

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **September 30, 2024**

or

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

For the transition period from                      to

Commission File Number: **001-41346**

**NUTEX HEALTH INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation or organization)

**11-3363609**  
(I.R.S. Employer  
Identification No.)

**6030 S. Rice Ave, Suite C,  
Houston, Texas**  
(Address of principal executive offices)

**77081**  
(Zip code)

**(713) 660-0557**

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
<b>Common Stock, \$0.001 par value</b>	<b>NUTX</b>	<b>NASDAQ</b>

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 4, 2024, the registrant had 5,437,003 shares of common stock outstanding.

NUTEX HEALTH INC.  
FORM 10-Q

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## INTRODUCTORY NOTE

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

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

Unless otherwise indicated, all authorized, issued, and outstanding stock and per share amounts referred to in this Quarterly Report on Form 10-Q have been adjusted to reflect the 2024 Reverse Stock Splits for all prior periods presented. Proportionate adjustments for the 2024 Reverse Stock Splits were made to the exercise prices and number of shares issuable under the Company’s equity incentive plans, and the number of shares underlying outstanding equity awards, as applicable. See Note 19 for information and disclosures relating to adjustments related to the 2024 Reverse Stock Splits.

## NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q 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”). All statements other than statements of historical fact are “forward-looking statements” for purposes of federal and state securities laws, including, but not limited to, changes in laws or regulations applicable to our operations, any statements about our business, financial condition, operating results, plans, objectives, expectations and intentions, any guidance on, or projections of, earnings, revenue or other financial items, or otherwise, and our future liquidity, including cash flows; any statements of any plans, strategies, and objectives of management for future operations, such as the material opportunities that we believe exist for our Company; any statements concerning proposed services, developments, mergers or acquisitions; or strategic transactions; any statements regarding management’s view of future expectations and prospects for us; any statements about prospective adoption of new accounting standards or effects of changes in accounting standards; any statements regarding future economic conditions or performance; any statements of belief; any statements of assumptions underlying any of the foregoing; and other statements that are not historical facts. Forward-looking statements may be identified by the use of forward-looking terms such as “anticipate,” “could,” “can,” “may,” “might,” “potential,” “predict,” “should,” “estimate,” “expect,” “project,” “believe,” “think,” “plan,” “envision,” “intend,” “continue,” “target,” “seek,” “contemplate,” “budgeted,” “will,” “would,” and the negative of such terms, other variations on such terms or other similar or comparable words, phrases, or terminology. These forward-looking statements present our estimates and assumptions only as of the date of this Quarterly Report on Form 10-Q and are subject to change.

Forward-looking statements involve risks and uncertainties and are based on the current beliefs, expectations, and certain assumptions of management. Some or all of such beliefs, expectations, and assumptions may not materialize or may vary significantly from actual results. Such statements are qualified by important economic, competitive, governmental, and technological factors that could cause our business, strategy, or actual results or events to differ materially from those in our forward-looking statements. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described under, but not limited to, the heading “Item 1A. Risk Factors” included in this Quarterly Report, the Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, the Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, and in the Annual Report of Nutex Health Inc. on Form 10-K for the year ended December 31, 2023 and other filings of the Company with the United States Securities and Exchange Commission. Although we believe that the expectations reflected in our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change, and significant risks and uncertainties that could cause actual conditions, outcomes, and results to differ materially from those indicated by such statements. Consequently, all of the forward-looking statements made in this Form 10-Q are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequence to or effects on the Company or its business or operations. The Company assumes no obligations to update any such forward-looking statements.

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**PART I — FINANCIAL INFORMATION**  
**Item 1. Financial Statements**

**NUTEX HEALTH INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

	September 30, 2024	December 31, 2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 46,909,281	\$ 22,002,056
Accounts receivable	62,745,336	58,624,301
Accounts receivable - related parties	3,602,189	4,152,068
Inventories	2,259,168	3,390,584
Prepaid expenses and other current assets	4,279,360	2,679,394
Total current assets	119,795,334	90,848,403
Property and equipment, net	78,246,467	81,387,649
Operating right-of-use assets	11,442,369	11,853,082
Finance right-of-use assets	198,462,381	176,146,329
Intangible assets, net	15,855,392	20,512,636
Goodwill, net	13,918,719	17,066,263
Other assets	767,942	431,135
Total assets	<u>\$ 438,488,604</u>	<u>\$ 398,245,497</u>
<b>Liabilities and Equity</b>		
Current liabilities:		
Accounts payable	\$ 10,320,933	\$ 18,899,196
Accounts payable - related parties	6,342,883	6,382,197
Lines of credit	3,384,517	3,371,676
Current portion of long-term debt	10,499,532	10,808,721
Operating lease liabilities, current portion	2,060,758	1,579,987
Finance lease liabilities, current portion	5,261,458	4,315,979
Accrued expenses and other current liabilities	29,688,665	12,955,296
Total current liabilities	67,558,746	58,313,052
Long-term debt, net	26,801,811	26,314,733
Warrant liability	5,715,143	-
Operating lease liabilities, net	14,307,320	15,479,639
Finance lease liabilities, net	240,924,194	213,886,213
Deferred tax liabilities	3,402,965	5,145,754
Total liabilities	<u>358,710,179</u>	<u>319,139,391</u>
Commitments and contingencies		
Equity:		
Common stock, \$0.001 par value; 950,000,000 shares authorized; 5,215,709 and 4,511,199 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively	5,216	4,511
Additional paid-in capital	479,024,452	470,521,218
Accumulated deficit	(418,588,975)	(409,072,539)
Nutex Health Inc. equity	60,440,693	61,453,190
Noncontrolling interests	19,337,732	17,652,916
Total equity	<u>79,778,425</u>	<u>79,106,106</u>
Total liabilities and equity	<u>\$ 438,488,604</u>	<u>\$ 398,245,497</u>

*See accompanying notes to the unaudited condensed consolidated financial statements.*

**NUTEX HEALTH INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue:				
Hospital division	\$ 71,732,529	\$ 54,585,263	\$ 199,366,776	\$ 155,485,230
Population health management division	7,062,340	8,137,709	22,964,141	22,491,613
Total revenue	78,794,869	62,722,972	222,330,917	177,976,843
Operating costs and expenses:				
Payroll and benefits	29,848,083	28,873,144	85,249,302	79,570,519
Contract services	11,657,010	9,035,650	32,481,686	27,972,854
Medical supplies	3,982,598	3,460,130	12,892,904	10,748,214
Depreciation and amortization	4,972,478	4,745,941	13,691,484	12,908,848
Other	6,417,886	9,541,894	23,380,318	25,215,549
Total operating costs and expenses	56,878,055	55,656,759	167,695,694	156,415,984
Gross profit	21,916,814	7,066,213	54,635,223	21,560,859
Corporate and other costs:				
Facilities closing costs	-	-	-	217,266
Acquisition costs	-	43,464	-	43,464
Stock-based compensation expense	1,963,518	49,167	1,951,444	2,198,812
Impairment of assets	425,221	-	3,898,856	-
Impairment of goodwill	-	-	3,197,391	-
General and administrative expenses	9,865,330	7,794,808	29,176,130	24,730,168
Total corporate and other costs	12,254,069	7,887,439	38,223,821	27,189,710
Operating income (loss)	9,662,745	(821,226)	16,411,402	(5,628,851)
Interest expense, net	5,381,040	4,098,179	14,879,934	12,081,316
Loss on warrant liability	6,733,552	-	1,072,709	-
Other (income) expense	128,645	(53,206)	(712,049)	70,721
Income (loss) before taxes	(2,580,492)	(4,866,199)	1,170,808	(17,780,888)
Income tax expense (benefit)	4,584,518	(342,259)	5,868,075	(2,068,530)
Net loss	(7,165,010)	(4,523,940)	(4,697,267)	(15,712,358)
Less: net income (loss) attributable to noncontrolling interests	1,623,303	1,018,451	4,819,169	(1,543,641)
Net loss attributable to Nutex Health Inc.	\$ (8,788,313)	\$ (5,542,391)	\$ (9,516,436)	\$ (14,168,717)
Loss per common share:				
Basic	\$ (1.72)	\$ (1.25)	\$ (1.91)	\$ (3.23)
Diluted	\$ (1.72)	\$ (1.25)	\$ (1.91)	\$ (3.23)

*See accompanying notes to the unaudited condensed consolidated financial statements.*

**NUTEX HEALTH INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**(UNAUDITED)**

	<b>Common Stock</b>		<b>Additional Paid-in</b>	<b>Accumulated</b>	<b>Noncontrolling</b>	<b>Total</b>
	<b>Shares</b>	<b>Amount</b>	<b>Capital</b>	<b>Deficit</b>	<b>Interests</b>	<b>Equity</b>
Balance at December 31, 2022	4,334,826	\$4,335	\$ 459,144,291	\$(363,285,925)	\$ 24,464,699	\$120,327,400
Deconsolidation of Real Estate Entity	—	—	—	—	(4,258,133)	(4,258,133)
Common stock issued for exercise of warrants	4,682	5	(5)	—	—	—
Common stock issued to Apollo Medical Holdings, Inc.	6,667	7	1,899,993	—	—	1,900,000
Contributions	—	—	—	—	28,000	28,000
Distributions	—	—	—	—	(1,537,141)	(1,537,141)
Net loss	—	—	—	(5,147,279)	(1,774,693)	(6,921,972)
Balance at March 31, 2023	4,346,175	\$4,347	\$ 461,044,279	\$(368,433,204)	\$ 16,922,732	\$109,538,154
Common stock issued for exercise of warrants	3,774	4	(4)	—	—	—
Debt conversion to common stock	53,571	53	3,232,386	—	—	3,232,439
Restricted stock awards issued for compensation	1,431	1	249,644	—	—	249,645
Contributions	—	—	—	—	621,550	621,550
Distributions	—	—	—	—	(1,149,163)	(1,149,163)
Net loss	—	—	—	(3,479,047)	(787,399)	(4,266,446)
Balance at June 30, 2023	<u>4,404,951</u>	<u>\$4,405</u>	<u>\$ 464,526,305</u>	<u>\$(371,912,251)</u>	<u>\$ 15,607,720</u>	<u>\$108,226,179</u>
Debt conversion to common stock	49,517	50	1,919,021	—	—	1,919,071
Stock-based compensation	—	—	49,167	—	—	49,167
Common stock issued for acquisition	16,943	17	749,983	—	—	750,000
Warrants issued with convertible debt	—	—	133,484	—	—	133,484
Distributions	—	—	—	—	(1,649,228)	(1,649,228)
Net income (loss)	—	—	—	(5,542,391)	1,018,451	(4,523,940)
Balance at September 30, 2023	<u>4,471,411</u>	<u>\$4,472</u>	<u>\$ 467,377,960</u>	<u>\$(377,454,642)</u>	<u>\$ 14,976,943</u>	<u>\$104,904,733</u>

(Continued)

See accompanying notes to the unaudited condensed consolidated financial statements.

