's legitimate business interest in protecting its confidential information and the good and valuable consideration offered to the Employee, Employee covenants and agrees that at all times during employment with the company and for the period expiring two (2) years after the date of termination, Employee shall not enter into or attempt to enter into employment or other financial arrangement under the same capacity

as with the Employer with any company, venture or other direct competitor of the Company business model.

(f) Protected Rights. Notwithstanding anything to the contrary in this Section 6, this Agreement is not intended to, and shall not, in any way prohibit, limit or otherwise interfere with the Employee's protected rights under federal, state or local law to, without notice to the Company, (i) communicate or file a charge with a government regulator; (ii) participate in an investigation or proceeding conducted by a government regulator; or (iii) receive an award paid by a government regulator for providing information.

(g) Documents, Records, etc. All documents, records, data, apparatus, equipment, and other physical property, whether or not pertaining to Confidential Information, that are furnished to the Employee by the Company or its Affiliates or are produced by the Employee in connection with the Employee's employment will be and remain the sole property of the Company and its Affiliates. The Employee shall return to the Company all such materials and property as and when requested by the Company. In any event, the Employee shall return all such materials and property immediately upon termination of the Employee's employment for any reason. The Employee shall not retain any such material or property or any copies thereof after such termination. It is specifically agreed that any documents, card files, notebooks, programs, or similar items containing customer or patient information are the property of the Company and its Affiliates regardless of by whom they were compiled.

(h) Disclosure Prevention. The Employee will take all reasonable precautions to prevent the inadvertent or accidental exposure of Confidential Information.

(i) Removal of Material. The Employee will not remove any Confidential Information from the Company's or its Affiliate's premises except for use in the Company's business, and only consistent with the Employee's duties with the Company.

(j) Copying. The Employee agrees that copying or transferring Confidential Information (by any means) shall be done only as needed in furtherance of and for use in the Company's and its Affiliate's business, and consistent with the Employee's duties with the Company. The Employee further agrees that copies of Confidential Information shall be treated with the same degree of confidentiality as the original information and shall be subject to all restrictions herein.

(k) Computer Security. During the Employee's employment with the Company, the Employee agrees only to use Company's and its Affiliate's computer resources (both on and off the Company's premises) for which the Employee has been authorized and granted access. The Employee agrees to comply with the Company's policies and procedures concerning computer security.

(l) E-Mail. The Employee acknowledges that the Company retains the right to review any and all electronic mail communications made with employer provided email accounts, hardware, software, or networks, with or without notice, at any time.

(m) Assignment. The Employee acknowledges that any and all inventions, discoveries, designs, developments, methods, modifications, improvements, trade secrets,

processes, software, formulae, data, "know-how," databases, algorithms, techniques and works of authorship whether or not patentable or protectable by copyright or trade secret, made or conceived, first reduced to practice, or learned by the Employee, either alone or jointly with others, during the Term that (i) relate to or are useful in the business of the Company or its Affiliates, or (ii) are conceived, made or worked on at the expense of or during the Employee's work time for the Company, or using any resources or materials of the Company or its Affiliates, or (iii) arise out of tasks assigned to the Employee by the Company (together "Proprietary Inventions") will be the sole property of the Company or its Affiliates. The Employee acknowledges that all work performed by the Employee is on a "work for hire" basis and the Employee hereby assigns or agrees to assign to the Company the Employee's entire right, title and interest in and to any and all Proprietary Inventions and related intellectual property rights. The Employee agrees to assist the Company to obtain, maintain and enforce intellectual property rights for Proprietary Inventions in any and all countries during the Term, and thereafter for as long as such intellectual property rights exist.

(n) Non-solicitation. Employee agrees and covenants that, at any time during Employee's employment with the Company and for a period of twelve (12) months immediately following the termination of Employee's relationship with the Company for any reason, whether with or without cause, Employee shall not, either on Employee's own behalf or on behalf of any other Person: (i) solicit the services of or entice away, directly or indirectly, any Person employed or engaged by or otherwise providing services to the Company or its Affiliates (this provision does not prohibit the Employee's post-termination acceptance of unsolicited applications for employment); or (ii) take any illegal action or engage in any unfair business practice, including, without limitation, any misappropriation of confidential, proprietary or trade secret information of the Company or its Affiliates, as a result of which relations between the Company or its Affiliates, and any of their customers, clients, suppliers, distributors or others, may be impaired or which might otherwise be detrimental to the business interests or reputation of the Company or its Affiliates.

(o) Third-Party Agreements and Rights The Employee hereby confirms that the Employee is not bound by the terms of any agreement with any previous employer or other party which restricts in any way the Employee's use or disclosure of information or the Employee's engagement in any business except as Employee has previously provided written notice to Company and has attached to this Agreement. The Employee represents to the Company that the Employee's execution of this Agreement, the Employee's employment with the Company and the performance of the Employee's proposed duties for the Company will not violate any obligations the Employee may have to any previous employer or other party. In the Employee's work for the Company, the Employee will not disclose or use any information in violation of any agreements with or rights of any such previous employer or other party, and the Employee will not bring to (by any means) the premises of the Company any copies or other tangible embodiments of non-public information belonging to or obtained from any such previous employment or other party.

(p) Litigation and Regulatory Cooperation During and after the Employee's employment, the Employee shall cooperate fully with the Company in the defense or prosecution of any claims or actions now in existence or that may be brought in the future against or on behalf of the Company that relate to events or occurrences that transpired while the Employee was employed by the Company. The Employee's full cooperation in connection with such claims or

actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after the Employee's employment, the Employee also shall cooperate fully with the Company in connection with any investigation or review of any federal, state, or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while the Employee was employed by the Company. The Company shall reimburse the Employee for any reasonable out of pocket expenses incurred in connection with the Employee's performance of obligations pursuant to this Section. "Full cooperation" shall not be construed to in any way require any violation of law or any testimony that is false or misleading.

(q) Enforcement; Injunction. The Employee acknowledges and agrees that the restrictions contained in this Agreement are reasonable and necessary to protect the business and interests of the Company and its Affiliates, do not create any undue hardship for the Employee, and that any violation of the restrictions in this Agreement would cause the Company and its Affiliates substantial irreparable injury. Accordingly, the Employee agrees that a remedy at law for any breach or threatened breach of the covenants or other obligations in Section 6 of this Agreement would be inadequate and that the Company, in addition to any other remedies available, shall be entitled to obtain preliminary and permanent injunctive relief to secure specific performance of such covenants and to prevent a breach or contemplated or threatened breach of this Agreement without the necessity of proving actual damage and without the necessity of posting bond or security, which the Employee expressly waives. Moreover, the Employee will provide the Company a full accounting of all proceeds and profits received by the Employee as a result of or in connection with a breach of Section 6 of this Agreement. Unless prohibited by law, the Company shall have the right to retain any amounts otherwise payable by the Company to the Employee to satisfy any of the Employee's obligations as a result of any breach of Section 6 of this Agreement. The Employee hereby agrees to indemnify and hold harmless the Company and its Affiliates from and against any damages incurred by the Company or its Affiliates as assessed by a court of competent jurisdiction as a result of any breach of Section 6 of this Agreement by the Employee. The prevailing party shall be entitled to recover its reasonable attorneys' fees and costs if it prevails in any action to enforce Section 6 of this Agreement. It is the express intention of the parties that the obligations of Section 6 of this Agreement shall survive the termination of the Employee's employment. The Employee agrees that each obligation specified in Section 6 of this Agreement is a separate and independent covenant that shall survive any termination of this Agreement and that the unenforceability of any of them shall not preclude the enforcement of any other covenants in Section 6 of this Agreement. No change in the Employee's duties or compensation shall be construed to affect, alter, or otherwise release the Employee from the covenants herein.