**NUTEX HEALTH INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**(UNAUDITED)**

	<b>Common Stock</b>		<b>Additional Paid-in</b>	<b>Retained Earnings</b>	<b>Noncontrolling</b>	<b>Total</b>
	<b>Shares</b>	<b>Amount</b>	<b>Capital</b>	<b>(Accumulated Deficit)</b>	<b>Interests</b>	<b>Equity</b>
Balance at December 31, 2023	4,511,199	\$4,511	\$ 470,521,218	\$ (409,072,539)	\$ 17,652,916	\$79,106,106
Common stock issued for Employee Stock Purchase Plan	746	2	19,024	—	—	19,026
Common stock issuance	444,444	444	1,540,499	—	—	1,540,943
Debt conversion to common stock	11,824	12	320,676	—	—	320,688
Stock-based compensation	—	—	49,167	—	—	49,167
Vesting of Restricted Stock Units	1,298	1	(1)	—	—	—
Reverse stock split adjustment	2,426	2	(2)	—	—	—
Distributions	—	—	—	—	(481,293)	(481,293)
Net loss	—	—	—	(364,075)	(178,412)	(542,487)
Balance at March 31, 2024	4,971,937	\$4,972	\$ 472,450,581	\$ (409,436,614)	\$ 16,993,211	\$80,012,150
Common stock received in sale of business	(5,060)	(5)	(30,245)	—	—	(30,250)
Common stock issued for Employee Stock Purchase Plan	2,061	2	14,407	—	—	14,409
Common stock issued for acquisition	17,640	18	156,140	—	—	156,158
Stock-based compensation	—	—	(61,241)	—	—	(61,241)
Reverse stock split adjustment	690	1	(1)	—	—	—
Contributions	—	—	—	—	300,850	300,850
Distributions	—	—	—	—	(1,380,270)	(1,380,270)
Net income (loss)	—	—	—	(364,048)	3,374,278	3,010,230
Balance at June 30, 2024	4,987,268	4,988	472,529,641	(409,800,662)	19,288,069	82,022,036
Common stock issued for Employee Stock Purchase Plan	4,300	4	25,366	—	—	25,370
Common stock issued for acquisition	47,106	47	249,953	—	—	250,000
Stock-based compensation	27,035	27	1,963,481	—	—	1,963,508
Warrant exercises	150,000	150	3,819,973	—	—	3,820,123
Contributions	—	—	436,038	—	224,025	660,063
Distributions	—	—	—	—	(1,797,665)	(1,797,665)
Net income (loss)	—	—	—	(8,788,313)	1,623,303	(7,165,010)
Balance at September 30, 2024	5,215,709	\$5,216	\$ 479,024,452	\$ (418,588,975)	\$ 19,337,732	\$79,778,425

See accompanying notes to the unaudited condensed consolidated financial statements.

**NUTEX HEALTH INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net income (loss)	\$ (4,697,267)	\$ (15,712,358)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortization	13,691,484	12,908,848
Loss on warrant liability	1,072,709	-
Impairment of goodwill	3,197,391	-
Impairment of assets	3,898,856	-
Derecognition of goodwill	453,017	-
Stock-based compensation expense	1,951,444	2,198,812
Deferred tax benefit	(1,742,789)	(2,068,530)
Debt accretion expense	804,760	1,251,867
Loss on lease termination	-	58,210
Non-cash lease expense (income)	(280,835)	89,338
Changes in operating assets and liabilities, net of the effects of acquisitions:		
Accounts receivable	(4,253,034)	4,444,706
Accounts receivable - related party	549,879	(949,408)
Inventories	1,131,416	850,569
Prepaid expenses and other current assets	(1,360,721)	(3,771,946)
Accounts payable	(7,975,067)	(6,015,250)
Accounts payable - related party	(39,314)	2,228,527
Accrued expenses and other current liabilities	16,698,416	7,519,285
Net cash from operating activities	23,100,345	3,032,670
Cash flows from investing activities:		
Acquisitions of property and equipment	(1,908,651)	(10,322,487)
Cash related to sale of business	(361,325)	-
Payments for acquisitions of businesses, net of cash acquired	-	(743,837)
Cash related to deconsolidation of Real Estate Entities	-	(1,039,157)
Net cash from investing activities	(2,269,976)	(12,105,481)
Cash flows from financing activities:		
Proceeds from lines of credit	1,132,168	2,340,911
Proceeds from notes payable	7,014,999	16,952,905
Proceeds from convertible notes	-	891,000
Repayments of lines of credit	(1,119,327)	(1,592,714)
Repayments of notes payable	(8,332,482)	(10,557,758)
Repayments of finance leases	(1,923,687)	(2,704,082)
Proceeds from common stock issuance, net issuance costs	9,202,500	-
Proceeds from exercise of warrants	801,000	-
Members' contributions	960,913	649,550
Members' distributions	(3,659,228)	(4,335,532)
Net cash from financing activities	4,076,856	1,644,280
Net change in cash and cash equivalents	24,907,225	(7,428,531)
Cash and cash equivalents - beginning of the period	22,002,056	34,255,264
Cash and cash equivalents - end of the period	\$ 46,909,281	\$ 26,826,733

*See accompanying notes to the unaudited condensed consolidated financial statements.*



**NUTEX HEALTH INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)**

**Note 1 – Organization and Operations**

Nutex Health Inc. ("Nutex Health" or the "Company"), is a physician-led, healthcare services and operations company with 22 hospital facilities in ten states (hospital division), and a primary care-centric, risk-bearing population health management division. Our hospital division implements and operates different innovative health care models, including micro-hospitals, specialty hospitals and hospital outpatient departments ("HOPDs"). The population health management division owns and operates provider networks such as independent physician associations ("IPAs").

We employ approximately 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 3,571,428,575 shares of common stock of Clinigence, or an aggregate of 592,791,712 shares of common stock of Clinigence.

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

*2024 Reverse Stock Splits.*

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

*1:10 Reverse stock split.* In addition, the Company's Board of Directors determined to effect a reverse stock split of the common stock at a 1-for-10 ratio (the "1:10 Reverse Stock Split") effective as of 11:59 pm Eastern time on July 2, 2024. The Company's stockholders, at the annual meeting on June 17, 2024, had approved a reverse stock split within a range of 1:2 and 1:16 to be effected within one year of approval at the discretion of the Board. This 1:10 Reverse Stock Split is in addition to the Company's previous 1:15 Reverse Stock Split as discussed above. The Company's common stock began trading on The Nasdaq Stock Market on a post-1:10 Reverse Stock Split basis under the Company's existing

trading symbol “NUTX” at the open of the market on July 3, 2024. The 1:10 Reverse Stock Split was also implemented for the purpose of regaining compliance with the minimum bid price requirement for continued listing of the Company’s common stock on The Nasdaq Capital Market.

As a result of both the 1:15 Reverse Stock Split and 1:10 Reverse Stock Split (collectively, the “2024 Reverse Stock Splits”) the number of shares of common stock outstanding was reduced to 4,987,268 shares as of June 30, 2024, inclusive of whole shares issued for fractional shares, and the number of authorized shares of common stock remains at 950,000,000. The number of shares of common stock outstanding was 5,215,709 shares as of September 30, 2024.

Unless otherwise indicated, all authorized, issued, and outstanding stock and per share amounts contained in the accompanying condensed consolidated financial statements have been adjusted to reflect the 2024 Reverse Stock Splits for all prior periods presented. Proportionate adjustments for the 2024 Reverse Stock Splits were made to the exercise prices and number of shares issuable under the Company’s equity incentive plans, and the number of shares underlying outstanding equity awards, as applicable.

The impacts of the 2024 Reverse Stock Splits were applied retroactively for all periods presented in accordance with applicable guidance. Therefore, prior period amounts are different than those previously reported. Certain amounts within the following tables may not foot due to rounding.