7. Successors and Assigns. This Agreement shall be assignable to and shall be binding upon and inure to the benefit of, the Company's successors and assigns, including, without limitation, successors through merger, name change, consolidation, or sale of a majority of the Company's stock or assets, and shall be binding upon the Employee. The Employee shall not have the right to assign his rights or obligations under this Agreement.

8. Severability. The provisions of this Agreement are severable. If any provision of this Agreement is determined to be unenforceable, in whole or in part, then such provision shall be modified so as to be enforceable to the maximum extent permitted by law. If such provision

cannot be modified to be enforceable, the provision shall be severed from this Agreement to the extent unenforceable. The remaining provisions and any partially enforceable provisions shall remain in full force and effect.

9. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

10. Notices. Whenever any notice is required hereunder, such notice shall be deemed to have been effectively delivered or given and received on the date personally delivered or on the date sent via email to the respective party to whom it is directed and confirmed by return email within three (3) business days, provided that if confirmation by email is not received within such time, a copy of such notice is also delivered to the person via overnight delivery at the known address of such person or, if not known, then to the corporate headquarters and to the attention of such person.

11. Publicity. The Employee hereby grants to the Company the right to use the Employee's name and likeness, without additional consideration, on, in and in connection with technical, marketing and/or disclosure materials published by or for the Company for the duration of Employee's employment with Company.

12. Conflicting Obligations and Rights. The Employee agrees to inform the Company of any apparent conflicts between the Employee's work for the Company and (a) any obligations the Employee may have to preserve the confidentiality of another's proprietary information or materials or (b) any rights the Employee claims to any inventions or ideas before using the same on the Company's behalf. Otherwise, the Company may conclude that no such conflict exists, and the Employee agrees thereafter to make no such claim against the Company. The Company shall receive such disclosures in confidence and consistent with the objectives of avoiding any conflict of obligations and rights or the appearance of any conflict of interest.

13. Notification of New Employer. In the event that the Employee leaves the employ of the Company, voluntarily or involuntarily, the Employee agrees to inform any subsequent employer of the Employee's obligations under Section 6 of this Agreement. The Employee further hereby authorizes the Company to notify the Employee's new employer about the Employee's obligations under Section 6 of this Agreement.

14. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any previous oral or written communications, negotiations, representations, understandings, or agreements between them. Any modification of this Agreement shall be effective only if set forth in a written document signed by the Employee and a duly authorized officer of the Company.

15. Amendment. This Agreement may be amended or modified only by a written instrument signed by the Employee and by a duly authorized representative of the Company.

16. Non-Interference. Notwithstanding anything to the contrary set forth in this Agreement or in any other agreement between the Employee and the Company, nothing in this Agreement or in any other agreement shall limit the Employee's ability, or otherwise interfere with the Employee's rights, to (a) file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission, or any other federal, state, or local governmental agency or commission (each a "Government Agency"), (b) communicate with any Government Agency or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company, (c) receive an award for information provided to any Government Agency, or (d) engage in activity specifically protected by Section 7 of the National Labor Relations Act, or any other federal or state statute or regulation.

17. Governing Law/Consent to Jurisdiction and Venue. The laws of the State of Texas shall govern this Agreement. Any and all claims arising out of or relating to this Agreement shall be brought in a state or federal court of competent jurisdiction in Harris County, Texas. The Parties waive (i) any objection to jurisdiction or venue, or (ii) any defense claiming lack of jurisdiction or improper venue, in any action brought in such courts.

18. Obligations of Successors. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

19. Limitation on Payments in Certain Events.

(a) Limitation on Payments. Notwithstanding anything to the contrary in Section 3 and Section 5 of this Agreement, if any payment or distribution that the Employee would receive pursuant to this Agreement or otherwise ("Payment") would (a) constitute a "parachute payment" within the meaning of Section 280G of the Code), and (b) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then the Company shall cause to be determined, before any amounts of the Payment are paid to the Employee, which of the following alternative forms of payment would maximize the Employee's after-tax proceeds: (i) payment in full of the entire amount of the Payment (a "Full Payment"), or (ii) payment of only a part of the Payment so that the Employee receives that largest Payment possible without being subject to the Excise Tax (a "Reduced Payment"), whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax (all computed at the highest marginal rate, net of the maximum reduction in federal income taxes which could be obtained from a deduction of such state and local taxes), results in the Employee's receipt, on an after-tax basis, of the greater amount of the Payment, notwithstanding that all or some portion the Payment may be subject to the Excise Tax.

(b) The independent registered public accounting firm engaged by the Company for general audit purposes as of the day prior to the date the first Payment is due shall make all determinations required to be made under this Section 19. If the independent registered public accounting firm so engaged by the Company is serving as accountant or auditor for the

individual, group or entity effecting the transaction, the Company shall appoint a nationally recognized independent registered public accounting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such independent registered public accounting firm required to be made hereunder.

(c) The independent registered public accounting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to the Company and the Employee at such time as requested by the Company or the Employee. If the independent registered public accounting firm determines that no Excise Tax is payable with respect to a Payment, either before or after the application of the Reduced Payment, it shall furnish the Company and the Employee with an opinion reasonably acceptable to the Employee that no Excise Tax will be imposed with respect to such Payment. Any good faith determinations of the accounting firm made hereunder shall be final, binding, and conclusive upon the Parties.

20. Counterparts. This Agreement may be executed in any number of counterparts, including, but not limited to, electronically signed or scanned images, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

[*Signature Page Follows*]

IN WITNESS WHEREOF, this Agreement has been executed as a sealed instrument by the Company by its duly authorized officer, and by the Employee, as of the date first above written.

COMPANY:

NUTEX HEALTH, INC.:

By: /s/ Thomas T. Vo_____

Printed Name: __Thomas T. Vo_____

Its: _CEO_____

Date: September 9, 2022

EMPLOYEE:

MICHAEL CHANG, M.D.

By: _____/s/ Michael Chang_____

Printed Name: _____Michael Chang_____

Date: September 9, 2022

EXHIBIT A

Release of Claims

I, Michael Chang, M.D., in consideration of and subject to the performance by NUTEX HEALTH, INC., a Delaware corporation (the "Company") of its obligations under the Employment Agreement, dated as of _____, 2022 (as amended from time to time, the "Agreement"), do hereby release and forever discharge as of the date of my execution of this release (this "Release") the Company, its affiliated and related entities, its and their respective predecessors, successors and assigns, its and their respective employee benefit plans and fiduciaries of such plans, and the current and former officers, directors, shareholders, employees, attorneys, accountants and agents of each of the foregoing in their official and personal capacities (collectively, the "Released Parties") to the extent provided below.

1. I understand that any payments or benefits paid or granted to me under Section 5(b) of the Agreement represent, in part, consideration for signing this Release and are not salary, wages or benefits to which I was already entitled. Such payments and benefits will not be considered compensation for purposes of any employee benefit plan, program, policy, or arrangement maintained or hereafter established by the Company or its affiliates.