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

	September 30, 2023		
	As Previously Reported	Impact of 2024 Reverse Stock Splits	As Revised
Common Stock - Shares	670,711,741	(666,240,330)	4,471,411
Common Stock - Amount	\$ 670,712	\$ (666,240)	\$ 4,472
Additional Paid-in Capital	\$ 466,711,720	\$ 666,240	\$ 467,377,960

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

	December 31, 2022		
	As Previously Reported	Impact of 2024 Reverse Stock Splits	As Revised
Common Stock - Shares	650,223,840	(645,889,014)	4,334,826
Common Stock - Amount	\$ 650,224	\$ (645,889)	\$ 4,335
Additional Paid-in Capital	\$ 458,498,402	\$ 645,889	\$ 459,144,291

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

	Three months ended September 30, 2023		
	As Previously Reported	Impact of 2024 Reverse Stock Splits	As Revised
Loss attributable to common stockholders	\$ (5,542,391)	\$ -	\$ (5,542,391)
Weighted average shares used to compute basic and diluted EPS	665,055,603	(660,621,899)	4,433,704
Loss per share - basic and diluted	\$ (0.01)	\$ (1.23)	\$ (1.25)

	Nine months ended September 30, 2023		
	As Previously Reported	Impact of 2024 Reverse Stock Splits	As Revised
Loss attributable to common stockholders	\$ (14,168,717)	\$ -	\$ (14,168,717)
Weighted average shares used to compute basic and diluted EPS	657,590,265	(653,206,330)	4,383,935
Loss per share - basic and diluted	\$ (0.01)	\$ (3.22)	\$ (3.23)

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

	Three and nine months ended September 30, 2023		
	As Previously Reported	Impact of 2024 Reverse Stock Splits	As Revised
Common stock options	5,147,770	(5,113,452)	34,318
Common stock warrants	10,811,062	(10,738,988)	72,074

Stock options were adjusted retroactively to give effect to the 2024 Reverse Stock Splits for the nine months ended September 30, 2023:

	As Previously Reported		Impact of the 2024 Reverse Stock Splits		Revised	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Options outstanding at December 31, 2022	5,147,770	\$ 2.30	(5,113,452)	\$ 342.70	34,318	\$ 345.00
Options exercised	—	—	—	—	—	—
Options cancelled	—	—	—	—	—	—
Options outstanding at September 30, 2023	<u>5,147,770</u>	\$ 2.30	<u>(5,113,452)</u>	\$ 342.70	<u>34,318</u>	\$ 345.00

Warrants were adjusted retroactively to give effect to the 2024 Reverse Stock Splits for the nine months ended September 30, 2023:

	As Previously Reported		Impact of the 2024 Reverse Stock Splits		Revised	
	Warrants Outstanding	Weighted Average Exercise Price	Warrants Outstanding	Weighted Average Exercise Price	Warrants Outstanding	Weighted Average Exercise Price
Warrants outstanding at December 31, 2022	11,033,015	\$ 1.96	(10,959,462)	\$ 292.20	73,553	\$ 294.16
Warrants issued	1,237,500	1.55	(1,229,250)	59.60	8,250	60.00
Warrants exercised	(1,456,453)	1.55	1,446,743	230.95	(9,710)	232.50
Warrants expired	(3,000)	25.00	2,980	3,725.00	(20)	3,750.00
Warrants outstanding at September 30, 2023	<u>10,811,062</u>	\$ 2.02	<u>(10,738,989)</u>	\$ 272.88	<u>72,073</u>	\$ 274.71

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

## Note 2 - Summary of Significant Accounting Policies

**Basis of presentation.** 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.

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 have 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 organization. Additionally, the population health management division owns and operates provider networks such as independent physician associations (“IPAs”). IPAs not owned by us are consolidated as VIEs because we are the primary beneficiary of these IPAs operations and have 100% control of these IPAs operations through management services agreements with each applicable IPA.

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

*Interim financial statements.* These unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) regarding interim financial reporting. Accordingly, they do not include all disclosures required by accounting principles generally accepted in the United States of America (“GAAP”). The unaudited condensed consolidated financial statements include all material adjustments of a normal recurring nature that, in the opinion of management, are necessary for a fair presentation of the results of operations for the interim periods presented. These interim financial statements should be read together with the consolidated financial statements and notes thereto included in our audited financial statements for the years ended December 31, 2023 and 2022.

*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.

*Cash and cash equivalents.* The Company considers all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents. The Company has cash amounts, that were at times material, held in covered banking institutions in excess of the insured amounts, but does not deem the risk of loss to be likely. The Company has \$2.9 million in restricted cash as of September 30, 2024. The amounts included in restricted cash represent those required to be set aside either by note payable agreement or compensating balance requirements.

*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.

There were no assets or liabilities that were re-measured at fair value on a non-recurring basis during the periods presented.

*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.

*Reclassifications.* Financial statements presented for prior periods include reclassifications that were made to conform to the current year presentation.

*Recent accounting pronouncements.*

In November 2023, the FASB issued Accounting Standards Update 2023-07, "Improvements to Reportable Segment Disclosures" ("ASU 2023-07"), which requires disclosures of significant expenses by segment and interim disclosure of items that were previously required only on an annual basis. ASU 2023-07 is to be applied on a retrospective basis and is effective for our 2024 annual Consolidated Financial Statements and interim periods beginning in 2025.

In December 2023, the FASB issued Accounting Standards Update 2023-09, "Improvements to Income Tax Disclosures" ("ASU 2023-09"), which provides for additional income tax rate reconciliation and income taxes paid disclosures. ASU 2023-09 may be adopted on a prospective or retrospective basis and is effective for fiscal years beginning after December 15, 2024, with early adoption permitted.

We are evaluating the impacts ASUs 2023-07 and 2023-09 will have on disclosures in our financial statements.

### **Note 3 – Divestitures**

*Sale of Procare Health, Inc.* On May 30, 2024, the Company completed the sale of Procare Health, Inc. ("Procare"), a wholly-owned subsidiary of Nutex, to an individual buyer. As consideration for the transaction, the buyer will pay the Company \$0.6 million (\$0.1 million paid monthly from June 2024 through October 2024), has assumed liabilities of \$ 0.2 million and remitted Company stock of \$0.1 million, recognized as a debit to common stock and additional paid-in capital in the second quarter of 2024. During the second quarter of 2024, the Company recognized an intangible impairment of \$2.1 million and a \$3.2 million goodwill impairment loss. Upon completion of the sale, the Company recognized an insignificant loss on sale of business. The calculation of the loss on sale of business includes the derecognition of goodwill of \$0.5 million, which was offset by consideration and other assets transferred. As of September 30, 2024, the Company has received \$0.5 million from the buyer. Subsequent to September 30, 2024, the Company received the remaining \$0.1 million from the buyer. Total revenue for Procare for the nine months ended September 30, 2024 was \$0.4 million. No revenue was reported for the three months ended September 30, 2024. Net loss (before impairment) for Procare for the nine months ended September 30, 2024 was \$0.6 million. No net loss (before

impairment) for Procare was recorded for the three months ended September 30, 2024. The Company does not deem this transaction to be significant.

*Sale of Clinigence Health, Inc.* On August 31, 2024, the Company completed the sale of Clinigence Health, Inc. ("Clinigence Health"), a wholly-owned subsidiary of Nutex to a third-party limited liability company. As consideration for the transaction, the buyer will pay the Company \$1.4 million ((i) \$0.5 million paid at Closing subject to Adjustments as set forth in the Equity Purchase Agreement (EPA), (ii) \$0.2 million to be paid on October 31, 2024; (iii) \$0.2 million to be paid on December 31, 2024; (iv) \$0.3 million to be paid in 2025 in two equal payments of \$125 thousand each at the end of the first and second calendar quarters; and (v) the balance of \$0.2 million to be paid within thirty (30) days after the end of the Holdback Period as defined in the EPA, minus any Holdback Adjustment chargeable against the Holdback Amount as defined in the EPA.). During the second quarter of 2024, the Company reclassified all assets of Clinigence Health to assets held-for-sale, within "Prepaid expenses and other current assets" in the condensed consolidated balance sheets. The value of the assets held-for-sale of \$1.4 million were based on the EPA with the buyer. This resulted in an impairment loss of \$ 1.4 million. Upon completion of the sale, the Company recognized additional impairment losses of \$0.4 million and recognized an insignificant loss. The company has received \$0.2 million, which is \$0.5 million to be paid less working capital adjustments of \$ 0.3 million. Total revenue for Clinigence Health for the three and nine months ended September 30, 2024 is \$0.2 million and \$0.9 million, respectively. Net loss (before impairment) for Clinigence Health for the three and nine months ended September 30, 2024 is \$0.2 million and \$0.8 million, respectively. The Company does not deem this transaction to be significant.

#### Note 4 – Revenue

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Hospital division revenue	71,732,529	54,585,263	199,366,776	155,485,230
Population health management division revenue	7,062,340	8,137,709	22,964,141	22,491,613
Total revenue	<u>\$ 78,794,869</u>	<u>\$ 62,722,972</u>	<u>\$ 222,330,917</u>	<u>\$ 177,976,843</u>

*Hospital division 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 90% of our net patient service revenue is paid by insurers, federal agencies, and other non-patient third parties. The remaining revenue is 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 estimated transaction price with the patient among the primary patient classification of insurance coverage:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Insurance	95%	92%	93%	93%
Self pay	2%	5%	4%	4%
Workers compensation	2%	2%	2%	2%
Medicare/Medicaid	1%	1%	1%	1%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

*Population health management division revenue.* We recognize revenue for capitation and management fees for services to IPAs and physician groups. Capitation revenue consists primarily of capitated fees for medical services provided by physician-owned entities we consolidate as VIEs. Capitated arrangements are made directly with various managed care providers including HMOs. Capitation revenues are typically prepaid monthly to us based on the number of enrollees

selecting us as their healthcare provider. Capitation is a fixed payment amount per patient per unit of time paid in advance for the delivery of health care services, whereby the service providers are generally liable for excess medical costs. We receive management fees that are based on gross capitation revenues of the IPAs or physician groups we manage. Revenue is recognized and received monthly for our services.

#### Note 5 - Property and Equipment

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

	Useful Life (years)	September 30, 2024	December 31, 2023
Buildings and improvements	39	\$ 19,649,964	\$ 18,947,818
Land	-	4,410,749	4,401,888
Leasehold improvements	10-39	28,047,662	27,606,383
Construction in progress	-	1,777,318	3,776,138
Medical equipment	10	34,824,092	33,519,026
Office furniture and equipment	7	3,973,548	3,698,874
Computer hardware and software	5	7,013,106	6,066,520
Vehicles	5	94,433	135,590
Signage	10	2,060,535	1,576,475
Total cost		101,851,407	99,728,712
Less: accumulated depreciation		(23,604,940)	(18,341,063)
Total property and equipment, net		\$ 78,246,467	\$ 81,387,649

We consolidate two Real Estate Entities in the Company. Refer to *Note 18*.

Depreciation and amortization of property and equipment for the three months ended September 30, 2024 and 2023 totaled \$1.8 million and \$1.6 million, respectively, and for the nine months ended September 30, 2024 and 2023 totaled \$ 5.0 million and \$4.0 million, respectively.

#### Note 6 – Intangible Assets and Goodwill

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

September 30, 2024	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Useful Life (in years)
Amortizing intangible assets:				
Member relationships	\$ 18,491,000	\$ 2,940,318	\$ 15,550,682	15
Trademarks	474,000	169,290	304,710	7
Total	<u>\$ 18,965,000</u>	<u>\$ 3,109,608</u>	<u>\$ 15,855,392</u>	
December 31, 2023				
Amortizing intangible assets:				
Member relationships	\$ 18,491,000	\$ 2,015,772	\$ 16,475,228	15
Management contracts	2,021,000	221,047	1,799,953	16
Customer contracts	914,000	106,633	807,367	15
Trademarks	1,426,795	262,557	1,164,238	7-12
PHP technology	409,000	143,150	265,850	5
Total	<u>\$ 23,261,795</u>	<u>\$ 2,749,159</u>	<u>\$ 20,512,636</u>	

Amortization of intangible assets for the three months ended September 30, 2024 and 2023 totaled \$ 0.3 million and \$0.4 million, respectively, and for the nine months ended September 30, 2024 and 2023 totaled \$ 1.1 million and \$1.2 million, respectively.

Certain intangible assets were impaired upon the sale of Procare and sale of Clinigence Health, totaling \$ 0.4 million and \$3.9 million for three and nine months ended September 30, 2024, respectively. See *Note 3* for discussion over the sale of Procare and sale of Clinigence.

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

	Hospital Division	Population Health Management Division	Total
Balance as of December 31, 2023			
Goodwill	\$ 1,139,297	\$ 415,201,301	\$ 416,340,598
Accumulated impairment losses	(1,139,297)	(398,135,038)	(399,274,335)
	-	17,066,263	17,066,263
Purchase accounting adjustments	-	502,864	502,864
Impairment of goodwill	-	(3,197,391)	(3,197,391)
Derecognition of goodwill	-	(453,017)	(453,017)
Balance as of September 30, 2024			
Goodwill	1,139,297	415,251,148	416,390,445
Accumulated impairment losses	(1,139,297)	(401,332,429)	(402,471,726)
	\$ -	\$ 13,918,719	\$ 13,918,719

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

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

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



## Note 7 – Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	September 30, 2024	December 31, 2023
Accrued wages and benefits	\$ 12,279,378	\$ 6,590,710
Accrued supplier expenses	1,528,692	-
Accrued medical insurance claims	4,023,293	1,865,280
Accrued taxes	7,580,859	405,352
Accrued other	4,276,443	4,093,954
Total accrued expenses and other current liabilities	<u>\$ 29,688,665</u>	<u>\$ 12,955,296</u>

## Note 8 – Debt

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

	Maturity Dates	Interest Rates	September 30, 2024	December 31, 2023
Term loans secured by all assets	09/2024 - 09/2029	4.00 - 12.00%	\$ 9,450,020	\$ 7,030,613
Term loans secured by property and equipment	10/2024 - 01/2030	3.41 - 7.82%	9,184,930	10,562,207
Term loan secured by deposits	04/2025	7.36%	2,341,638	-
Line of credit secured by all assets	01/2025 - 01/2026	7.75 - 9.50%	3,384,517	3,371,675
Term loans of consolidated Real Estate Entities	05/2028 - 03/2037	3.50 - 3.59%	12,116,455	13,005,019
Unsecured convertible term notes	10/2025	8.00 - 10.00%	5,384,990	5,384,990
Pre-paid advance (convertible debt)	03/2024	0.00%	-	3,078,302
Total			41,862,550	42,432,806
Less: unamortized issuance costs and discount			1,176,690	1,937,676
Less: short-term lines of credit			3,384,517	3,371,676
Less: current portion of long-term debt			10,499,532	10,808,721
Total long-term debt			<u>\$ 26,801,811</u>	<u>\$ 26,314,733</u>

*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 majority-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 have 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 on December 31, 2023. As of September 30, 2024, we no longer had an outstanding balance on this loan. At September 30, 2024, we had remaining availability of \$4.1 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 0.2 million shares of common stock to Yorkville (23.1 million prior to the 2024 Reverse Stock Splits), reducing the principal of initial Pre-Paid Advance to \$7.3 million, (ii) made Optional Prepayments of \$8.2 million in accordance with the PPA, consisting of \$7.7 million of principal and \$1.0 million attributed to the Payment Premium and (iii) paid off in full the remaining outstanding balance of the PPA on January 30, 2024 and the parties terminated the Yorkville PPA on February 15, 2024.

*September 2023 Convertible Debt Issuance.*

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

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

The Unsecured Convertible Term Notes bear an annual interest rate of 8% if paid in cash or an annual interest rate of 10% if paid in the form of common stock. The payment of interest in the form of common stock is at the discretion of the Company. When paid in common stock, the number of shares is equal to the quotient of the total accrued interest due divided by the last reported sale price of the Company's common stock on the last complete trading day of such quarter. The Holders have the option, at any time, to convert all or any portion of the unpaid principal and interest outstanding in

common stock at the conversion price of \$ 30.00 per share. If the Company fails to pay the outstanding principal amount and all accrued interest within 30 days of the maturity date, the interest rate payable is adjusted to 12%.

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

The net carrying amount of the Unsecured Convertible Term Notes was \$ 4.3 million as of September 30, 2024 and the weighted average effective interest rate on the convertible debt is 21.5%. The Unsecured Convertible Term Notes interest expense was \$0.3 million for the three months ending September 30, 2024, comprising of \$ 0.2 million in amortization expense and \$0.1 million in accrued interest expense. For the nine months ended September 30, 2024 interest expense was \$1.0 million, comprising of \$0.7 million in amortization expense and \$ 0.3 million in accrued interest expense.

#### 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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Operating lease cost	\$ 228,162	\$ 789,877	\$ 1,442,082	\$ 2,676,894
Finance lease cost:				
Amortization of right-of-use assets	\$ 2,912,084	\$ 2,858,223	\$ 7,591,105	\$ 7,889,533
Interest on lease liabilities	4,516,634	3,203,802	12,033,035	8,718,643
Total finance lease cost	\$ 7,428,718	\$ 6,062,025	\$ 19,624,140	\$ 16,608,176

#### Note 10 – Commitments and Contingencies

*Litigation.* From time to time, 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 – Stock-based Compensation

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

*Obligations for under-construction and ramping hospitals.* Under the terms of the Contribution Agreements, contributing owners of the under-construction hospitals and ramping hospitals are eligible to receive a one-time additional issuance of Company common stock.

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

We recognized stock-based compensation expense related to obligations for under-construction and ramping hospitals for three and nine months ended September 30, 2024 of \$1.9 million and \$1.7 million, respectively, based on our current estimates of future obligations to the contributing owners.

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

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Options outstanding at December 31, 2022	34,318	\$ 345.00	7.60
Options exercised	—	—	—
Options cancelled	—	—	—
Options outstanding at September 30, 2023	<u>34,318</u>	\$ 345.00	6.85
Options outstanding at December 31, 2023	27,590	\$ 335.75	6.94
Options exercised	—	—	—
Options cancelled	(3,334)	367.51	—
Options outstanding at September 30, 2024	<u>24,256</u>	\$ 335.75	5.68

Options outstanding as of September 30, 2024 consisted of:

Expiration Date	Number Outstanding	Number Exercisable	Exercise Price
January 21, 2025	686	686	\$ 225.00
January 21, 2025	300	300	241.50
January 21, 2025	1,214	1,214	412.50
January 27, 2027	300	300	225.00
May 11, 2027	1,401	1,401	225.00
June 9, 2027	167	167	376.50
January 28, 2028	300	300	241.50
August 4, 2029	68	68	834.00
January 27, 2030	1,157	1,157	225.00
June 30, 2030	715	715	217.50
January 28, 2031	6,667	6,667	241.50
September 9, 2031	10,780	10,780	412.50
December 17, 2031	501	501	525.00
Total	24,256	24,256	

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

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

For grants of restricted stock units, we recognize compensation expense over the applicable vesting period equal to the fair value of our common stock at grant date. Grants of restricted stock units generally vest one third per year on each of the first three anniversaries of the grant date. The following table summarizes the changes in restricted stock units during the nine months ended September 30, 2024 and 2023.

	Shares (in thousands)	Weighted Average Grant-Date Fair Value Per Share
Non-vested awards, December 31, 2022	—	—
Granted	4	\$ 151.50
Vested	(1)	151.50
Non-vested awards, September 30, 2023	3	\$ 151.50
Non-vested awards, December 31, 2023	3	\$ 151.50
Granted	118	5.40
Forfeitures	(3)	92.48
Vested	(1)	151.50
Non-vested awards, September 30, 2024	117	\$ 37.23

As of September 30, 2024, we estimate \$0.7 million of unrecognized compensation cost related to restricted stock units issued to our employees to be recognized over the weighted-average vesting period of 1.7 years.

*Employee Stock Purchase Plan.* In May 2023, the Board of Directors adopted the 2023 Employee Stock Purchase Plan ("2023 ESPP"), which was subsequently approved by the Company's stockholders and became effective in June 2023. The 2023 ESPP authorizes the initial issuance of up to 33,333 shares (5,000,000 prior to the 2024 Reverse Stock Splits) of the Company's common stock to eligible employees, who are entitled to purchase shares of common stock equal to 85% of the closing price on the purchase date with accumulated payroll deductions. During the three and nine months ended September 30, 2024, the Company issued 4,300 shares and 7,107 shares, respectively, under the ESPP. The expense incurred for the three and nine months ended September 30, 2024 was \$0.1 million each.