2. Releases.

I knowingly and voluntarily (on behalf of myself, my spouse, my heirs, executors, administrators, agents and assigns, past and present) fully and forever release and discharge the Company and the other Released Parties from any and all claims, suits, controversies, actions, causes of action, cross claims, counterclaims, demands, debts, liens, contracts, covenants, suits, rights, obligations, expenses, judgments, compensatory damages, liquid damages, punitive or exemplary damages, other damages, claims for costs and attorneys' fees, orders and liabilities of whatever kind of nature, in law and in equity, in contract of in tort, both past and present (through the date this General Release becomes effective and enforceable) and whether known or unknown, vested or contingent, suspected, or claimed, against the Company or any of the Released Parties which I, my spouse, or any of my heirs, executors, administrators or assigns, may have, which arise out of or relate to my employment with, or my separation or termination from, the Company up to the date of my execution of this Release (including, but not limited to, any allegation, claim of violation arising under: Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967, as amended (including the Older Workers Benefit Protection Act), the Equal Pay Act of 1963, as amended; the Americans with Disabilities Act of 1990; the Family and Medical Leave Act of 1993; the Worker Adjustment Retraining and Notification Act; the Employee Retirement Income Security Act of 1974; the Fair Labor Standards Act; or their state or local counterparts; or under any other federal, state or local civil or human rights law, or under any other local state or federal law, regulation or ordinance; or under any public policy, contract of tort, or under common law; or arising under any policies, practices or procedures of the Company; or any claim for wrongful discharge, breach of the Agreement, infliction of emotional distress or defamation; or any claim for costs, fees, or other expenses, including attorneys' fees incurred in these matters) (collectively, the "Claims").

Employee agrees that this Agreement is intended to include all claims, if any, that Employee may have against the Company, and that this Agreement extinguishes those claims.

3. I represent that I have made no assignment of transfer of any right, claim, demand, cause of action, or other matter covered by Section 2 above.

4. In signing this Release, I acknowledge and intend that it shall be effective as a bar to each and every one of the claims, demands and causes of action herein above mentioned or implied. I expressly consent that this Release shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected claims up to the date of my execution of this Release, if any, as well as those relating to any other claims hereinabove mentioned. I acknowledge and agree that this waiver is an essential and material term of this Release and that without such waiver the Company would not have agreed to the terms of the Agreement. I further agree that in the event I should bring a claim seeking damages against the Company, this Release shall serve as a complete defense to such claims as to my rights and entitlements. I further agree that I am not aware of any pending charge or complaint of the type described in Section 2 above as of the date of my execution of this Release.

5. I agree that neither this Release, nor the furnishing of the consideration for this Release, shall be deemed or constructed at any time to be an admission or acknowledgement by the Company, any Released Party or myself of any improper or unlawful conduct.

6. I agree and acknowledge that the provisions, conditions, and negotiations of this Release are confidential and agree not to disclose any information regarding the terms, conditions and negotiations of this Release, nor transfer any copy of this Release to any person or entity, other than my immediate family and any tax, legal or other counsel or advisor I have consulted regarding the meaning or effect hereof or as required by applicable law, and I will instruct each of the foregoing not to disclose the same to anyone.

7. Notwithstanding anything in the Release to the contrary, nothing in this Release shall be deemed to affect, impair, relinquish, diminish, or in any way affect any rights or claims in any respect to (i) any vested rights or other entitlements that I may have as of the date of my execution of this Release under the Company's 401(k) plan; (ii) any other vested rights or other entitlements that I may have as of the date of my execution of this Release under any employee benefit plan or program, in which I participated in my capacity as an employee of the Company; (iii) my rights under the Agreement; or (iv) my rights under the Release.

8. I understand that I continue to be bound by Section 6 of the Agreement.

9. Whenever possible, each provision of this Release shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provisions of this Release are held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Release shall be reformed, construed and

enforced in such jurisdiction as if such invalid, illegal or unenforceable provisions had never been contained herein.

10. This Release shall be governed by and construed in accordance with the laws of the State of Texas, without giving effect to the conflict of laws principles of the State of Texas.

BY SIGNING THIS RELEASE, I REPRESENT AND AGREE THAT:

(i) I HAVE READ IT CAREFULLY;

(ii) I UNDERSTAND ALL OF ITS TERMS AND KNOW THAT I AM GIVING UP IMPORTANT RIGHTS, INCLUDING BUT NOT LIMITED TO, RIGHTS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED;

(iii) I VOLUNTARILY CONSENT TO EVERYTHING IN IT;