## **Note 12 – Equity**

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

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

### *Securities Purchase Agreement.*

On January 22, 2024, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with a single healthcare focused institutional investor for the sale by the Company of 444,445 shares (66,666,666 prior to the 2024 Reverse Stock Splits) of the Company's common stock, par value \$0.001 per share, and warrants (the "Warrants") to purchase 444,445 shares (66,666,666 prior to the 2024 Reverse Stock Splits) of the Company's common stock. The shares and the warrants were issued separately and issued on a one-to-one ratio at a public offering price of \$22.50 per share and accompanying warrant (\$0.15 prior to the 2024 Reverse Stock Splits).

The Warrants have an exercise price of \$22.50 per share (\$0.15 prior to the 2024 Reverse Stock Splits), are exercisable immediately upon issuance and expire five years from the Closing Date. The Warrants may only be exercised on a cashless basis if there is no registration statement registering, or the prospectus contained therein is not available for, the issuance or resale of shares of common stock underlying the Warrants to or by the holder. The holder of a Warrant is prohibited from exercising any such warrants to the extent that such exercise would result in the number of shares of common stock beneficially owned by such holder and its affiliates exceeding 4.99% (or, upon election by the holder prior to the issuance of any Warrants, 9.99%) of the total number of shares of common stock outstanding immediately after giving effect to the exercise. In the event of certain fundamental transactions, the holder of the Warrants will have the right to receive the Black Scholes Value of its Warrants calculated pursuant to a formula set forth in the Form of Warrant, payable either in cash or in the same type or form of consideration that is being offered and being paid to the holders of common stock.

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

The Company used the Black-Scholes option model to compute the fair value (level 3) of the Warrants, with inputs including volatility (approximately 120%) and risk-free rate based on US Treasury yield curve rates. The Company classified the Warrants as liabilities due to certain contractual provisions and recorded \$7.7 million in warrant liability on January 25, 2024. 150,000 Warrants were exercised in the third quarter of 2024 and the Company received \$ 0.8 million in proceeds for Warrant exercises. For each exercise, the Company remeasured the Warrants based on the exercise date, recognized a gain or loss on warrant liability, and allocated the exercised portion of the warrant liability to additional paid-in capital. The Company remeasured the Warrants on September 30, 2024, recognizing the fair value of

the warrant liability of \$5.7 million at September 30, 2024. For the three and nine months ended September 30, 2024, the Company recognized \$6.7 million and \$1.1 million loss on warrant liability, respectively.

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

**Warrants.** During the three and nine months ended September 30, 2024, as part of the Securities Purchase Agreement, the Company issued warrants to purchase 444,445 shares (66,666,666 prior to 2024 Reverse Stock Splits) of Common Stock at a strike price of \$22.50 (\$0.15 prior to the 2024 Reverse Stock Splits) for a period of five years. These warrants were outstanding but not yet exercised as of September 30, 2024. Additionally, on March 26, 2024, the Company agreed to amend the conversion price of the Unsecured Convertible Term Notes and exercise price of the related warrants to \$30.00 each, resulting in an increase in warrants of 71,801 shares (10,770,000 prior to the 2024 Reverse Stock Splits). Warrant activity follows:

	Warrants Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
Warrants outstanding at December 31, 2022	73,553	\$ 294.16	3.80
Warrants issued	8,250	60.00	
Warrants exercised	(9,710)	232.50	
Warrants expired	(20)	3,750.00	
Warrants outstanding at September 30, 2023	72,073	\$ 274.71	3.35
Warrants outstanding at December 31, 2023	135,537	\$ 158.16	4.42
Warrants issued	444,445	6.80	
Warrants amended	71,801	30.00	
Warrants exercised	(150,000)	5.34	
Warrants outstanding at September 30, 2024	501,783	\$ 50.15	4.56

Warrants outstanding as of September 30, 2024 consisted of:

Expiration Date	Number Outstanding	Number Exercisable	Exercise Price
December 31, 2024	3,701	3,701	\$ 1,000.50
October 31, 2025	108	108	187.50
October 31, 2025	10,444	10,444	232.50
February 26, 2026	1,922	1,922	600.00
July 31, 2026	16,888	16,888	232.50
May 31, 2027	30,674	30,674	262.50
September 30, 2029	294,445	294,445	5.34
October 31, 2029	16,501	16,501	30.00
November 30, 2029	57,250	57,250	30.00
December 31, 2029	5,167	5,167	30.00
January 25, 2029	64,683	64,683	30.00
Total	501,783	501,783	

### Note 13 – Income Taxes

Income tax provisions for interim quarterly periods are generally based on an estimated annual effective income tax rate calculated separately from the effect of significant, infrequent or unusual items related specifically to interim periods. The income tax impact of discrete items is recognized in the period these occur.

Our effective tax rate for the three and nine months ended September 30, 2024 was ( 177.7)% and 501.2%, respectively. The primary difference from the federal statutory rate of 21% is related to state taxes, income of noncontrolling interests in flow-through entities and permanent differences for non-deductible expenses.

### Note 14 – Earnings per Share

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Amounts attributable to Nutex Health Inc.:				
Numerator:				
Net loss attributable to common stockholders	\$ (8,788,313)	\$ (5,542,391)	\$ (9,516,436)	\$ (14,168,717)
Denominator:				
Weighted average shares used to compute basic EPS	5,100,030	4,433,704	4,973,463	4,383,935
Loss per share:				
Basic	\$ (1.72)	\$ (1.25)	\$ (1.91)	\$ (3.23)
Diluted	\$ (1.72)	\$ (1.25)	\$ (1.91)	\$ (3.23)

Due to antidilution, the computation of diluted earnings per common share excludes the 24,256 common stock options (3,638,355 prior to the 2024 Reverse Stock Splits), 501,783 warrants (75,267,450 prior to the 2024 Reverse Stock Splits), 1,298 restricted stock units (194,720 prior to the 2024 Reverse Stock Splits) and 179,500 common stock (26,925,000 prior to the 2024 Reverse Stock Splits) issuable upon conversion of outstanding convertible debt for the three and nine months ended September 30, 2024. Due to antidilution, the September 30, 2023 computation excludes the 34,318 common stock options (5,147,770 prior to the 2024 Reverse Stock Splits) and 72,074 warrants (10,811,062 prior to the 2024 Reverse Stock Splits). The dilutive effect of convertible debt was calculated using the if-converted method, whereas the dilutive effect of the assumed exercise of outstanding options and warrants was calculated using the treasury stock method.



**Note 15 - Supplemental Cash Flows Information**

	Nine Months Ended September 30,	
	2024	2023
Cash paid for interest	\$ 2,459,932	\$ 858,773
Cash paid for income taxes	1,552,000	737,000
Non-cash investing and financing activities:		
Financed capital expenditures	1,039,126	5,521,759
Acquisition of finance leases	15,628,963	18,798,667
Exercise of warrants on cashless basis	-	1,268
Issuance of restricted stock units	-	298,812
Issuance of common stock to Apollo Medical Holdings, Inc.	-	1,900,000
Deconsolidation of Real Estate Entity	-	4,258,133
Warrant liability related to common stock issuance	7,661,557	-
Reverse stock split adjustment	3	-
Common stock issued for Employee Stock Purchase Plan	58,805	-
Convertible debt converted to common stock	320,688	5,151,509
Warrants issued with convertible debt	-	175,710
Payment for acquisition in common stock	406,158	750,000
Common stock received in sale of business	30,250	-

**Note 16 – Segment Information**

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

	September 30, 2024	December 31, 2023
Assets:		
Hospital division	\$ 387,114,599	\$ 278,635,841
Population health management division	31,958,362	83,647,378
Real estate division	19,415,643	35,962,278
Total Assets	<u>\$ 438,488,604</u>	<u>\$ 398,245,497</u>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue from external customers:				
Hospital division	\$ 71,732,529	\$ 54,585,263	\$ 199,366,776	\$ 155,485,230
Population health management division	7,062,340	8,137,709	22,964,141	22,491,613
Total revenue	<u>\$ 78,794,869</u>	<u>\$ 62,722,972</u>	<u>\$ 222,330,917</u>	<u>\$ 177,976,843</u>
Segment operating income (loss):				
Hospital division	21,437,835	7,238,738	54,700,084	21,122,489
Population health management division	478,979	(172,525)	(64,861)	438,370
Total segment operating income	<u>\$ 21,916,814</u>	<u>\$ 7,066,213</u>	<u>\$ 54,635,223</u>	<u>\$ 21,560,859</u>
Capital expenditures:				
Hospital division	617,159	2,875,585	1,908,651	10,322,487
Real estate division	-	-	-	-
Total capital expenditures	<u>\$ 617,159</u>	<u>\$ 2,875,585</u>	<u>\$ 1,908,651</u>	<u>\$ 10,322,487</u>
Revenue from inter-segment activities:				
Real estate division	<u>\$ -</u>	<u>\$ 13,192,549</u>	<u>\$ 603,255</u>	<u>\$ 13,708,579</u>
Depreciation and amortization:				
Hospital division	4,514,723	4,238,498	11,949,282	11,518,388
Population health management division	360,395	401,566	1,192,695	1,201,227
Real estate division	97,360	105,877	549,507	189,233
Total depreciation and amortization	<u>\$ 4,972,478</u>	<u>\$ 4,745,941</u>	<u>\$ 13,691,484</u>	<u>\$ 12,908,848</u>

#### Note 17 – 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.

The Physician LLCs had outstanding obligations to their member owners, who are also Company stockholders. These outstanding obligations primarily represent contributions for facilities currently under construction totaling \$3.5 million at September 30, 2024 and \$2.9 million at December 31, 2023 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 three and nine months ended September 30, 2024, we made cash payments for these lease obligations totaling \$5.1 million and \$14.7 million, respectively. Cash payments for these lease obligations made in the three and nine months ended September 30, 2023 totaled \$3.9 million and \$11.1 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 the second quarter of 2022 and one Real Estate Entity in the first quarter of 2023. As of September 30, 2024, two Real Estate Entities continue to be consolidated in our financial statements.

- Accounts receivable – related party included \$3.6 million at September 30, 2024 and \$4.1 million at December 31, 2023 due from noncontrolling interest owners of consolidated ER Entities.
- Micro Hospital Holding LLC, an affiliate controlled by our CEO, and 2GT PLLC, an affiliate controlled by a physician partner, made advances to one of our hospital facilities, SE Texas ER. These advances totaled \$1.4 million for Micro Hospital Holding LLC and \$1.2 million for 2GT PLLC at September 30, 2024 and December 31, 2023 and are reported as accounts payable – related party in our consolidated balance sheets. The advances have no stated maturity and bear no interest.
- Accounts payable – related party in our consolidated balance sheets included \$0.2 million at September 30, 2024 and \$0.9 million at December 31, 2023 for reimbursement of expenses incurred on our behalf.
- We provided managerial services to emergency centers owned and, in some instances, controlled by related parties including an entity controlled by our CEO during 2023. In the three and nine months ended September 30, 2023, we recognized \$0.1 million and \$0.5 million, respectively, of revenue for these services.
- Two of our ER Entities were obligated under managerial services agreements with related parties commencing in 2022 and ending in 2023. Payments under these agreements totaled \$0.1 million and \$0.5 million for the three and nine months ended September 30, 2023.

#### Note 18 – Variable Interest Entities

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

	September 30, 2024		
	Real Estate Entities	Physician LLCs	AHISP IPA
Current assets	\$ 37,348	\$ 8,274,490	\$ 13,446,657
Property and equipment, net	-	3,668	100,868
Long-term assets	33,181,530	-	-
<b>Total assets</b>	<b>\$ 33,218,878</b>	<b>\$ 8,278,158</b>	<b>\$ 13,547,525</b>
Current liabilities	-	5,019,463	13,547,525
Long-term liabilities	12,073,186	-	-
<b>Total liabilities</b>	<b>12,073,186</b>	<b>5,019,463</b>	<b>13,547,525</b>
Equity	21,145,692	3,258,695	-
<b>Total liabilities and equity</b>	<b>\$ 33,218,878</b>	<b>\$ 8,278,158</b>	<b>\$ 13,547,525</b>

	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
Long-term assets	33,089,636	-	36,452
<b>Total assets</b>	<b>\$ 33,227,978</b>	<b>\$ 8,078,596</b>	<b>\$ 8,575,215</b>
Current liabilities	38,510	5,648,516	8,575,215
Long-term liabilities	12,959,171	-	-
<b>Total liabilities</b>	<b>12,997,681</b>	<b>5,648,516</b>	<b>8,575,215</b>
Equity	20,230,297	2,430,080	-
<b>Total liabilities and equity</b>	<b>\$ 33,227,978</b>	<b>\$ 8,078,596</b>	<b>\$ 8,575,215</b>

The assets of each of the ER Entities 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 ER Entities, 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 into two categories above, because they have similar risk characteristics, and presenting distinct financial information 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. As of September 30, 2024, two Real Estate Entities continue to be consolidated in our financial statements.

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 19 - 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 the following:

Common stock issued. Subsequent to September 30, 2024, the Company issued 219,996 common shares for gross proceeds totaling \$1.2 million from the exercise of warrants, as of the date of this Report.

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## Item 2 – Management’s Discussion and Analysis of Financial Condition and Results of Operations

*The following Management’s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the unaudited consolidated financial statements and the notes thereto included in Part I, Item 1, “Financial Statements” of this Quarterly Report on Form 10-Q.*

### Explanatory Note

On April 1, 2022 (the “Merger Date”), Nutex Health Holdco LLC and Clinigence Holdings, Inc. (“Clinigence”) completed the merger (the “Merger”) contemplated by the Agreement and Plan of Merger (the “Merger Agreement”) dated as of 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. Immediately following the completion of the Merger, Clinigence amended its certificate of incorporation and bylaws to change its name to “Nutex Health Inc.” In connection with the Merger, each outstanding equity interest of Nutex Health Holdco LLC was exchanged for 3.571428575 shares of Clinigence 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 the Merger Date 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 (iii) 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 22 hospital facilities in ten states (hospital division), and a primary care-centric, risk-bearing population health management division. Our hospital division implements and operates different innovative health care models, including micro-hospitals, specialty hospitals and hospital outpatient departments (“HOPDs”). The population health management division owns and operates provider networks such as independent physician associations (“IPAs”).

We employ approximately 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 hospital management platform, 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 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 organization. Additionally, the population health management division owns and operates provider networks such as independent physician associations ("IPAs"). IPAs not owned by us are consolidated as VIEs because we are the primary beneficiary of these IPAs operations and have 100% control of these IPAs operations through management services agreements with each applicable IPA.

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

We receive payment for facility services rendered by us from federal agencies, private insurance carriers, and patients. The Physician LLCs receive payment for doctor services from these same sources. On average, greater than 90% of our net patient service revenue is paid by insurers, federal agencies, and other non-patient third parties. The remaining revenue is paid by our patients in the form of copays, deductibles, and self-payment. The following tables present the allocation of the estimated transaction price with the patient between the primary patient classification of insurance coverage:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Insurance	95%	92%	93%	93%
Self pay	2%	5%	4%	4%
Workers compensation	2%	2%	2%	2%
Medicare/Medicaid	1%	1%	1%	1%
Total	100%	100%	100%	100%

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

*Our growth plans.* We plan to expand our operations by entering new market areas either through the development of new hospitals, formation of new IPAs or by making acquisitions.

We identify new market areas for hospitals based on the area's need for access to emergency health services and growth expectations. We identify and partner with local physicians who will operate and manage the new location in conjunction with our internal management team. When developing new hospitals, we have a turn-key process for location selection, real estate acquisition, design, and development of the facility including staffing, training and operations. We extend our existing comprehensive suite of centralized services to operating hospitals, including executive management, billing, collections, recruiting, human resources, legal and marketing.

## 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. 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" or "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.

*Legal challenges to HHS Final Rule.* The final rule was 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 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 TMA on January 1, 2023 filed a lawsuit ("TMA IV") challenging two items related to the NSA and its implementation: (1) increases in the administrative fees payable in the IDR process from \$50 to \$350, a 600% increase, and (2) one requirement included in the batching rules for IDR. On August 3, 2023, the U.S. District Court agreed with the TMA and vacated the offending portions of the batching rule that only permitted batching for items with the same service code, allowing for the batching of similar items as allowed by the NSA. Additionally, the fee increase guidance that increased the administrative fees from \$50 to \$350 was vacated, with the administrative fee of \$50 in effect moving forward.

The TMA on November 30, 2022 filed a lawsuit ("TMA III") challenging how insurers are establishing the QPA under the final rules, alleging that the final rules allow insurers to include what is referred to in the healthcare industry as "ghost rates," which are rates included in contracts with providers who do not actually provide the specified service and as a result are lower than rates a provider would have incentive to meaningfully negotiate, thus artificially lowering the QPA. On August 24, 2023, the U.S. District Court in the Eastern District of Texas in TMA III ruled to vacate several aspects of the regulations mandating the methodology for the QPA calculation. In particular, the court prohibited the inclusion of "ghost rates" as part of the QPA calculation and QPA calculations that are not based on the same or similar specialty. This is the fourth time the federal court has ruled in favor of the TMA effective nationwide. On October 20, 2023, the Department of Justice filed a notice of appeal against the court's ruling. This appeal was submitted to the Fifth Circuit Court of Appeals.

On August 2, 2024, the 5th Circuit Court of Appeals vacated provisions of the No Surprises Act (NSA) that favored insurers. The court affirmed a lower court's ruling. The court held that these rules imposed an unfair advantage on insurers, as arbitrators were instructed to consider the QPA before any other factors, such as the complexity of the medical service or the provider's expertise. The ruling removes these procedural "guardrails," meaning arbitrators now have more discretion and are no longer bound to prioritize the QPA in their decisions. This could result in more arbitrators selecting providers' offers, which tend to be higher than those favored by insurers. The Departments of Health and Human Services, Labor, and Treasury may appeal this decision, potentially bringing the case to the U.S. Supreme Court.

*Nutex and 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:

- o maximizing our claims coding efficiency,
- o increasing efforts to collect co-pays and co-insurance,
- o adding additional administrative staff to handle the increased administrative IDR burden,
- o having a dedicated IDR team to accelerate resubmission of claims under the IDR process,



- o making appeals for additional payment of claims for periods before and after the NSA final rule was adopted through the IDR process,
- o making efforts to sign favorable contracts with new insurers,
- o working to sign more favorable contracted rates with existing contracted providers,
- o working with both local and national legislatures to enforce the NSA rules and guidelines for Insurers, and
- o focusing on the value-base IPA side of our business, which is less affected by the NSA.

After the NSA became effective January 1, 2022, our average payment by insurers of adjudicated patient claims by date of service for emergency services had declined by approximately 26% at the end of 2022. At the end of 2023, that overall decline was reduced to 19% from January 1, 2022, thereby showing an incremental improvement of 7% from the end of 2022 to the end of 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. As of the end of September 2024, we submitted 89,960 cases for IDR open negotiation or arbitration, whereas in the full year of 2023, we submitted 98,000 cases for IDR open negotiation only. In the first half of 2024, there were delays in payor processing due to outages caused by the 2024 Change Healthcare ransomware attack. As the outages have been resolved, we expect IDR filings to increase in the fourth quarter of 2024. We anticipate approximately 60-70% of our claims to be submitted through the IDR process by year end. 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.

On July 1, 2024, we engaged with a third-party IDR vendor to further support all of our out of network claims and determine which claims would be beneficial to arbitrate. The IDR arbitration process can take up to four to six months to receive payments. Based on the available data we have analyzed from the third and fourth quarters of 2023, providers have submitted higher offers and have prevailed 80% of the time through IDR. As we work with the third-party IDR vendor, we will have more data on the actual collections and reimbursement from IDR by the end of 2024.