(iv) THE COMPANY IS HEREBY ADVISING ME TO CONSULT WITH AN ATTORNEY BEFORE EXECUTING IT, I HAVE HAD THE OPPORTUNITY TO SO CONSULT, AND HAVE AVAILED MYSELF OF SUCH ADVICE TO THE EXTENT I HAVE DEEMED NECESSARY TO MAKE A VOLUNTARY AND INFORMED CHOICE TO EXECUTE THIS RELEASE;

(v) I HAVE HAD AT LEAST TWENTY-ONE (21) DAYS [45 DAYS IN CONNECTION WITH A GROUP TERMINATION OR EXIT INCENTIVE PLAN] FOLLOWING THE DATE OF TERMINATION OF MY EMPLOYMENT TO CONSIDER THIS RELEASE;

(vi) CHANGES TO THIS RELEASE, WHETHER MATERIAL OR IMMATERIAL, DO NOT RESTART THE RUNNING OF THE TWENTY-ONE (21) DAY [OR 45 DAY] CONSIDERATION PERIOD;

(vii) I UNDERSTAND THAT I HAVE SEVEN (7) DAYS AFTER THE EXECUTION OF THIS RELEASE TO REVOKE IT, SUCH REVOCATION TO BE RECEIVED IN WRITING BY THE COMPANY BY THE END OF THE SEVENTH DAY AFTER THE DATE HEREOF, AND THAT THIS RELEASE SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THE REVOCATION PERIOD HAS EXPIRED;

(viii) I HAVE SIGNED THIS RELEASE KNOWINGLY AND VOLUNTARILY AND WITH THE ADVICE OF ANY COUNSEL RETAINED TO ADVISE ME WITH RESPECT TO IT; AND

(ix) I AGREE THAT THE PROVISIONS OF THIS RELEASE MAY NOT BE AMENDED, WAIVED OR MODIFIED EXCEPT BY AN INSTRUMENT IN WRITING SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY AND BY ME.

DATED AS OF _____, 2022

_____
[***Name***]

EXHIBIT B

Employment Agreement Addendum

EXHIBIT C

Business Associate Agreement

THIS HIPAA BUSINESS ASSOCIATE ADDENDUM ("Addendum") is entered into as of the ____ day of _____, 20__ (the "Effective Date"), by and between Nutex Health, Inc., a Delaware company (the "Covered Entity"), and Jon Bates (the "Business Associate"), and adds the same to the Employment Agreement between the Business Associate and Covered Entity dated _____, 20___ (the "Agreement").

Pursuant to the Agreement, Business Associate may perform functions or activities on behalf of Covered Entity involving the use and/or disclosure of protected health information received from, or created or received by, Business Associate on behalf of Covered Entity ("PHI") and/or in the furtherance of his /her responsibilities under the Agreement. Therefore, Business Associate and Covered Entity will comply with the terms of this Addendum for the duration of the Agreement and for such other continuing periods as provided in this Addendum.

1. Definitions
"HIPAA Rules" shall mean the Privacy, Security, Breach Notification, and Enforcement Rules at 45 CFR Part 160 and Part 164 of the Health Insurance Portability and Accountability Act of 1996 and any amendments or implementing regulations ("HIPAA"), or the Health Information for Economic and Clinical Health Act (Title XIII of the American Recovery and Reinvestment Act of 2009) and any amendments or implementing regulations ("HITECH"). Unless otherwise provided, all capitalized terms in this Addendum will have the same meaning as provided under HIPAA Rules.

2. Obligations and Activities of Business Associate
Business Associate agrees to:

(a) Comply with, at all times, applicable HIPAA Rules;

(b) Not use or disclose PHI other than as permitted or required by the Addendum or as required by law;

(c) Use appropriate safeguards, and comply with Subpart C of 45 CFR Part 164 with respect to electronic PHI, to prevent use or disclosure of PHI other than as provided for by the Addendum;

(d) Mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI by Business Associate in violation of this Addendum;

(e) Report to Covered Entity any use or disclosure of PHI not provided for by the Addendum of which it becomes aware, including breaches of unsecured PHI as required at 45 CFR 164.410, and any security incident of which it becomes aware;