*Other NSA Developments.* Effective January 1, 2024, in consultation with the Departments of Labor and HHS, 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.

## **Recent Developments**

### *2024 Reverse Stock Splits*

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

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

As a result of both the 1:15 Reverse Stock Split, and 1:10 Reverse Stock Split (collectively, the "2024 Reverse Stock Splits") the number of shares of common stock outstanding was reduced to 4,987,268 shares, inclusive of whole shares issued for fractional shares, and the number of authorized shares of common stock remains 950,000,000 shares.

Unless otherwise indicated, all authorized, issued, and outstanding stock and per share amounts contained in the accompanying condensed consolidated financial statements have been adjusted to reflect the 2024 Reverse Stock Splits for all prior periods presented. Proportionate adjustments for the 2024 Reverse Stock Splits were made to the exercise prices and number of shares issuable under the Company's equity incentive plans, and the number of shares underlying outstanding equity awards, as applicable.

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

### **Results of Operations**

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue:				
Hospital division	\$ 71,732,529	\$ 54,585,263	\$ 199,366,776	\$ 155,485,230
Population health management division	7,062,340	8,137,709	22,964,141	22,491,613
Total revenue	78,794,869	62,722,972	222,330,917	177,976,843
Segment operating income:				
Hospital division	21,437,835	7,238,738	54,700,084	21,122,489
Population health management division	478,979	(172,525)	(64,861)	438,370
Total segment operating income	21,916,814	7,066,213	54,635,223	21,560,859
Corporate and other costs:				
Facilities closing costs	-	-	-	217,266
Acquisition costs	-	43,464	-	43,464
Stock-based compensation expense	1,963,518	49,167	1,951,444	2,198,812
Impairment of assets	425,221	-	3,898,856	-
Impairment of goodwill	-	-	3,197,391	-
General and administrative expenses	9,865,330	7,794,808	29,176,130	24,730,168
Total corporate and other costs	12,254,069	7,887,439	38,223,821	27,189,710
Interest expense	5,381,040	4,098,179	14,879,934	12,081,316
Loss on warrant liability	6,733,552	-	1,072,709	-
Other (income) expense	128,645	(53,206)	(712,049)	70,721
Income (loss) before taxes	(2,580,492)	(4,866,199)	1,170,808	(17,780,888)
Income tax expense (benefit)	4,584,518	(342,259)	5,868,075	(2,068,530)
Net income (loss)	(7,165,010)	(4,523,940)	(4,697,267)	(15,712,358)
Less: net income (loss) attributable to noncontrolling interests	1,623,303	1,018,451	4,819,169	(1,543,641)
Net loss attributable to Nutex Health Inc.	\$ (8,788,313)	\$ (5,542,391)	\$ (9,516,436)	\$ (14,168,717)
Adjusted EBITDA <sup>(1)</sup>	\$ 13,463,592	\$ 1,279,193	\$ 30,063,033	\$ 7,711,586

<sup>(1)</sup> See reconciliation of net loss attributable to Nutex Health Inc. to Adjusted EBITDA under *Non-GAAP Financial Measures*.

### Three Months Ended September 30, 2024 Compared to Three Months Ended September 30, 2023

Net loss attributable to Nutex Health Inc. increased to \$8.8 million, or a loss of \$1.72 per share, for the three months ended September 30, 2024 from a net loss attributable to Nutex Health Inc. of \$5.5 million, or a loss of \$1.25 per share, for the same period of 2023. Our 2024 results were principally affected by higher revenue and cost due to:

- Higher patient visits, which increased by 11.3% during the three months ended September 30, 2024 as compared with the same period of 2023. Same store mature hospitals increased visits an average of 3.8% versus prior year as well as the opening of four new hospitals in 2023;
- Increased revenue per visit due to success in efforts to obtain higher rates through the Independent Dispute Resolution ("IDR") process and increased utilization of higher paid services such as increased observation and in-patient stays.
- Higher stock-based compensation to ramping hospitals of \$2.0 million for the three months ended September 30, 2024, an increase of \$2.0 million compared to the same period last year.
- Higher income tax expense of \$4.6 million for the three months ended September 30, 2024 compared to a tax benefit of \$0.3 million for the three months ended September 30, 2023, an increase of \$4.9 million.
- Higher interest expense of \$5.4 million for the three months ended September 30, 2024, an increase of \$1.3 million compared to the same period last year.
- Loss on warrant liability of \$6.7 million for the three months ended September 30, 2024.

Adjusted EBITDA for the three months ended September 30, 2024 increased to \$13.5 million from \$1.3 million for the comparable period of 2023. Refer to Non-GAAP Financial Measures discussed below for a definition and reconciliation of Adjusted EBITDA. The items affecting revenue contributed significantly to the increase in Adjusted EBITDA in the 2024 period.

A discussion of our segment results is included below.

*Hospital Division.* Our revenue for the three months ended September 30, 2024 totaled \$71.7 million as compared to \$54.6 million for the same period of 2023, an increase of \$17.1 million or 31.3%. This increase was attributed to an increase in visits, an increase in revenue per visit due to success in efforts to obtain higher rates through the IDR process and increased utilization of higher paid services such as increased observation and in-patient stays. Of this revenue increase, 20.7% related to mature hospitals, which are hospitals that were opened by December 31, 2021.

The following table shows the number of patient visits during the periods:

	Three Months Ended September 30,	
	2024	2023
Patient visits:		
Hospital	41,668	37,443

Total patient visits increased 11.3% during the three months ended September 30, 2024 as compared with the same period of 2023 including the opening of four facilities throughout 2023 which are fully operating in 2024. Of this visit increase, 3.8% related to mature hospitals, which are hospitals opened by December 31, 2021.

The hospital division's operating income was \$21.4 million during the three months ended September 30, 2024, compared with an operating income of \$7.2 million in the same period of 2023, an increase of 197.2%. Our revenue and operating income for the third quarter of 2024 was positively affected by the increase in visits and increase in rate paid by insurers discussed above.

*Population Health Management Division.* Our total revenue for the three months ended September 30, 2024 was \$7.1 million as compared with \$8.1 million for the same period of 2023. The decrease in revenue was due to no revenue amounts attributed to Clinigence and Procure businesses as those businesses were sold in 2024.

The population health management division had \$0.5 million of operating income for the three months ended September 30, 2024 as compared with \$0.2 million of operating loss for the same period of 2023. 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.

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.

As of September 30, 2024, 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 and 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 the three months ended September 30, 2024 totaled \$ 12.3 million as compared to \$7.9 million for the same period of 2023, an increase of 55.7%. General and administrative costs include our executive management, accounting, human resources, corporate technology, insurance and professional fees. The increase in corporate and other costs is primarily due to an increase in stock-based compensation of \$2.0 million, and an increase in general and administrative expenses of \$2.1 million, of which \$0.8 million is due to an increase accrued wages and bonuses.

*Nonoperating items*

*Interest expense.* Interest expense was \$5.4 million in the three months ended September 30, 2024 as compared with \$4.1 million for the same period of 2023. The increase in interest expense for the 2024 period is principally due to discount amortization expense, the opening of new facilities in 2023 and interest expense associated with the Unsecured Convertible Term Debt.

*Loss on warrant liability.* Loss on warrant liability was \$6.7 million in the three months ended September 30, 2024 is the remeasurement of the warrant liability required at each reporting period and for every warrant exercise. The loss is influenced by changes in our common stock market price.

*Income tax expense.* Income tax provisions for interim quarterly periods are generally based on an estimated annual effective income tax rate calculated separately from the effect of significant, infrequent or unusual items related specifically to interim periods. The income tax impact of discrete items is recognized in the period these occur.

Our effective tax rate for the three months ended September 30, 2024 was approximately (177.7)%. The primary difference from the federal statutory rate of 21% is related to state taxes, income of noncontrolling interests in flow-through entities and permanent differences for non-deductible expenses.

**Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023**

Net loss attributable to Nutex Health Inc. decreased to \$9.5 million, or a loss of \$1.91 per share, for the nine months ended September 30, 2024 from a net loss attributable to Nutex Health Inc. of \$14.2 million, or a loss of \$3.23 per share, for the same period of 2023. Our 2024 results were principally affected by higher revenue and cost due to:

- Higher patient visits, which increased by 19.6% during the nine months ended September 30, 2024 as compared with the same period of 2023; same store mature hospitals increased visits an average of 7.7% versus prior year as well as the opening of four new hospitals in 2023.
- Increased revenue per visit due to payor payment rates through the IDR process and increased utilization of higher paid services such as increased observation and in-patient stays.
- Impairment of assets of \$3.9 million and impairment of goodwill of 3.2 million (both non-cash) due to the divestiture of two smaller population health entities for the nine months ended September 30, 2024 further discussed in *Note 3*.
- Higher income tax expense of \$5.9 million for the nine months ended September 30, 2024 compared to a tax benefit of \$2.1 million for the nine months ended September 30, 2023, an increase of \$7.8 million or 381%.
- Loss on warrant liability of \$1.1 million for the nine months ended September 30, 2024.

Adjusted EBITDA for the nine months ended September 30, 2024 increased to \$30.1 million from \$7.7 million for the comparable period of 2023. Refer to Non-GAAP Financial Measures discussed below for a definition and reconciliation of Adjusted EBITDA. The items affecting revenue contributed significantly to the increase in Adjusted EBITDA in the 2024 period.

A discussion of our segment results is included below.

*Hospital Division.* Our revenue for the nine months ended September 30, 2024 totaled \$199.4 million as compared to \$155.5 million for the same period of 2023, an increase of \$43.9 million or 28.2%. This increase was attributed to an increase in visits, and an increase in revenue per visit due to success in efforts to obtain higher rates through the IDR

process and increased utilization of higher paid services such as increased observation and in-patient stays. Of this revenue increase, 13.5% related to mature hospitals, which are hospitals that were opened by December 31, 2021.

The following table shows the number of patient visits during the periods:

	Nine Months Ended September 30,	
	2024	2023
Patient visits:		
Hospital	122,944	102,798

Total patient visits increased 19.6% during the nine months ended September 30, 2024 as compared with the same period of 2023 due mostly to the opening of four facilities throughout 2023 which are fully operating in 2024. Of this visit increase, 7.7% related to mature hospitals, which are hospitals opened by December 31, 2021.

The hospital division's operating income was \$54.7 million during the nine months ended September 30, 2024, compared with an operating income of \$21.1 million in the same period of 2023, an increase of 159.2%. Our revenue and operating income for the third quarter of 2024 was positively affected by the increase in visits and revenue per visit discussed above.

*Population Health Management Division.* Our total revenue for the nine months ended September 30, 2024 was \$23.0 million as compared with \$22.5 million for the same period of 2023. The increase was due to higher capitation revenue earned.

The population health management division had \$0.1 million of operating loss for the nine months ended September 30, 2024 as compared with \$0.4 million of operating income for the same period of 2023. 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.

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.

As of September 30, 2024, 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 and 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 the nine months ended September 30, 2024 was \$38.2 million as compared to \$27.2 million for the same period of 2023, an increase of 40.4%. General and administrative costs include our executive management, accounting, human resources, corporate technology, insurance and professional fees. The increase in corporate and other costs is primarily due to impairment of assets of \$3.9 million, impairment of goodwill of \$3.2 million, and accrued wages and bonuses of \$1.3 million. These impairments are related to the sale of Procare and Clinigence Health.

#### *Nonoperating items*

**Interest expense.** Interest expense was \$14.9 million in the nine months ended September 30, 2024 as compared with \$12.1 million for the same period of 2023. The increase in interest expense for the 2024 period is principally due to discount amortization expense, the opening of new facilities and interest expense associated with the Unsecured Convertible Term Debt.

**Loss on warrant liability.** Loss on warrant liability was \$1.1 million in the nine months ended September 30, 2024 from the remeasurement of the warrant liability required at every warrant exercise and each reporting period. The remeasurement is influenced by changes in our common stock market price.

**Income tax expense.** Income tax provisions for interim quarterly periods are generally based on an estimated annual effective income tax rate calculated separately from the effect of significant, infrequent or unusual items related specifically to interim periods. The income tax impact of discrete items is recognized in the period these occur.

Our effective tax rate for the nine months ended September 30, 2024 was approximately 501.2%. The primary difference from the federal statutory rate of 21% is related to state taxes, income of noncontrolling interests in flow-through entities and permanent differences for non-deductible expenses.

#### **Liquidity and Capital Resources**

As of September 30, 2024, we had \$46.9 million of cash and equivalents, compared to \$22.0 million of cash and equivalents at December 31, 2023.

#### *Significant sources and uses of cash during the first nine months of 2024.*

##### Sources of cash:

- Cash from operating activities was \$23.1 million, which included \$4.8 million from the primary components of our working capital (receivables, inventories, accounts payable and expenses)
- Proceeds from common stock issuance of \$9.2 million, net issuance costs
- Proceeds from note payable \$7.0 million; and
- Proceeds from exercise of warrants \$0.8 million.

##### Uses of cash:

- Repayments of lines of credit and notes payable \$9.4 million
- Capital expenditures were \$1.9 million
- Cash related to sale of business \$0.4 million
- Distributions, net of contributions, to noncontrolling interests totaled \$2.7 million
- Repayments of finance leases totaled \$1.9 million; and

**Future sources and uses of cash.** Our operating activities are financed with cash on hand, which is generated from revenues, which may vary significantly based on regulatory changes affecting the timing and amounts of insurance reimbursements for our services. 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 with favorable economic terms or at all. We also believe that our existing cash, cash equivalents, and marketable securities, and available borrowing capacity, will be sufficient to meet our anticipated cash needs requirements for operations and

growth objectives for at least the next twelve months. If the assumptions underlying our business plan regarding future revenue and expenses change or if unexpected opportunities or needs arise, we may seek to raise additional cash by selling equity or debt securities.

**Indebtedness.** As discussed above, we enter into debt arrangements, classified as long-term debt on our financial statements, to address equipment purchases and working capital purposes. We also enter into lease agreements for our hospital facilities, classified as lease liabilities on our financial statements. The Company's indebtedness as of September 30, 2024 is presented in Item I, "Financial Statements – Note 8 – Debt" and our lease obligations are presented in Item I, "Financial Statements—Note 9 – Leases."

### Off-Balance Sheet Arrangements

As of September 30, 2024, we had no material off-balance sheet arrangements.

### Non-GAAP Financial Measures

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

We define Adjusted EBITDA as net income (loss) attributable to Nutex Health Inc. plus net interest expense, income taxes, depreciation and amortization, further adjusted for an allocation to noncontrolling interests, (gain)/loss on warrant liability, stock-based compensation, any facilities closing costs, 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.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Reconciliation of net loss attributable to Nutex Health Inc. to Adjusted EBITDA:				
Net loss attributable to Nutex Health Inc.	\$ (8,788,313)	\$ (5,542,391)	\$ (9,516,436)	\$ (14,168,717)
Depreciation and amortization	4,972,478	4,745,941	13,691,484	12,908,848
Interest expense, net	5,381,040	4,098,179	14,879,934	12,081,316
Income tax expense (benefit)	4,584,518	(342,259)	5,868,075	(2,068,530)
Allocation to noncontrolling interests	(1,808,422)	(1,772,908)	(4,980,424)	(3,500,873)
EBITDA attributable to Nutex Health Inc.	4,341,301	1,186,562	19,942,633	5,252,044
Facilities closing costs	-	-	-	217,266
Loss on warrant liability	6,733,552	-	1,072,709	-
Impairment of assets	425,221	-	3,898,856	-
Impairment of goodwill	-	-	3,197,391	-
Acquisition costs	-	43,464	-	43,464
Stock-based compensation expense	1,963,518	49,167	1,951,444	2,198,812
Adjusted EBITDA attributable to Nutex Health Inc.	<u>\$ 13,463,592</u>	<u>\$ 1,279,193</u>	<u>\$ 30,063,033</u>	<u>\$ 7,711,586</u>

### Significant Accounting Policies

The preparation of financial statements and related disclosures in accordance with GAAP requires management to make judgments, assumptions and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. Note 1 to the Consolidated Financial Statements included in the Form 10-K for the year ended



December 31, 2023 describes the significant accounting policies and methods used in the preparation of the consolidated financial statements. The Company's critical accounting policies that are impacted by judgments, assumptions and estimates are described in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2023. Since December 31, 2023, there have been no material changes in the Company's accounting policies that are impacted by judgments, assumptions and estimates.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

With respect to the three months ended September 30, 2024, there have been no material changes in our primary market risk exposures or how those exposures are managed since the information disclosed in our 2023 Form 10-K.

### **Item 4. 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 September 30, 2024. Based on this evaluation, the Company concluded that our disclosure controls and procedures were not effective as of September 30, 2024 due to the material weakness previously identified as described below.

*Previously Reported Material Weaknesses.* We previously identified material weaknesses in our internal control over financial reporting in our Form 10-K for the year ended 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 our assessment, the following material weaknesses were 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. Throughout 2024, we added a director of information technology and we have strengthened our internal audit program to review and monitor the Company's progress with our remediation plans.

While we believe that these efforts will 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.

## **PART II — OTHER INFORMATION**

### **Item 1. *Legal Proceedings.***

From time to time, the Company, its consolidated subsidiaries or VIEs may be named in various claims and legal actions in the normal course of business. The Company is not involved in any legal proceedings that it believes would have a material effect on its business or financial condition.

### **Item 1A. *Risk Factors.***

In addition to the other information set forth in this Quarterly Report, you should carefully consider the risk factors and other cautionary statements described under the heading "Risk Factors" included in our Form 10-K for the year ended December 31, 2023 and the risk factors and other cautionary statements contained in our other SEC filings, which could materially affect our businesses, financial condition or future results. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

**Recent Sales of Unregistered Securities; use of proceeds from registered securities.**

Not applicable.

**Item 3. Defaults upon Senior Securities.**

Not Applicable

**Item 4. Mine Safety Disclosures**

Not Applicable

**Item 5. Other Information.**

*Trading Arrangements*

During the fiscal quarter ended September 30, 2024, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended) adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (in each case, as defined in Item 408(a) of Regulation S-K) for the purchase or sale of the Company's securities.

**Item 6. Exhibits**

Exhibit No.	Description
31.1*	<a href="#">Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2*	<a href="#">Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1*	<a href="#">Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (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.)</a>
32.2*	<a href="#">Certification of the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (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.)</a>
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

## SIGNATURES

Pursuant to the requirements 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, on November 7, 2024.

### **Nutex Health Inc.**

By: /s/ Thomas T. Vo  
Thomas T. Vo  
Chief Executive Officer and Chairman of the Board  
(principal executive officer)

By: /s/ Jon C. Bates  
Jon C. Bates  
Chief Financial Officer  
(principal financial officer and principal accounting officer)

**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 T. Vo, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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.

Date: November 7, 2024

By: /s/ Thomas T. Vo

Thomas T. Vo  
Chief Executive Officer and Chairman of the Board  
(principal executive officer)

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**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 C. Bates, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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.

Date: November 7, 2024

By: /s/ Jon C. Bates

Jon C. Bates

Chief Financial Officer

(principal financial officer and principal accounting officer)

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**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 Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2024, (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2024

By: /s/ Thomas T. Vo  
Thomas T. Vo  
Chief Executive Officer and Chairman of the Board  
(principal executive officer)

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**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 Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2024, (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2024

By: /s/ Jon C. Bates

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Jon C. Bates

Chief Financial Officer

(principal financial officer)

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