(f) In accordance with 45 CFR 164.502(e)(1)(ii) and 164.308(b)(2), if applicable, ensure that any subcontractors that create, receive, maintain, or transmit PHI on behalf of the Business Associate agree to the same restrictions, conditions, and requirements that apply to the Business Associate with respect to such information;

(g) Make available PHI in a designated record set to the Covered Entity as necessary to satisfy Covered Entity's obligations under 45 CFR 164.524;

(h) Make any amendment(s) to PHI in a designated record set as directed or agreed to by the Covered Entity pursuant to 45 CFR 164.526, or take other measures as necessary to satisfy Covered Entity's obligations under 45 CFR 164.526;

(i) Maintain and make available the information required to provide an accounting of disclosures to the Covered Entity as necessary to satisfy Covered Entity's obligations under 45 CFR 164.528;

(j) To the extent the Business Associate is to carry out one or more of Covered Entity's obligation(s) under Subpart E of 45 CFR Part 164, comply with the requirements of Subpart E that apply to the Covered Entity in the performance of such obligation(s); and

(k) Make its internal practices, books, and records available to the Secretary for purposes of determining compliance with the HIPAA Rules.

3. Permitted Uses and Disclosures by Business Associate
(a) Business Associate may only use or disclose PHI as necessary to perform the services set forth in the Agreement.

(b) Business Associate may use or disclose PHI as required by law.

(c) Business Associate agrees to make uses and disclosures and requests for PHI consistent with Covered Entity's minimum necessary policies and procedures.

(d) Business Associate may not use or disclose PHI in a manner that would violate Subpart E of 45 CFR Part 164 if done by Covered Entity except for the specific uses and disclosures set forth below.

(e) Business Associate may use PHI for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate.

(f) Business Associate may disclose PHI for the proper management and administration of Business Associate or to carry out the legal responsibilities of the Business Associate, provided the disclosures are required by law, or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that the information will remain confidential and used or further disclosed only as required by law or for the purposes for which it was disclosed to the person, and the person notifies Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.

(g) Business Associate may provide data aggregation services relating to the health care operations of the Covered Entity.

4. Provisions for Covered Entity to Inform Business Associate of Privacy Practices and Restrictions
(a) Covered Entity shall notify Business Associate of any limitation(s) in the notice of privacy practices of Covered Entity under 45 CFR 164.520, to the extent that such limitation may affect Business Associate's use or disclosure of PHI.

(b) Covered Entity shall notify Business Associate of any changes in, or revocation of, the permission by an individual to use or disclose his or her PHI, to the extent that such changes may affect Business Associate's use or disclosure of PHI.

(c) Covered Entity shall notify Business Associate of any restriction on the use or disclosure of PHI that Covered Entity has agreed to or is required to abide by under 45 CFR 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

5. Termination
(a) Termination for Cause. Covered Entity shall provide Business Associate with written notice of Business Associate's breach of any term or condition of this Addendum, and afford Business Associate the opportunity to cure the breach to the satisfaction of Covered Entity within forty-five (45) days of such notice. If Business Associate fails to cure the breach, as determined by Covered Entity, the Agreement will terminate as provided in Covered Entity's notice.

(b) Obligations of Business Associate Upon Termination. Upon termination of this Addendum for any reason, Business Associate shall destroy all PHI received from Covered Entity, or created, maintained, or received by Business Associate on behalf of Covered Entity, that the Business Associate still maintains in any form. Business Associate shall retain no copies of the PHI.

(c) Survival. The obligations of Business Associate under this Section shall survive the termination of this Addendum.

[Signatures to follow]

IN WITNESS WHEREOF, the parties have caused this Business Associate Addendum to be executed by their duly authorized representatives, on the date and year first above written.

"Covered Entity"	**"Business Associate"**
Nutex Health, Inc.	Michael Chang, M.D.
By:_____	By: _____

Amendment to Employment Agreement

THIS AMENDMENT TO EMPLOYMENT AGREEMENT (this "***Amendment***") is made and entered into effective as of January 31, 2024 (the "***Amendment Effective Date***"), by and between Nutex Health Inc., a Delaware corporation (the "***Company***"), and Michael Chang (the "***Employee***" and, together with the Company, the "***Parties***").

Whereas, the Company and Executive entered into that certain Employment Agreement (the "**Agreement**") dated as of September 9, 2022, and

Whereas, the Parties desire to amend Section 2 of the Agreement in the manner reflected herein, and

Whereas, the Board of Directors of the Company has approved the amendment of the Agreement in the manner reflected herein,

Now Therefore, in consideration of the premises and mutual covenants and conditions herein, the Parties, intending to be legally bound, hereby agree as follows, effective as of the Amendment Effective Date:

1. **Term**. Section 2 of the Agreement is hereby deleted and replaced in its entirety with the following (with all capitalized terms having the meaning originally ascribed thereto in the Agreement):

> " 2. **Term**. Employee will commence his employment as CMO of the Company under the terms of this Agreement starting on April 1, 2022 (the "Commencement Date"). The term of this Agreement shall be for a two (2) year period commencing on the Effective Date (the "Initial Term"). The term of this Agreement shall automatically renew for an additional **one (1)** year (each, a "Renewal Term") following the Initial Term and any Renewal Term unless either Party provides written notice to the other Party at least sixty (60) days before the end of the Initial Term or any Renewal Term, as applicable, that it does not desire to renew this Agreement, in which case this Agreement shall expire at the end of the Initial Term or any Renewal Term, as applicable. The Initial Term and any Renewal Term are referred to herein collectively as the "Term".”

2. **Counterparts**. This Amendment may be executed in one or more facsimile, electronic or original counterparts, each of which shall be deemed an original and both of which together shall constitute the same instrument.

3. **Ratification**. All terms and provisions of the Agreement not amended hereby, either expressly or by necessary implication, shall remain in full force and effect. From and after the date of this Amendment, all references to the term "***Agreement***" in this Amendment or the original Agreement shall include the terms contained in this Amendment.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment to Employment Agreement effective as of the Amendment Effective Date.

NUTEX HEALTH INC.

By: /s/ Jon Bates
Name: Jon Bates
Title: Chief Financial Officer

/s/ Michael Chang
Name: Michael Chang

NUTEX HEALTH INC. SUBSIDIARIES

Company	Jurisdiction of Organization
Nutex Health Holdco LLC	Delaware
Tyvan LLC	Texas
Nutex Health LLC	Texas
Clinigence Health, Inc.	Delaware
AHP Health Management Services, Inc.	Delaware
Procare Health Inc.	California
Accountable Healthcare America, Inc.	Delaware
South Florida Physicians IPA, Inc. (100% Owned Subsidiary of Accountable Healthcare America, Inc.)	Florida
Houston Physicians IPA PLLC	Texas
Phoenix Physicians IPA, Inc.	Arizona
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

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 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
Breen 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	62.00%	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
Wylie ER, LLC	64.17%	Texas

Exhibit 23.1

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in the Registration Statements 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) and Form S-8 (File No. 333-273402) of our report dated March 28, 2024, with respect to our audits of the consolidated financial statements of Nutex Health, Inc. as of December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and our report dated March 28, 2024 with respect to our audit of internal control over financial reporting of Nutex Health, Inc. as of December 31, 2023, which reports are included in this Annual Report on Form 10-K of Nutex Health, Inc. for the year ended December 31, 2023. Our report on the effectiveness of internal control over financial reporting expressed an adverse opinion because of the existence of material weaknesses.

/s/ Marcum llp

Marcum llp
Houston, Texas
March 28, 2024

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 28, 2024

/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 28, 2024

/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, 2023, (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 28, 2024

/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, 2023, (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 28, 2024

/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: