

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

☒ 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 No. 001-37392



Astrana Health, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation or Organization)

95-4472349
(I.R.S. Employer
Identification Number)

1668 S. Garfield Avenue , 2nd Floor , Alhambra , California 91801
(Address of principal executive offices and zip code)

(626) 282-0288
(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
Common Stock, \$0.001 par value per share	ASTH	The Nasdaq Stock Market LLC

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

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

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

Large accelerated filer ☐ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☐

Emerging growth company ☐

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

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

As of November 6, 2024, there were

56,252,730
shares of common stock of the registrant, \$0.001 par value per share, issued and outstanding, which includes

7,132,698

treasury shares that are owned by Allied Physicians of California, a Professional Medical Corporation d.b.a. Allied Pacific of California IPA ("APC"), a consolidated affiliate of Astrana Health, Inc. These shares are legally issued and outstanding but treated as treasury shares for accounting purposes.

Astrana Health, Inc.

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Glossary

The following abbreviations or acronyms that may be used in this document shall have the adjacent meanings set forth below:

AAMG	All-American Medical Group
ACO REACH	ACO Realizing Equity, Access, and Community Health
ADSC	Advanced Diagnostic and Surgical Center, Inc.
AHMC	AHMC Healthcare Inc.
AHMS	Advanced Health Management Systems, L.P.
AHM	Astrana Health Management, Inc. (f/k/a Network Medical Management Inc.)
APAACO	APA ACO, Inc.
APC	Allied Physicians of California, a Professional Medical Corporation
APC-LSMA	APC-LSMA Designated Shareholder Medical Corporation
Astrana	Astrana Health Inc. (f/k/a Apollo Medical Holdings, Inc.)
Astrana Medical	Astrana Health Medical Corporation (f/k/a AP-AMH Medical Corporation)
Astrana Care Partners Medical	Astrana Care Partners Medical Corporation (f/k/a AP - AMH 2 Medical Corporation)
CAIPA MSO	CAIPA MSO, LLC
CFC	Community Family Care Medical Group IPA, Inc.
CMS	Centers for Medicare & Medicaid Services
DMHC	California Department of Managed Health Care
DMG	Diagnostic Medical Group of Southern California
HSMSO	Health Source MSO Inc., a California corporation
IPA	Independent Practice Association
Jade	Jade Health Care Medical Group, Inc.
LMA	LaSalle Medical Associates
PCCCV	Primary Community Care of Central Valley, Inc.
PMIOC	Pacific Medical Imaging and Oncology Center, Inc.
Sun Labs	Sun Clinical Labs
VIE	Variable Interest Entity

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 Astrana Health, Inc., a Delaware corporation (“Astrana”), and its consolidated subsidiaries and affiliated entities, as appropriate, including its consolidated variable interest entities (“VIEs”).

The Centers for Medicare & Medicaid Services (“CMS”) have not reviewed any statements contained in this Report, including statements describing the participation of APA ACO, Inc. (“APAACO”) in the ACO Realizing Equity, Access, and Community Health Model (“ACO REACH Model”) and ApolloMed MSSP I, Inc. in the Medicare Shared Savings Program (“MSSP”).

Trade names and trademarks of Astrana and its subsidiaries referred to herein, and their respective logos, are our property. This Quarterly Report on Form 10-Q may contain additional trade names and/or trademarks of other companies, which are the property of their respective owners. We do not intend our use or display of other companies’ trade names and/or trademarks, if any, to imply an endorsement or sponsorship of us by such companies, or any relationship with any of these companies.

NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, 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, any statements about our business, financial condition, operating results, plans, objectives, expectations, and intentions; any projections of earnings, revenue, earnings before interest, taxes, depreciation, and amortization (“EBITDA”), Adjusted EBITDA, or other financial items, such as our projected capitation from CMS, our forward-looking guidance, and our future liquidity; 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, including statements regarding our pending acquisition of certain businesses and assets of Prospect Medical Holdings, Inc. (“Prospect”), which may not be completed in a timely manner, or at all, and the debt financing for the acquisition, and our ability to achieve the expected benefits of such acquisition; any statements with respect to dividends or stock repurchases and timing, methods, and payment of same; any statements regarding the outlook of the ACO REACH Model, the MSSP, 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 our ability to maintain effective internal control over financial reporting and disclosure controls and procedures; any statements regarding potential changes to our tax structure; any statements regarding future economic conditions or performance; any statements relating to the potential impact of cybersecurity breaches or disruptions to our management information systems or widespread outages, interruptions, or other failures of operational, communication, and other systems; 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,” or “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, many of which are difficult to predict, are outside of our control, 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. Factors that might cause or contribute to such differences include, but are not limited to, those discussed in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the Securities and Exchange Commission (the “SEC”) on February 29, 2024, including the risk factors discussed under the heading “Risk Factors” in Part I, Item 1A thereof, and those discussed in this Form 10-Q under the heading “Risk Factors” in Part II, Item 1A. 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 to significant risks and uncertainties that could cause actual conditions, outcomes, and results to differ materially from those indicated by such statements. Any forward-looking statement made by the Company in this Form 10-Q speaks only as of the date on which it is made. The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments, or otherwise, except as may be required by any applicable securities laws.

PART I - FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

ASTRANA HEALTH, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	September 30, 2024 (Unaudited)	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 347,994	\$ 293,807
Investment in marketable securities	2,354	2,498
Receivables, net	132,237	76,780
Receivables, net – related parties	76,568	58,980
Income taxes receivable	16,211	10,657
Other receivables	1,120	1,335
Prepaid expenses and other current assets	20,506	17,450
Total current assets	596,990	461,507
Non-current assets		
Land, property, and equipment, net	12,172	7,171
Intangible assets, net	109,108	71,648
Goodwill	409,711	278,831
Income taxes receivable	15,943	15,943
Loans receivable, non-current	55,284	26,473
Investments in other entities – equity method	34,629	25,774
Investments in privately held entities	8,896	6,396

Restricted cash	646	345
Operating lease right-of-use assets	33,119	37,396
Other assets	8,878	1,877
Total non-current assets	688,386	471,854
Total assets⁽¹⁾	\$ 1,285,376	\$ 933,361
Liabilities, mezzanine equity, and equity		
Current liabilities		
Accounts payable and accrued expenses	\$ 94,811	\$ 59,949
Fiduciary accounts payable	6,041	7,737
Medical liabilities	160,279	106,657
Dividend payable	638	638
Finance lease liabilities	554	646
Operating lease liabilities	5,241	4,607
Current portion of long-term debt	15,000	19,500
Other liabilities	30,364	18,940
Total current liabilities	312,928	218,674
Non-current liabilities		
Deferred tax liability	2,857	4,072
Finance lease liabilities, net of current portion	743	1,033
Operating lease liabilities, net of current portion	31,162	36,289
Long-term debt, net of current portion and deferred financing costs	423,119	258,939

Other long-term liabilities

7,460

3,586

	September 30, 2024 (Unaudited)	December 31, 2023
Total non-current liabilities	465,341	303,919
Total liabilities ⁽¹⁾	778,269	522,593
Commitments and contingencies (Note 12)		
Mezzanine equity		
Noncontrolling interest in Allied Physicians of California, a Professional Medical Corporation ("APC")	(202,512)	(205,883)
))
Stockholders' equity		
Preferred stock, \$		
0.001		
par value per share;		
5,000,000		
shares authorized as of September 30, 2024 and December 31, 2023		
Series A Preferred stock,		
zero		
authorized and issued and		
zero		
outstanding as of September 30, 2024 and		
1,111,111		
authorized and issued and		
zero		
outstanding as of December 31, 2023	—	—
Series B Preferred stock,		
zero		
authorized and issued and		
zero		
outstanding as of September 30, 2024 and		
555,555		
authorized and issued and		
zero		
outstanding as of December 31, 2023	—	—

Common stock, \$

0.001

par value per share;

100,000,000

shares authorized,

47,780,523

and

46,843,743

shares issued and outstanding, excluding

10,598,749

and

10,584,340

treasury shares, as of September 30, 2024 and December 31, 2023, respectively

48

47

Additional paid-in capital

411,334

371,037

Retained earnings

293,234

243,134

Total stockholders' equity

704,616

614,218

Non-controlling interest

5,003

2,433

Total equity

709,619

616,651

Total liabilities, mezzanine equity, and equity

1,285,376

933,361

\$

\$

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

(1) The Company's condensed consolidated balance sheets include the assets and liabilities of its consolidated VIEs. The condensed consolidated balance sheets include total assets that can be used only to settle obligations of the Company's consolidated VIEs totaling \$

701.1

million and \$

540.8

million as of September 30, 2024 and December 31, 2023, respectively, and total liabilities of the Company's consolidated VIEs for which creditors do not have recourse to the general credit of the primary beneficiary of \$

194.1

million and \$

146.0

million as of September 30, 2024 and December 31, 2023, respectively. These VIE balances do not include \$

413.3

million of investment in affiliates and \$

76.3

million of amounts due to affiliates as of September 30, 2024, and \$

273.2

million of investment in affiliates and \$

107.3

million of amounts due to affiliates as of December 31, 2023, as these are eliminated upon consolidation and not presented within the condensed

consolidated balance sheets. See Note 16 — “Variable Interest Entities (VIEs)” for further details.

ASTRANA HEALTH, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue				
Capitation, net	\$ 431,401	\$ 305,678	\$ 1,239,885	\$ 906,430
Risk pool settlements and incentives	21,779	15,022	57,564	48,605
Management fee income	2,747	9,898	8,429	32,287
Fee-for-service, net	18,692	15,892	54,588	41,216
Other revenue	4,091	1,683	8,865	5,087
Total revenue	478,710	348,173	1,369,331	1,033,625
Operating expenses				
Cost of services, excluding depreciation and amortization	405,218	275,375	1,148,422	857,648
General and administrative expenses	37,803	29,410	112,478	74,648
Depreciation and amortization	7,264	4,305	19,801	12,846
Total expenses	450,285	309,090	1,280,701	945,142
Income from operations	28,425	39,083	88,630	88,483
Other income (expense)				
Income (loss) from equity method investments	1,353	2,104	2,887	3,104
Interest expense	(8,856)	(3,779)	(25,028)	(10,680)
Interest income	3,778	3,281	11,287	9,617
Unrealized (loss) gain on investments	(561)	(342)	415	5,875

Other income				
	2,673	1,876	4,522	4,265
Total other (expense) income, net	(((
	1,613	1,068	5,917	431
)))	
Income before provision for income taxes				
	26,812	38,015	82,713	88,914
Provision for income taxes				
	7,831	10,042	25,004	30,971
Net income				
	18,981	27,973	57,709	57,943
Net income attributable to non-controlling interest				
	2,887	5,914	7,609	9,582
Net income attributable to Astrana Health, Inc.				
	16,094	22,059	50,100	48,361
	\$	\$	\$	\$
Earnings per share – basic				
	0.34	0.47	1.05	1.04
	\$	\$	\$	\$
Earnings per share – diluted				
	0.33	0.47	1.04	1.03
	\$	\$	\$	\$

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ASTRANA HEALTH, INC.
CONDENSED CONSOLIDATED STATEMENTS OF MEZZANINE AND STOCKHOLDERS' EQUITY
(IN THOUSANDS, EXCEPT SHARE DATA)
(UNAUDITED)

	Mezzanine Equity – Non- controlling Interest in APC	Common Stock Outstanding		Additional Paid-in	Retained	Non- controlling	Stockhold ers’
		Shares	Amount	Capital	Earnings	Interest	Equity
Balance at January 1, 2024	(205,883 \$)	46,843,7 43	47 \$	371,037 \$	243,134 \$	2,433 \$	616,651 \$
Net income	326	—	—	—	14,835	1,701	16,536
Purchase of non-controlling interest	—	—	—	—	—	(25)	(25)
Sale of non-controlling interest	—	—	—	—	—	150	150
Shares issued for vesting of restricted stock awards	—	5,149	—	(2,407)	—	—	(2,407)
Share-based compensation	—	—	—	5,748	—	—	5,748
Issuance of shares for business acquisition	—	631,712	1	21,951	—	—	21,952
Acquisition of non-controlling interest	—	(22,340)	—	(856)	—	321	(535)
Dividends	—	—	—	—	—	(95)	(95)
Balance at March 31, 2024	(205,557 \$)	47,458,2 64	48 \$	395,473 \$	257,969 \$	4,485 \$	657,975 \$
Net income	1,245	—	—	—	19,171	1,450	20,621
Shares issued for vesting of restricted stock awards	—	83,285	—	(1,177)	—	—	(1,177)
Share-based compensation	—	—	—	7,390	—	—	7,390
Dividends	—	—	—	—	—	(1,801)	(1,801)

Balance at June 30, 2024	(
		204,312	47,541,549	48	401,686	277,140	4,134	683,008	
	\$)		\$	\$	\$	\$	\$	
Net income									
	1,800					16,094	1,087	17,181	
			—	—	—				
Shares issued for vesting of restricted stock awards					((
		34,735			391			391	
	—			—)	—	—)	
Shares issued for cash and exercise of options									
		53,800			232			232	
	—			—		—	—		
Purchase of treasury shares		(((
		14,409			717			717	
	—)		—)	—	—)	
Share-based compensation									
					6,230			6,230	
	—	—		—		—	—		
Issuance of shares for Employee Stock Purchase Plan ("ESPP")									
		7,789			271			271	
	—			—		—	—		
AAMG Stock Contingent Consideration									
		157,059			4,023			4,023	
	—			—		—	—		
Dividends								(
							218	218	
	—	—		—	—	—))	
Balance at September 30, 2024	(
		202,512	47,780,523	48	411,334	293,234	5,003	709,619	
	\$)		\$	\$	\$	\$	\$	

	Mezzanine Equity – Non- controlling Interest in APC	Common Stock Outstanding Shares	Amount	Additional Paid-in Capital	Retained Earnings	Non- controlling Interest	Stockhold ers’ Equity
Balance at January 1, 2023							
	\$ 14,237	46,575,699	\$ 47	\$ 360,097	\$ 182,417	\$ 1,749	\$ 544,310
Net (loss) income	(1,729)	—	—	—	13,132	1,085	14,217
Shares issued for vesting of restricted stock awards	—	57,825	—	(109)	—	—	(109)
Shares issued for exercise of options and warrants	—	125,000	—	1,250	—	—	1,250
Purchase of treasury shares	—	(270,081)	—	(9,539)	—	—	(9,539)
Share-based compensation	—	—	—	3,445	—	—	3,445
Dividends	—	—	—	—	—	(120)	(120)
Transfer of common control entities	1,769	—	—	(2,447)	—	—	(2,447)
Balance at March 31, 2023							
	\$ 14,277	46,488,443	\$ 47	\$ 352,697	\$ 195,549	\$ 2,714	\$ 551,007
Net income	3,245	—	—	—	13,170	1,067	14,237
Purchase of non-controlling interest	—	—	—	—	—	(50)	(50)
Sale of non-controlling interest	—	—	—	—	—	106	106
Shares issued for vesting of restricted stock awards	—	42,734	—	(464)	—	—	(464)
Share-based compensation	—	—	—	4,213	—	—	4,213

Issuance of shares for business acquisition									
	—	22,340	—	800	—	—	—	800	
Dividends	(((
	601						96	96	
)	—	—	—	—	—))	
Tax impact from dividends	(
	3,076								
)	—	—	—	—	—	—	—	
Balance at June 30, 2023									
		46,553,5							
	\$ 13,845	\$ 17	\$ 47	\$ 357,246	\$ 208,719	\$ 3,741	\$ 569,753		
Net income									
	4,236	—	—	—	22,059	1,678	23,737		
Purchase of treasury shares	(
	150								
)	—	—	—	—	—	—	—	
Shares issued for vesting of restricted stock awards									
		53,839		63				63	
	—		—)	—	—)	
Share-based compensation									
				5,706				5,706	
Dividends									
							((
							1,424	1,424	
	—	—	—	—	—	—))	
Balance at September 30, 2023									
		46,607,3							
	\$ 17,931	\$ 56	\$ 47	\$ 362,889	\$ 230,778	\$ 3,995	\$ 597,709		

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ASTRANA HEALTH, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities		
Net income	\$ 57,709	\$ 57,943
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	19,801	12,846
Amortization of debt issuance cost	1,374	711
Share-based compensation	19,301	13,364
Non-cash lease expense	3,946	5,223
Gain on debt extinguishment	(2,398)	—
Unrealized (gain) loss on investments	(415)	6,898
Income from equity method investments	(2,887)	(3,104)
Unrealized gain on interest rate swaps	—	(1,022)
Deferred tax	(7,596)	(3,936)
Other	8,394	—
Changes in operating assets and liabilities, net of business combinations:		
Receivables, net	(37,927)	(46,261)
Receivables, net – related parties	(17,588)	(21,801)
Other receivables	(2,986)	2,303
Prepaid expenses and other current assets	(7,825)	(1,246)
Loan receivable, non-current	—	(40)

Other assets	((
	2,996	180
))
Accounts payable and accrued expenses	((
	25,866	1,119
))
Fiduciary accounts payable	((
	1,696	1,808
))
Medical liabilities		
	21,517	10,108
Income taxes receivable	(
	7,266	25,154
)	
Operating lease liabilities	((
	3,611	5,215
))
Other long-term liabilities		
	429	109
Net cash provided by operating activities		
	63,146	48,927
Cash flows from investing activities		
Payments for business acquisition, net of cash acquired	((
	115,494	4,674
))
Proceeds from repayment of promissory notes, including those with related parties		
	256	2,200
Purchase of marketable securities	((
	82	2,125
))
	124	—
Proceeds from sale of marketable securities		
Purchase of investments – privately held	((
	2,500	2,000
))
Purchase of investment – equity method	((
	5,968	325
))
Purchase of call option issued in conjunction with equity method investment	(
	3,907	—
)	
Issuance of promissory notes	((
	26,000	25,000
))
Purchases of property and equipment	((
	5,500	21,472
))
Contribution to investment - equity method		(
	—	700
)
Net cash used in investing activities	((
	159,071	54,096
))
Cash flows from financing activities		
Dividends paid	((
	2,114	2,266
))

Borrowings on long-term debt	171,875	—
Repayment of long-term debt	(14,750)	(461)
Payment of finance lease obligations	(534)	(505)
Proceeds from the exercise of stock options	232	1,250
Proceeds from ESPP purchases	271	—
Taxes paid from net share settlement of restricted stock	(3,975)	—
Repurchase of treasury shares	(717)	(9,689)
Proceeds from sale of non-controlling interest	150	—

	Nine Months Ended September 30,	
	2024	2023
Purchase of non-controlling interest	(25)	(50)
Borrowings on loans	—	3,149
Net cash provided by (used in) financing activities	150,413	8,572
Net increase (decrease) in cash and cash equivalents	54,488	13,741
Cash, cash equivalents, and restricted cash, beginning of period	294,152	288,027
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 348,640</u>	<u>\$ 274,286</u>
Supplemental disclosures of cash flow information		
Cash paid for income taxes	\$ 38,270	\$ 7,881
Cash paid for interest	\$ 23,190	\$ 9,670
Supplemental disclosures of non-cash investing and financing activities		
Fixed assets obtained in exchange for finance lease liabilities	\$ 152	\$ —
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 13,303	\$ 6,626
Common stock issued in business combination	\$ 21,952	\$ —
Common stock issued for contingent consideration payment	\$ 4,023	\$ —
Tax impact from APC dividends to APC Shareholders	\$ —	\$ 3,076
Draw on letter of credit through Revolver Loan	\$ 4,732	\$ —

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the condensed consolidated balance sheets that sum to the total amounts of cash, cash equivalents, and restricted cash shown in the condensed consolidated statements of cash flows (in thousands):

	September 30,	
	2024	2023
Cash and cash equivalents	\$ 347,994	\$ 273,941

Restricted cash		646	345
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows			
		348,640	274,286
		<u>\$</u>	<u>\$</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ASTRANA HEALTH, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Description of Business

Overview

Unless the context dictates otherwise, references in these notes to the financial statements to the “Company,” “we,” “us,” “our,” and similar words are references to Astrana Health, Inc. (“Astrana”), formerly known as Apollo Medical Holdings, Inc., and its consolidated subsidiaries and affiliated entities, as appropriate, including its consolidated variable interest entities (“VIEs”).

Headquartered in Alhambra, California, Astrana is a leading provider-centric, technology-powered, risk-bearing healthcare company. Leveraging its proprietary end-to-end technology solutions, Astrana operates an integrated healthcare delivery platform that enables providers to successfully participate in value-based care arrangements, thus empowering them to deliver accessible, high-quality care to patients in a cost-effective manner. Together with Astrana's affiliated physician groups and consolidated subsidiaries and VIEs, the Company provides value-based care enablement services and care delivery with its consolidated care partners to serve patients in California, Nevada, and Texas, the majority of whom are covered by private or public insurance provided through Medicare, Medicaid, and commercial, with some portion of revenue from self-pay patients. The Company provides value-based care services to each major constituent of the healthcare delivery system, including patients, families, primary care physicians, specialists, acute care hospitals, alternative sites of inpatient care, ancillary providers, and health plans. The Company's physician network consists of primary care physicians, specialist physicians, physician and specialist extenders, and hospitalists.

Segments

The Company's

three
reportable segments are Care Partners, Care Delivery, and Care Enablement, which are described as follows:

Care Partners

The Care Partners segment is focused on building and managing high-quality and high-performance provider networks by partnering with, empowering, and investing in strong provider partners aligned on a shared vision for coordinated care delivery. By leveraging the Company's unique care enablement platform and ability to recruit, empower, and incentivize physicians to effectively manage total cost of care, the Company is able to organize partnered providers into successful multi-payer, risk-bearing organizations that take on varying levels of risk based on total cost of care across membership in all lines of business, including Medicare Advantage, Medicaid, Commercial, Exchange, and Medicare fee for service (“FFS”). The Company's healthcare delivery entities consist of a network of risk-bearing organizations (“RBOs”) that encompass independent practice associations (“IPAs”), accountable care organizations (“ACOs”), and state-specific entities such as Restricted Knox-Keene licensed health plans in California. These entities are tasked with the coordination and provision of high-quality care to patients within Astrana's ecosystem. This helps provide a seamless continuity of care among patients in different age groups, stages of life, and life circumstances. Beginning in 2024, in addition to participating in the ACO REACH Model, the Company began participating in the Medicare Shared Savings Program (“MSSP”). The MSSP was created to promote accountability and improve coordination of care for Medicare beneficiaries.

Care Delivery

The Company's Care Delivery segment is a patient-centric, data-driven care delivery organization focused on delivering high-quality and accessible care to all patients. The Company's care delivery organization includes primary care, multi-specialty care, and ancillary care services. This segment includes the following:

- Primary care clinics, including post-acute care services;
- Specialty care clinics and inpatient services, including cardiac care, endocrinology, and ophthalmology as well as hospitalist and intensivist services; and
- Ancillary service providers, such as urgent care centers, outpatient imaging centers, ambulatory surgery centers, and full-service labs.

Care Enablement

The Company's Care Enablement segment represents a comprehensive platform that integrates clinical, operational, financial, and administrative information, all powered by the Company's proprietary technology suite. This platform enhances the delivery of high-quality, value-based care to patients and helps lead to superior clinical and financial outcomes. The Company provides solutions to payers and providers, including independent physicians, provider and medical groups, and ACOs. The Company's platform meets providers and payers wherever they are on the spectrum of total cost of care, offering solutions for fee-for-service entities to providers open to taking upside and downside risk on professional and institutional spend, and across all patient types, including Medicare, Medicaid, Commercial, and Exchange patients. This segment includes the Company's wholly owned subsidiaries that operate as management services organizations ("MSOs"), which enter into long-term management and/or administrative services agreements with RBOs and other providers. By leveraging the Company's care enablement platform, providers and payers can improve their ability to deliver high-quality care to their patients and achieve better patient outcomes.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The accompanying condensed consolidated balance sheet at December 31, 2023, has been derived from the Company's audited consolidated financial statements, but does not include all annual disclosures required by generally accepted accounting principles in the United States of America ("U.S. GAAP"). The accompanying unaudited condensed consolidated financial statements as of September 30, 2024, and for the three and nine months ended September 30, 2024 and 2023, have been prepared in accordance with U.S. GAAP for interim financial statements and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, these unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes to the financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the SEC on February 29, 2024. In the opinion of management, all material adjustments (consisting of normal recurring adjustments as well as intercompany accounts and transactions, which have been eliminated) considered necessary for a fair presentation have been made to make the condensed consolidated financial statements not misleading, as required by Regulation S-X, Rule 10-01. Operating results for the three and nine months ended September 30, 2024, are not necessarily indicative of the results that may be expected for the year ending December 31, 2024, or any future periods.

Principles of Consolidation

The condensed consolidated balance sheets as of September 30, 2024 and December 31, 2023, and the condensed consolidated statements of income for the three and nine months ended September 30, 2024 and 2023, include Astrana's wholly owned subsidiaries and consolidated VIEs.

The unaudited condensed consolidated interim financial statements have been prepared under the assumption that users of the interim financial data have either read, or have access to, our audited consolidated financial statements for the fiscal year ended December 31, 2023.

Use of Estimates

The preparation of the condensed consolidated financial statements and related disclosures in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the condensed consolidated financial statements as well as the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include collectability of receivables, recoverability of long-lived and intangible assets, business combination and goodwill valuation and impairment assessment, accrual of medical liabilities (incurred but not reported claims), determination of hospital shared-risk and health plan shared-risk revenue and receivables (including constraints and completion factors), income tax-valuation allowance, share-based compensation, and right-of-use assets and lease liabilities. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, and makes adjustments when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ materially from those estimates and assumptions.

Business Combinations

The Company uses the acquisition method of accounting for all business combinations, which requires assets and liabilities of the acquiree to be recorded at fair value, to measure the fair value of the consideration transferred, including contingent consideration, to be determined on the acquisition date, and to account for acquisition-related costs separately from the business combination.

Reportable Segments

As of September 30, 2024, the Company operates in

three
reportable segments:

- Care Partners;
- Care Delivery; and
- Care Enablement.

Refer to Note 1 — “Description of Business” and Note 18 — “Segments” to the condensed consolidated financial statements for information on the Company’s segments.

Cash and Cash Equivalents

The Company’s cash and cash equivalents primarily consist of money market funds and certificates of deposit. The Company considers all highly liquid investments that are both readily convertible into known amounts of cash and mature within ninety days from their date of purchase to be cash equivalents.

The Company maintains its cash in deposit accounts with several banks, which at times may exceed the insured limits of the Federal Deposit Insurance Corporation (“FDIC”). The Company believes it is not exposed to any significant credit risk with respect to its cash and cash equivalents and restricted cash. As of September 30, 2024 and December 31, 2023, the Company’s deposit accounts with banks exceeded the FDIC’s insured limit by approximately \$

359.3
million and \$

318.9

million, respectively. The Company has not experienced any losses to date and performs ongoing evaluations of these financial institutions to limit the Company’s concentration of risk exposure.

Receivables, Receivables – Related Parties, Other Receivables, and Loan Receivables

The Company's receivables are comprised of accounts receivable, capitation and fee for service receivable, risk pool settlements, incentive receivables, management fee income, and other receivables. Accounts receivable are recorded and stated at the amount expected to be collected.

The Company's receivables – related parties are comprised of risk pool settlements, management fee income, and other receivables. Receivables – related parties are recorded and stated at the amount expected to be collected.

The Company's loan receivables consist of promissory notes that accrue interest per annum. As of September 30, 2024, promissory notes are expected to be collected by their maturity dates.

Capitation receivables relate to each health plan's capitation and are received by the Company in the month following the month of service. Capitation receivables also include receivables from CMS related to the Company's participation in the ACO REACH model. Risk pool settlements and incentive receivables mainly consist of the Company's hospital shared-risk pool receivable, which is recorded quarterly based on reports received from the Company's hospital partners and management's estimate of the Company's portion of the estimated risk pool surplus for open performance years. Settlement of risk pool surplus or deficits occurs approximately 18 months after the risk pool performance year is completed. Other receivables consist of receivables from fee-for-service ("FFS") reimbursement for patient care, certain expense reimbursements, transportation reimbursements from the hospitals, and stop-loss insurance premium reimbursements.

The Company maintains reserves for potential credit losses on the receivables. Management reviews the composition of the Company's receivables and analyzes historical bad debts, customer concentrations, customer creditworthiness, current economic trends, and changes in customer payment patterns to evaluate the adequacy of these reserves. The Company also regularly analyzes the ultimate collectability of accounts receivable after certain stages of the collection cycle using a look-back analysis to determine the amount of receivables subsequently collected, and adjustments are recorded when necessary. Reserves are recorded primarily on a specific identification basis.

Receivables are recorded when the Company is able to determine amounts receivable under applicable contracts and agreements based on information provided and collection is reasonably likely to occur. Regarding the credit loss standard, the Company continuously monitors its collections of receivables. Our expectation is that the historical credit loss experienced across our receivable portfolio is materially similar to any current expected credit losses that would be estimated under the current expected credit losses ("CECL") model.

Concentrations of Credit Risks

The Company disaggregates revenue from contracts by service type and payer type. This level of detail provides useful information pertaining to how the Company generates revenue by significant revenue stream and by type of direct contracts. The condensed consolidated statements of income present disaggregated revenue by service type. The following table presents disaggregated revenue generated by payer type for the three and nine months ended September 30, 2024 and 2023 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Commercial				
	\$ 52,961	\$ 43,495	\$ 142,667	\$ 122,421
Medicare				
	258,377	222,387	747,418	660,855
Medicaid				
	151,943	65,469	414,453	201,920
Other third parties				
	15,429	16,822	64,793	48,429
Revenue				
	\$ 478,710	\$ 348,173	\$ 1,369,331	\$ 1,033,625

The Company had major payers that contributed the following percentages of net revenue for the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Payer A	27.7 %	37.4 %	30.0 %	39.0 %
Payer B	15.4 %	12.4 %	14.8 %	*
Payer D	12.0 %	*	*	*

*Less than 10% of total net revenues

The Company had major payers that contributed to the following percentages of receivables and receivables – related parties:

	As of September 30, 2024	As of December 31, 2023
Payer A	31.3 %	36.0 %
Payer C	36.0 %	41.0 %

Revenue Recognition

The Company receives payments from the following sources for services rendered:

- Commercial insurers;
- Federal government under the Medicare program administered by CMS;
- State governments under Medicaid and other programs;
- Other third-party payers (e.g., hospitals and IPAs); and
- Individual patients and clients.

Revenue primarily consists of the following:

- Capitation revenue;
- Risk pool settlements and incentives;
- Management fee revenue; and
- FFS revenue.

Revenue is recorded in the period in which services are rendered or the period in which the Company is obligated to provide services. The form of billing and related risk of collection for such services may vary by type of revenue and the customer.

Risk Pool Settlements and Incentives

Medicare Shared Savings Program Revenue

Beginning in 2024, Astrana participates in MSSP. The MSSP has multiple risk tracks, and Astrana is currently participating in the ENHANCED risk track. Under the MSSP Model, Astrana recruits a group of Participant and Preferred (in-network) Providers. Based on the Participant Providers that join our ACO, CMS grants the Company a pool of Traditional Medicare patients (beneficiaries) to manage (the "MSSP Aligned Beneficiaries"). The Company's MSSP Aligned Beneficiaries will receive services from physicians and other medical service providers that are both in-network and out-of-network. CMS continues to pay participants and preferred providers on a fee-for-service basis for Medicare-covered services provided to MSSP Aligned Beneficiaries. The Company continues to bear risk on all Medicare expenditures (both in-network and out-of-network), excluding drug expenditures covered by Medicare Part D, based on a budgetary benchmark established with CMS. Astrana's shared savings or losses in managing the Company's beneficiaries are generally determined on an annual basis after reconciliation with CMS. Pursuant to Astrana's risk-share agreement with CMS, the Company is eligible to receive the surplus ("shared savings") or is liable for the deficit ("shared losses") according to the budgetary benchmark established by CMS based on Astrana's efficiency, or lack thereof, in managing the expenditures associated with the Company's MSSP Aligned Beneficiaries. The Company estimates the shared service revenue by analyzing the activities during the relevant time period in contemplation of the agreed-upon benchmarks, metrics, performance criteria, and attribution criteria based on those and any other contractually defined factors. Revenue is not recorded and is constrained until the shared service revenue can be reasonably estimated by the Company and to the extent that it is probable that a significant reversal will not occur once any uncertainty associated with the variable consideration is subsequently resolved.

Contract Liabilities (Deferred Revenue)

Contract liabilities are recorded when cash payments are received in advance of the Company's performance. As of September 30, 2024 and December 31, 2023, the Company's contract liability balance was \$

2.2
million and \$

0.7
million, respectively. Approximately \$

0.7
million of the Company's contract liability accrued as of December 31, 2023, has been recognized as revenue during the nine months ended September 30, 2024. Contract liability is presented within accounts payable and accrued expenses in the accompanying condensed balance sheets.

Income Taxes

Federal and state income taxes are computed at currently enacted tax rates less tax credits using the asset and liability method. Deferred taxes are adjusted for both items that do not have tax consequences and for the cumulative effect of any changes in tax rates from those previously used to determine deferred tax assets or liabilities. Tax provisions include amounts that are currently payable, changes in deferred tax assets and liabilities that arise because of temporary differences between the timing of when items of income and expense are recognized for financial reporting and income tax purposes, changes in recognition of tax positions, and any changes in the valuation allowance caused by a change in judgment about the realizability of the related deferred tax assets. A valuation allowance is established when necessary to reduce deferred tax assets to amounts expected to be realized.

The Company uses a recognition threshold of more-likely-than-not and a measurement attribute on all tax positions taken, or expected to be taken, in a tax return in order to be recognized in the condensed consolidated financial statements. Once the recognition threshold is met, the tax position is measured to determine the actual amount of benefit to recognize in the condensed consolidated financial statements.

Recent Accounting Pronouncements Not Yet Adopted

In November 2023, the Financial Standards Accounting Board (FASB) issued Accounting Standards Update (ASU) 2023-07 "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures," which expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for the Company's annual periods beginning January 1, 2024, and for interim periods beginning January 1, 2025, with early adoption permitted. The Company does not expect the adoption of ASU 2023-07 to have a significant impact on its consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09 "Income Taxes (Topics 740): Improvements to Income Tax Disclosures" to expand the disclosure requirements for income taxes, specifically related to the rate reconciliation and income taxes paid. ASU 2023-09 is effective for the Company's annual periods beginning January 1, 2025, with early adoption permitted. The Company does not expect the adoption of ASU 2023-09 to have a significant impact on its consolidated financial statements and related disclosures.

3. Business Combinations and Goodwill

Airline Complete Healthcare of Texas, Ltd. ("Airline Complete")

On July 1, 2024, the Company, through its consolidated VIE, purchased

100

% of the equity interest in Airline Complete. Airline Complete is a primary care clinic located in Texas. The purchase price consisted of cash funded on July 1, 2024.

Advanced Health Management Systems, L.P. ("AHMS")

On March 31, 2024, the Company, through its wholly owned subsidiary, purchased all of the outstanding general and limited partnership interests of AHMS. AHMS's wholly owned subsidiary operates a Restricted Knox-Keene licensed health plan in Los Angeles, California. Total consideration for the acquisition was \$

63.9

million. The consideration is subject to changes based on working capital adjustments, which are settled one year from the close date as per the purchase agreement.

Prime Community Care of Central Valley, Inc. ("PCCCV")

On March 29, 2024, the Company, through its consolidated VIE, acquired certain assets of PCCCV, a professional medical corporation that operates in Central California. Total consideration of the acquisition was approximately \$

10.5

million, consisting of cash funded upon the close date and contingent consideration fair valued at \$

2.5

million on March 29, 2024 ("PCCCV contingent considerations"). Refer to Note 19 - "Fair Value Measurements of Financial Instruments" for additional information on contingent considerations.

Community Family Care Medical Group IPA, Inc. ("CFC")

On January 31, 2024, the Company, through its consolidated VIE, acquired certain assets of CFC. CFC is an RBO that manages the healthcare of members in the Los Angeles, California, area. The group serves patients across Medicare, Medicaid, and Commercial payers. At September 30, 2024, the total consideration for the purchase was \$

121.0

million, consisting of \$

91.0

million cash funded upon the close date as per the purchase agreement, \$

22.0

million of the Company's common stock, resulting in the issuance of

631,712

shares of common stock, and contingent consideration with a fair value of \$

8.0

million on January 31, 2024 ("CFC contingent considerations"). The consideration is subject to changes based on working capital adjustments which is settled one year from the close date as per the purchase agreement. Refer to Note 19 - "Fair Value Measurements of Financial Instruments" for additional information on contingent considerations.

Advanced Diagnostic and Surgical Center, Inc. ("ADSC")

On January 1, 2024, the Company acquired

95
% of the equity interest of ADSC. ADSC is a diagnostic and surgical center that also provides ambulatory surgery services. The total consideration consisted of cash funded upon the close of the transaction and contingent consideration with a fair value of \$

3.6
million on January 1, 2024 ("ADSC contingent considerations"). Refer to Note 19 - "Fair Value Measurements of Financial Instruments" for additional information on contingent consideration.

The Company is in the process of finalizing the purchase price allocation for CFC and AHMS as a result of the purchase price not being finalized until one year from the close date. Therefore, the balances are subject to change as a result of any working capital adjustments. The following table summarizes the purchase price allocation of the fair value of assets acquired and liabilities assumed related to each acquisition at the acquisition date for acquisitions that closed during the nine months ended September 30, 2024 (in thousands):

	CFC	AHMS	Others*	Net Total
Total purchase consideration:				
Cash paid				
	\$ 90,998	\$ 63,935	\$ 15,000	\$ 169,933
Contingent consideration				
	8,026	—	6,161	14,187
Common stock issued				
	21,952	—	—	21,952
	<u>\$ 120,976</u>	<u>\$ 63,935</u>	<u>\$ 21,161</u>	<u>\$ 206,072</u>
Assets:				
Cash and cash equivalents				
	\$ 16,674	\$ 33,950	\$ 3,515	\$ 54,139
Investment in marketable securities				
	—	—	30	30
Receivables				
	6,530	11,007	—	17,537
Other receivables				
	472	—	—	472
Prepaid expenses and other current assets				
	—	36	11	47
Amount due from affiliates				
	2,902	—	—	2,902
Land, property, and equipment				
	—	—	823	823

Intangible assets				
	28,000	23,600	3,900	55,500
Goodwill				
	83,602	31,048	13,621	128,271
Income tax receivable				
	—	—	1	1
Restricted cash				
	—	300	—	300
Total assets acquired				
	\$ 138,180	\$ 99,941	\$ 21,901	\$ 260,022
Liabilities:				
Accounts payable and accrued expenses				
	\$ 2,487	\$ 7,111	\$ 250	\$ 9,848
Medical liabilities				
	14,693	14,942	—	29,635
Amount due from affiliates				
	—	5,890	54	5,944
Income taxes payable				
	24	1,689	—	1,713
Deferred tax liability				
	—	6,374	8	6,382
Non-controlling interest				
	—	—	428	428
Total liabilities assumed				
	\$ 17,204	\$ 36,006	\$ 740	\$ 53,950
Total net assets acquired				
	<u>\$ 120,976</u>	<u>\$ 63,935</u>	<u>\$ 21,161</u>	<u>\$ 206,072</u>

*Others consist of estimated fair values of the assets acquired, net of cash acquired, related to ADSC, PCCCV, and Airline Complete.

Following the acquisition dates, the operating results have been included in our condensed consolidated financial statements. For the period from the acquisition dates through September 30, 2024, the total revenue and net income of CFC, AHMS, ADSC, PCCCV, and Airline Complete, in the aggregate, were \$

235.9
million and \$

26.4
million, respectively.

Unaudited Pro Forma Financial Information

The pro forma financial information in the table below presents the combined results of the Company and CFC, AHMS, ADSC, PCCCV, and Airline Complete as if the acquisitions had occurred on January 1, 2023. The pro forma information presented is shown for illustrative purposes only and is not necessarily indicative of future results of operations of the Company or results of operations of the Company that would have actually occurred had the transactions been in effect for the periods presented.

(in thousands, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Total revenue	\$ 478,710	\$ 430,399	\$ 1,434,813	\$ 1,207,867
Net income attributable to Astrana Health, Inc.	\$ 16,094	\$ 26,215	\$ 54,148	\$ 64,875
Net income per share – basic	\$ 0.34	\$ 0.56	\$ 1.14	\$ 1.39
Net income per share – diluted	\$ 0.33	\$ 0.56	\$ 1.13	\$ 1.38

The acquisitions were accounted for under the acquisition method of accounting. The fair value of the consideration for the acquired companies was allocated to acquired tangible and intangible assets and liabilities based upon their fair values. The excess of the purchase consideration over the fair value of the net tangible and identifiable intangible assets acquired was recorded as goodwill. Factors leading to goodwill being recognized are the Company's expectation of synergies from combining operations of entities acquired and the Company, as well as the value of intangible assets that are not separately recognized, such as assembled workforce. The determination of the fair value of assets and liabilities acquired requires the Company to make estimates and use valuation techniques when market value is not readily available. Transaction costs associated with business acquisitions are expensed as they are incurred.

At the time of acquisition, the Company estimates the amount of the identifiable intangible assets based on a valuation and the facts and circumstances available at the time. The Company determines the final value of the identifiable intangible assets as soon as information is available, but not more than one year from the date of acquisition.

Goodwill is not deductible for tax purposes. The Company had

no

impairment of its goodwill or indefinite-lived intangible assets during the three and nine months ended September 30, 2024 and 2023.

The change in the carrying value of goodwill for the nine months ended September 30, 2024 was as follows (in thousands):

	Amount
Balance, January 1, 2024	\$ 278,831
Acquisitions	128,271
Adjustments	2,609
Balance, September 30, 2024	\$ 409,711

4. Intangible Assets, Net

At September 30, 2024, the Company's intangible assets, net, consisted of the following (in thousands):

	Useful Life (Years)	Gross September 30, 2024	Accumulated Amortization	Net September 30, 2024
Indefinite lived assets:				
Trademarks				
	N/A	\$ 2,150	\$ —	\$ 2,150
Licenses				
	N/A	1,900	—	1,900
Amortized intangible assets:				
Network relationships				
	11		(
	-			
	21	156,779	111,626	45,153
)	
Management contracts			(
	15	22,832	17,647	5,185
)	
Member relationships				
	7		(
	-			
	14	71,577	17,582	53,995
)	
Patient management platform			(
	5	2,060	2,060	—
)	
Tradename/trademarks			(
	20	1,011	345	666
)	
Developed technology			(
	6	107	48	59
)	
			(
		258,416	149,308	109,108
		\$	\$	\$

At December 31, 2023, the Company's intangible assets, net, consisted of the following (in thousands):

	Useful Life (Years)	Gross December 31, 2023	Accumulated Amortization	Net December 31, 2023
Indefinite lived assets:				
Trademarks				
	N/A	\$ 2,150	\$ —	\$ 2,150
Amortized intangible assets:				
Network relationships				
	11		(
	-			
	21	150,679	104,859	45,820
)	
Management contracts			(
	15	22,832	16,662	6,170
)	

Member relationships

	10			
	-			
	14		(
		24,077	7,345	16,732
)	
Patient management platform			(
	5	2,060	2,060	—
)	
Tradename/trademarks			(
	20	1,011	308	703
)	
Developed technology			(
	6	107	34	73
)	
			(
		202,916	131,268	71,648
		<u>\$</u>	<u>\$</u>	<u>\$</u>

For the three months ended September 30, 2024 and 2023, the Company recognized amortization expenses of \$

6.7
million and \$

3.2
million, respectively, in depreciation and amortization on the accompanying condensed consolidated statements of income. For the nine months ended September 30, 2024 and 2023, the Company recognized amortization expenses of \$

18.0
million and \$

9.5
million, respectively, in depreciation and amortization on the accompanying condensed consolidated statements of income. The Company determined that there was

no

impairment of its finite-lived intangible or long-lived assets during the nine months ended September 30, 2024 and 2023.

Future amortization expense is estimated to be as follows for the following years ending December 31 (in thousands):

	Amount
2024 (excluding the nine months ended September 30, 2024)	
	6,630
	\$
2025	
	22,856
2026	
	18,642
2027	
	15,170
2028	
	12,459
Thereafter	
	29,301
Total	
	105,058
	<u>\$</u>

5. Investments in Other Entities

Equity Method

For the nine months ended September 30, 2024 and 2023, the Company's equity method investment balance consisted of the following (in thousands):

	% of Ownership	December 31, 2023	Initial Investment	Allocation of Net Income (Loss)	September 30, 2024	
LaSalle Medical Associates – IPA line of business	25 %	\$ 9,866	\$ —	\$ 2,225	\$ 12,091	
Pacific Medical Imaging & Oncology Center, Inc.	40 %	1,691	—	(72)	1,619	
CAIPA MSO, LLC	30 %	13,660	—	643	14,303	
I Health, Inc.	25 %	—	5,968	20	5,988	
Other*	25 %	557	—	71	628	
		\$ 25,774	\$ 5,968	\$ 2,887	\$ 34,629	
	% of Ownership	December 31, 2022	Initial Investment	Allocation of Net Income (Loss)	Funding	Septem ber 30, 2023
LaSalle Medical Associates – IPA line of business	25 %	\$ 5,684	\$ —	\$ 2,642	\$ —	\$ 8,326
Pacific Medical Imaging & Oncology Center, Inc.	40 %	1,878	—	(219)	—	1,659
531 W. College, LLC **	50 %	17,281	—	(387)	700	17,594
One MSO, LLC **	50 %	2,718	—	330	—	3,048
CAIPA MSO, LLC	30 %	12,738	—	575	—	13,313
Other*	25 %	—	325	163	—	488
		\$ 40,299	\$ 325	\$ 3,104	\$ 700	\$ 44,428

*Other consists of smaller equity method investments.

** Investments were solely for the benefit of APC and its shareholders.

For three months ended September 30, 2024 and 2023, the Company's equity method investment balance consisted of the following (in thousands):

	% of Ownership	June 30, 2024	Initial Investment	Allocation of Net Income (Loss)	September 30, 2024	
LaSalle Medical Associates – IPA line of business	25 %	11,027	—	1,064	12,091	
		\$	\$	\$	\$	
Pacific Medical Imaging & Oncology Center, Inc.	40 %	1,648	—	(29)	1,619	
CAIPA MSO, LLC	30 %	14,100	—	203	14,303	
I Health, Inc.	25 %	5,923	—	65	5,988	
Other*	25 %	578	—	50	628	
		\$ 33,276	\$ —	\$ 1,353	\$ 34,629	
	% of Ownership	June 30, 2023	Initial Investment	Allocation of Net Income (Loss)	Funding	Septem ber 30, 2023
LaSalle Medical Associates – IPA line of business	25 %	10,537	—	(2,211)	—	8,326
		\$	\$	\$	\$	\$
Pacific Medical Imaging & Oncology Center, Inc.	40 %	1,655	—	4	—	1,659
531 W. College, LLC **	50 %	17,070	—	(176)	700	17,594
One MSO, LLC **	50 %	2,960	—	88	—	3,048
CAIPA MSO, LLC	30 %	13,190	—	123	—	13,313
Other*	25 %	420	—	68	—	488
		\$ 45,832	\$ —	\$ 2,104	\$ 700	\$ 44,428

* Other consists of smaller equity method investments.

** Investments were solely for the benefit of APC and its shareholders.

I Health, Inc.

On March 31, 2024, a wholly owned subsidiary of the Company acquired a

% equity interest in I Health, Inc. ("I Health"), a management service organization. The Company accounts for its investment in I Health under the equity method of accounting as the Company has the ability to exercise significant influence, but not control over, I Health's operations. The purchase agreement includes a call option that allows the Company to purchase an additional

25

% equity interest on each of the first, second, and third anniversary of the purchase ("I Health Call Option"). The total purchase price for this arrangement was \$

9.9

million, consisting of \$

3.9

million in the form of a call option, and \$

6.0

million as the initial investment of the

25

% equity interest. Refer to Note 19 - "Fair Value Measurements of Financial Instruments" for additional information about the I Health Call Option.

There was

no

impairment loss recorded related to equity method investments for the three and nine months ended September 30, 2024 and 2023.

6. Loans Receivable

Loans receivable

IntraCare

In July 2023, the Company entered into a five-year convertible promissory note with IntraCare as the borrower. The principal on the note is \$

25.0 million, with interest on the outstanding principal amount and unpaid interest at a rate per annum equal to

8.81 %, compounded annually. In the event that the convertible promissory note remains outstanding on or after the maturity date of July 27, 2028, the outstanding principal balance and any unpaid accrued interest shall, upon the election of the Company, convert into IntraCare preferred shares.

BASS Medical Group

On January 29, 2024, the Company provided BASS Medical Group ("BASS") with a \$

20.0 million senior secured promissory note ("BASS secured promissory note"). The promissory note is secured by certain assets of BASS. The BASS secured promissory note matures on January 11, 2031, and has an interest rate per annum equal to

8.21 %, compounded annually. The principal on the note, including unpaid interest, is due and payable on the maturity date.

DWGAS, Inc. ("DWGAS")

On July 17, 2024, the Company entered into a five-year secured convertible promissory note with DWGAS, Inc. as the borrower ("DWGAS convertible note"). The principal on the DWGAS convertible note is \$

5.0 million, with interest on the outstanding principal amount and unpaid interest at a rate per annum equal to

7.5 %. The promissory note is secured by a pledge of all the assets of DWGAS. On or before December 31, 2024, the Company has the option to convert the outstanding principal amount and unpaid interest into

80 % ownership of DWGAS's issued and outstanding capital stock. If the conversion is not exercised by December 31, 2024, the note will mature on July 17, 2029.

The Company assessed the outstanding loans receivable under the CECL model by assessing the party's ability to pay by reviewing their financial history quarterly and reassessing any identified insolvency risk.

7. Accounts Payable and Accrued Expenses

The Company's accounts payable and accrued expenses consisted of the following (in thousands):

	September 30, 2024	December 31, 2023
Accounts payable and other accruals	\$ 36,908	\$ 9,075
Capitation payable	13,317	4,503
Subcontractor IPA payable	2,440	2,529
Professional fees	4,152	4,407
Due to related parties	3,785	9,271
Contract liabilities	2,246	744
Accrued compensation	17,498	20,098

Other provider payable		14,465	9,322
Total accounts payable and accrued expenses		94,811	59,949
	\$		\$

8. Medical Liabilities

The Company's medical liabilities consisted of the following (in thousands):

	September 30, 2024	September 30, 2023
Medical liabilities, beginning of period	106,657	81,255
	\$	\$
Acquired* (see Note 3)	32,106	6,157
Components of medical care costs related to claims incurred:		
Current period	797,906	642,880
Prior periods	(7,890)	(13,251)
Total medical care costs	790,016	629,629
Payments for medical care costs related to claims incurred:		
Current period	(654,625)	(547,212)
Prior periods	(112,847)	(74,966)
Total paid	(767,472)	(622,178)
Adjustments	(1,028)	2,656
Medical liabilities, end of period	160,279	97,519
	\$	\$

*The acquired balance includes medical liabilities from current and prior periods.

9. Credit Facility, Promissory Notes Payable, Bank Loans, and Lines of Credit

The Company's debt balance consisted of the following (in thousands):

	September 30, 2024	December 31, 2023
Term Loan	285,250	280,000
	\$	\$
Revolver Loan	146,732	—
Promissory Note Payable	9,875	2,000
Total debt	441,857	282,000
Less: Current portion of debt	(15,000)	(19,500)

Less: Unamortized financing costs	((
	3,738	3,561
))

Long-term debt		
	423,119	258,939
	<u>\$</u>	<u>\$</u>

The estimated fair value of our long-term debt was determined using Level 2 inputs primarily related to comparable market prices. As of September 30, 2024 and December 31, 2023, the carrying value was not materially different from fair value, as the interest rates on the Company's debt approximated rates currently available to the Company.

The following are the future commitments of the Company's debt for the years ending December 31 (in thousands):

	Amount
2024 (excluding the nine months ended September 30, 2024)	
	\$ 3,750
2025	
	16,875
2026	
	169,232
2027	
	34,250
2028	
	217,750
Total	
	<u>\$ 441,857</u>

Amended Credit Facility

Amended Credit Agreement

On June 16, 2021, the Company entered into an amended and restated credit agreement (as subsequently amended as described below, the "Amended Credit Agreement") with Truist Bank, in its capacity as administrative agent for the lenders, issuing bank, swingline lender, and lender, and the banks and other financial institutions from time to time as party thereto, to, among other things, to amend and restate that certain credit agreement, dated September 11, 2019, by and among the Company, Truist Bank, and certain lenders thereto, in its entirety. The Amended Credit Agreement provides for a five-year revolving credit facility (the "Amended Credit Facility") to the Company of \$

400.0
million ("Revolver Loan"), which includes a letter of credit sub-facility of up to \$

25.0
million (which was amended to \$

50.0
million, as described below) and a swingline loan sub-facility of \$

25.0
million which expires on June 16, 2026.

On December 20, 2022, an amendment was made to the Amended Credit Agreement, in which all amounts borrowed under the Amended Credit Agreement as of the effective date were automatically converted from London Interbank Offer Rate ("LIBOR") Loans to Secured Overnight Financing Rate ("SOFR") Loans with an initial interest period of one month on, and as of, the amendment effective date. Amounts borrowed under the Revolver Loan bear interest at an annual rate equal to either, at the Company's option, (a) the Term SOFR Reference Rate (as defined in the Amended Credit Agreement), adjusted for any Term SOFR Adjustment (as defined in the Amended Credit Agreement) plus a spread ranging from

1.25
% to

2.50
%, as determined on a quarterly basis based on the Company's Consolidated Total Net Leverage Ratio (as defined in the Amended Credit Agreement), or (b) a base rate, plus a spread ranging from

0.25
% to

1.50
%, as determined on a quarterly basis based on the Company's Consolidated Total Net Leverage Ratio. As of September 30, 2024, the Company had borrowings of \$

146.7
million outstanding on the Revolver Loan, and the interest rate on the Revolver Loan was

7.20
%.

On September 8, 2023, a Second Amendment to the Amended Credit Agreement was entered into, which, among other things, increased the letter of credit sub-facility from \$

25.0
million to \$

50.0
million.

On November 3, 2023, the Company entered into a Third Amendment to the Amended Credit Agreement ("Third Amendment") with Truist Bank and the other financial institutions party thereto. The Third Amendment provided a new term loan to the Company in an aggregate amount of up to \$

300.0
million, with \$

180.0
million funded at the closing of the Third Amendment, and \$

120.0
million available to be drawn by the Company as delayed draw loans during the six months subsequent to the closing of the Third Amendment (collectively, the "Term Loan"). The Term Loan matures on November 3, 2028 (or such earlier date on which it is terminated in accordance with the provisions of the Amended Credit Agreement) and amortizes quarterly at

5
% per annum for each of the first two years,

7.5
% per annum for years three and four, and

10
% per annum for year five. The Term Loan bears interest at an annual rate equal to either, at the Company's option, (a) the Term SOFR Reference Rate, adjusted for any Term SOFR Adjustment, plus a spread from

1.50

% to

2.75

%, as determined on a quarterly basis based on the Company's Consolidated Total Net Leverage Ratio, or (b) a base rate, plus a spread of

0.50

% to

1.75

%, as determined on a quarterly basis based on the Company's Consolidated Total Net Leverage Ratio. As of September 30, 2024, the outstanding borrowings on the Term Loan were \$

285.3

million, and the interest rate on the Term Loan was

7.20

%.

In May 2024, the Company entered into a Fourth Amendment to the Amended Credit Agreement, which updates the letter of credit provisions in the Amended Credit Agreement to provide the Company with the ability to have letters of credit issued under the Amended Credit Agreement that extend beyond the maturity date of the Amended Credit Agreement.

The Amended Credit Agreement requires the Company to comply with

two

key financial ratios, each calculated on a consolidated basis. The Company must maintain a maximum consolidated total net leverage ratio of not greater than

3.75

to 1.00 as of the last day of each fiscal quarter, provided that for any fiscal quarter during which the Company or certain subsidiaries consummate a permitted acquisition or investment, and the aggregate purchase price is greater than \$

75.0

million, the maximum consolidated total net leverage ratio may temporarily increase by

0.25

to 1.00 to

4.00

to 1.00. The Company must maintain a minimum consolidated interest coverage ratio of not less than

3.25

to 1.00 as of the last day of each fiscal quarter.

Under the Amended Credit Agreement, the terms and conditions of the Guaranty and Security Agreement (the "Guaranty and Security Agreement") between the Company, Astrana Health Management, Inc. ("AHM"), and Truist Bank remain in effect. Pursuant to the Guaranty and Security Agreement, the Company and AHM have granted the lenders under the Amended Credit Agreement a security interest in substantially all of their assets to secure obligations under the Amended Credit Agreement, including, without limitation, all stock and other equity issued by their subsidiaries (including AHM) and all rights with respect to the \$

545.0
million loan from the Company to Astrana Medical.

Promissory Note Payable

FYB Promissory Note Agreement with CCHCA

On May 1, 2023, the Company acquired

100
% of the equity interest in For Your Benefit, Inc. ("FYB"). As part of the acquisition, the Company assumed FYB's promissory note payable to Chinese Community Health Care Association ("CCHCA"). The principal on the promissory note was \$

2.0
million, with a maturity date of May 9, 2024. The interest rate was the prime rate plus

1.0
%. The prime rate was updated annually on the effective date of the note and as published by the *Wall Street Journal*. On September 30, 2024, upon the settlement of the purchase price of the Company's acquisition of FYB, the FYB promissory note was forgiven to resolve the settlement amount due from the sellers to the Company. As a result, during the three and nine months ended September 30, 2024, the Company wrote off the principal of \$

2.0
million and any unpaid interest within other income in the accompanying condensed consolidated statements of income.

I Health Promissory Note Payable - Related Party

On April 1, 2024, the Company received \$

8.3
million as a promissory note (the "I Health Promissory Note") with a maturity date of March 31, 2027. I Health may accelerate the maturity date if the Company does not exercise the I Health Call Option (see Note 5 — "Investments in Other Entities - Equity Method"). The promissory note has an interest rate of

4.30
% per annum on the principal amount. Accrued interest is payable on each anniversary of the promissory note payable. I Health is accounted for under the equity method based on the

25
% equity ownership interest held by the Company (see Note 5 — "Investments in Other Entities - Equity Method"). On July 1, 2024, an amendment was made to the I Health Promissory Note that, among other things, increased the original principal amount by an additional \$

1.6
million. As a result, the total amount payable under the I Health Promissory Note is \$

9.9
million.

Deferred Financing Costs

At September 30, 2024 and December 31, 2023, unamortized deferred financing costs were \$

4.8
million and \$

6.1
million, respectively. As of September 30, 2024 and December 31, 2023, \$

1.0
million and \$

2.6
million, respectively, of unamortized deferred financing costs was recognized in prepaid expenses and other current assets in the accompanying condensed consolidated balance sheets, and consisted of unamortized deferred financing costs related to unborrowed amounts available on the Revolver Loan. As of September 30, 2024 and December 31, 2023, \$

3.7
million and \$

3.6
million, respectively, of unamortized deferred financing costs was recorded as a direct reduction against the amounts borrowed on the Term Loan and Revolver. The remaining unamortized deferred financing costs related to the Revolver Loan are amortized over the life of the Revolver Loan using the straight-line method. The remaining unamortized deferred financing costs related to the Term Loan are amortized over the life of the Term Loan using the effective interest rate method. Interest expense in the condensed consolidated statements of income included amortization of deferred debt issuance costs.

Effective Interest Rate

Effective Interest Rate

The Company's average effective interest rate on its total debt during the nine months ended September 30, 2024 and 2023, was

7.08

% and

6.07

%, respectively.

Lines of Credit

APC Business Loan

On September 10, 2019, the APC Business Loan Agreement with Preferred Bank (the "APC Business Loan Agreement") was amended to, among other things, decrease loan availability to \$

4.1

million, limit the purpose of the indebtedness under the APC Business Loan Agreement to the issuance of standby letters of credit, and include as a permitted lien, the security interest in all of its assets that APC granted to AHM under a Security Agreement dated on or about September 11, 2019, securing APC's obligations to AHM under their management services agreement dated as of July 1, 1999, as amended.

Standby Letters of Credit

The Company established irrevocable standby letters of credit with Truist Bank under the Amended Credit Agreement for a total of \$

25.0

million for the benefit of CMS and certain health plans as of September 30, 2024. Unless the institution provides notification that the standby letters of credit will be terminated prior to the expiration date, the letters will be automatically extended without amendment for additional one-year periods from the present or any future expiration date.

Certain IPAs consolidated by the Company established irrevocable standby letters of credit with Preferred Bank under the APC Business Loan Agreement for a total of \$

3.9

million for the benefit of certain health plans as of September 30, 2024. The standby letters of credit are automatically extended without amendment for additional one-year periods from the present or any future expiration date, unless notified by the institution in advance of the expiration date that the letter will be terminated.

10. Mezzanine and Stockholders' Equity

Mezzanine Equity

APC

As the redemption feature of the APC shares is not solely within the control of APC, the equity of APC does not qualify as permanent equity and has been classified as non-controlling interests in APC as mezzanine or temporary equity. APC's shares were not redeemable, and it was not probable that the shares would become redeemable as of September 30, 2024 and December 31, 2023.

Stockholders' Equity

As of September 30, 2024,

41,048

holdback shares have not been issued to certain former AHM shareholders who were AHM shareholders at the time of closing of the 2017 merger of Astrana with AHM, as they have yet to submit properly completed letters of transmittal to Astrana in order to receive their pro rata portion of Astrana common stock as contemplated under the 2017 merger agreement. Pending such receipt, such former AHM shareholders have the right to receive, without interest, their pro rata share of dividends or distributions with a record date after the effectiveness of the 2017 merger. The condensed consolidated financial statements have treated such shares of common stock as outstanding, given the receipt of the letter of transmittal is considered perfunctory, and the Company is legally obligated to issue these shares in connection with the 2017 merger.

Preferred Stock – Series A and Series B

In October 2015, AHM purchased from Astrana, in a private offering of securities,

1,111,111
units, each unit consisting of

one
share of Astrana's Series A Convertible Preferred Stock (the "Series A Preferred Stock"), and a common stock warrant to purchase

one
share of Astrana's common stock at an exercise price of \$

9.00
per share, which expired in October 2020. In March 2016, AHM purchased from Astrana, in a private offering of securities,

555,555
units, each unit consisting of

one
share of Astrana's Series B Convertible Preferred Stock (the "Series B Preferred Stock"), and a common stock warrant to purchase

one
share of Astrana's common stock at an exercise price of \$

10.00
per share, which expired in March 2021. In April 2024, the Company repurchased all outstanding shares of preferred stock held by AHM. On April 24, 2024, the Company filed a Certificate of Elimination to its Restated Certificate of Incorporation with the Secretary of State of the State of Delaware, eliminating from the Restated Certificate of Incorporation all matters set forth in the Amended and Restated Certificate of Designation with respect to the Company's Series A Preferred Stock and Series B Preferred Stock and returning each of the Series A Preferred Stock and Series B Preferred Stock to the status of authorized and unissued shares of preferred stock of the Company, without designation as to series. As a result, there were

no

authorized or outstanding shares of the Series A Preferred Stock or Series B Preferred Stock as of September 30, 2024.

Treasury Stock

As of September 30, 2024 and December 31, 2023, APC owned

7,132,698

shares of Astrana's common stock. While such shares of Astrana's common stock are legally issued and outstanding, they are treated as treasury shares for accounting purposes and excluded from shares of common stock outstanding in the condensed consolidated financial statements. APC's ownership in Astrana was

13.00
% and

13.22
% as of September 30, 2024 and December 31, 2023, respectively.

As of September 30, 2024 and December 31, 2023, the Company had repurchased

3,466,051
and

3,451,642
shares, respectively, of its common stock. These are included as treasury stock.

As of September 30, 2024 and December 31, 2023, the total treasury stock, including the Company's stock held by APC, was

10,598,749
and

10,584,340
, respectively.

Dividends

During the three months ended September 30, 2024 and 2023, certain consolidated subsidiaries of the Company paid distributions of \$

0.2
million and \$

1.4 million, respectively, to the shareholders who own the non-controlling interests in the entities. During the nine months ended September 30, 2024 and 2023, certain consolidated subsidiaries of the Company paid distributions of \$

2.1 million and \$

1.6 million, respectively, to the shareholders who own the non-controlling interests in the entities.

11. Stock-Based Compensation

The following table summarizes the stock-based compensation expense recognized under all of the Company's stock plans for the three and nine months ended September 30, 2024 and 2023, and associated with the issuance of restricted stock awards and units and vesting of stock options that are included in general and administrative expenses in the accompanying condensed consolidated statements of income (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Stock options and ESPP				
	\$ 349	\$ 406	\$ 1,125	\$ 1,393
Restricted stock awards and units				
	5,814	5,300	18,176	11,971
Total stock-based compensation expense				
	<u>\$ 6,163</u>	<u>\$ 5,706</u>	<u>\$ 19,301</u>	<u>\$ 13,364</u>

Unrecognized compensation expense related to total share-based payments outstanding as of September 30, 2024, was \$

31.7 million.

Options

The Company's outstanding stock options consisted of the following:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In Millions)
Options outstanding at January 1, 2024	504,241	34.03	2.10	4.7
		\$		\$
Options granted	—	—	—	—
Options exercised	(75,455)	16.71	—	2.3
Options forfeited	(7,271)	50.56	—	—
Options outstanding at September 30, 2024	421,515	36.84	1.28	10.9
		\$		\$
Options exercisable at September 30, 2024	383,685	30.06	1.10	10.9
		\$		\$

No options were granted during the three and nine months ended September 30, 2024. For the three and nine months ended September 30, 2024, there were 75,455 options exercised from which the Company received cash proceeds of \$ 0.2 million and from which 21,655 shares were withheld from issuance upon exercise of options in order to cover the cost of the exercise by the participants. During the nine months ended September 30, 2023, options were exercised for 125,000 shares of the Company's common stock, resulting in proceeds of \$ 1.3 million. There were no shares withheld from issuance upon exercise of options in order to cover the cost of the exercise by the participant during the three and nine months ended September 30, 2023.

Restricted Stock Awards and Units

The Company grants restricted stock awards and units to officers and employees, which are earned based on service and/or performance conditions. The grant date fair value of the restricted stock awards and units are the grant date's closing market price of the Company's common stock. During the nine months ended September 30, 2024, the Company granted

519,696
shares of restricted stock awards and units with performance-based conditions and

405,164
shares of restricted stock awards and units without performance-based conditions. During the nine months ended September 30, 2024, the weighted average grant date fair value of restricted stock awards and units with and without performance-based conditions was \$

43.01
and \$

41.31
, respectively.

Employee Stock Purchase Plan ("ESPP")

The Company's ESPP is a shareholder-approved plan that allows eligible employees to contribute a portion of their eligible earnings toward the semi-annual purchase of the Company's common stock at a discounted price equal to

85
% up to

90
% of the fair market values of the stock on the exercise date, subject to a maximum number of shares that can be purchased during any single offering period as well as an annual maximum dollar amount of shares during any single calendar year. A maximum of

5,000,000
shares were authorized for issuance at the time the ESPP was approved. There were

7,789
shares issued for the nine months ended September 30, 2024.

12. Commitments and Contingencies

Regulatory Matters

Laws and regulations governing the Medicare program and healthcare generally are complex and subject to interpretation. The Company believes it complies with all applicable laws and regulations and is unaware of any pending or threatened investigations involving allegations of potential wrongdoing. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medi-Cal programs.

As a risk-bearing organization, the Company is required to follow regulations of the Department of Managed Health Care ("DMHC"). The Company must comply with a minimum working capital requirement, tangible net equity ("TNE") requirement, cash-to-claims ratio, and claims payment requirements prescribed by the DMHC. TNE is defined as net assets less intangibles, less non-allowable assets (which include amounts due from affiliates), plus subordinated obligations.

Many of the Company's payer and provider contracts are complex in nature and may be subject to differing interpretations regarding amounts due for the provision of medical services. Such differing interpretations may not come to light until a substantial period of time has passed following contract implementation. Liabilities for claims disputes are recorded when the loss is probable and can be estimated. Any adjustments to reserves are reflected in current operations.

Standby Letters of Credit

The Company established irrevocable standby letters of credit with Truist Bank for a total of \$

25.0

million for the benefit of CMS and certain health plans as of September 30, 2024 (see Note 9 — "Credit Facility, Promissory Notes Payable, Bank Loans, and Lines of Credit — Standby Letters of Credit").

Certain IPAs consolidated by the Company established irrevocable standby letters of credit with Preferred Bank for a total of \$

3.9

million for the benefit of certain health plans as of September 30, 2024 (see Note 9 — "Credit Facility, Promissory Notes Payable, Bank Loans, and Lines of Credit — Standby Letters of Credit").

Litigation

From time to time, the Company is involved in various legal proceedings and other matters arising in the normal course of its business. The resolution of any claim or litigation is subject to inherent uncertainty and could have a material adverse effect on the Company's financial condition, cash flows, or results of operations.

Liability Insurance

The Company believes that its insurance coverage is appropriate based upon the Company's claims experience and the nature and risks of the Company's business. In addition to the known incidents that have resulted in the assertion of claims, the Company cannot be certain that its insurance coverage will be adequate to cover liabilities arising out of claims asserted against the Company, the Company's affiliated professional organizations or the Company's affiliated hospitalists in the future where the outcomes of such claims are unfavorable. The Company believes that the ultimate resolution of all pending claims, including liabilities in excess of the Company's insurance coverage, will not have a material adverse effect on the Company's financial position, results of operations, or cash flows; however, there can be no assurance that future claims will not have such a material adverse effect on the Company's business. Contracted physicians are required to obtain their own insurance coverage.

Although the Company currently maintains liability insurance policies on a claims-made basis which are intended to cover malpractice liability and certain other claims, the coverage must be renewed annually and may not continue to be available to the Company in future years at acceptable costs and on favorable terms.

13. Related-Party Transactions

Equity Method Investments

During the three and nine months ended September 30, 2023, the Company recognized approximately \$

4.3
million and \$

16.2
million, respectively, in management fees from LaSalle Medical Associates – IPA line of business ("LMA"). On August 31, 2023, the management service agreement with LMA's IPA was terminated. LMA is accounted for under the equity method based on the

25
% equity ownership interest held in LMA's IPA line of business (see Note 5 — "Investments in Other Entities - Equity Method").

During the three months ended September 30, 2024 and 2023, the Company paid approximately \$

0.8
million and \$

0.8
million, respectively, to Pacific Medical Imaging & Oncology Center, Inc. ("PMIOC") for provider services. During the nine months ended September 30, 2024 and 2023, the Company paid approximately \$

2.2
million and \$

1.9
million, respectively, to PMIOC for provider services. PMIOC provides covered services on behalf of the Company's RBOs to enrollees of the plans. PMIOC is accounted for under the equity method based on the

40
% equity ownership interest held (see Note 5 — "Investments in Other Entities - Equity Method").

During each of the three months ended September 30, 2024 and 2023, the Company paid approximately \$

0.3
million and \$

0.3
million, respectively, for provider services to an equity method investment in which the Company has a

25
% equity ownership in (see Note 5 — "Investments in Other Entities - Equity Method"). During the nine months ended September 30, 2024 and 2023, the Company paid approximately \$

0.7
million and \$

0.8
million, respectively, for provider services.

During the three and nine months ended September 30, 2024, the Company incurred expenses of approximately \$

0.6
million and \$

1.2
million, respectively, in management fees to I Health. The Company has a management service agreement with I Health. I Health is accounted for under the equity method based on the

25
% equity ownership interest held (see Note 5 — "Investments in Other Entities - Equity Method").

Astrana Board Members and Officers

During the three months ended September 30, 2024 and 2023, the Company recognized approximately \$

0.4
million and \$

0.5
million, respectively, in revenue, net of costs, from Arroyo Vista Family Health Center ("Arroyo Vista"). During the nine months ended September 30, 2024 and 2023, the Company recognized approximately \$

1.5
million and \$

1.3
million, respectively, in revenue, net of costs. Revenue consisted of management fees and surplus from shared risk arrangements. Expenses

consisted of fees for provider services. Arroyo Vista's chief executive officer is a member of the Company's board of directors.

During the three months ended September 30, 2024 and 2023, the Company incurred rent expenses of approximately \$

1.3
million and \$

0.8
million, respectively, from certain properties that are managed by Allied Pacific Holdings Investment Management, LLC. During the nine months ended September 30, 2024 and 2023, the Company incurred \$

3.0
million and \$

2.5
million, respectively, in rent expense from the same properties. As of September 30, 2024, and December 31, 2023, the Company's operating right-of-use asset balance included \$

2.0
million and \$

14.1
million, respectively, and the Company's operating lease liabilities included \$

2.0
million and \$

14.5
million, respectively, for certain properties that are managed by Allied Pacific Holdings Investment Management, LLC. These properties were previously consolidated and eliminated by Astrana until they were spun off on December 26, 2023. The chief executive officer of Allied Pacific Holdings Investment Management, LLC is a member of the Company's board of directors.

During the nine months ended September 30, 2024, Allied Pacific Holdings Investment Management, LLC paid APC \$

5.3
million for taxes associated with the APC Excluded Assets spin-off on December 26, 2023.

During the three months ended September 30, 2024 and 2023, the Company incurred approximately \$

0.4
million and \$

0.5
million, respectively, in expenses payable to Third Way Health for call center and credentialing services. During the nine months ended September 30, 2024 and 2023, the Company incurred approximately \$

2.1
million and \$

0.9
million, respectively, in expenses for call center services. As of September 30, 2024 and December 31, 2023, via a Simple Agreement for Future Equity, the Company funded \$

6.0
million and \$

3.5
million, respectively, in Third Way Health. The investment is included in investments in privately held entities in the accompanying condensed consolidated balance sheets. One of Astrana's officers is a board member of Third Way Health.

During the three months ended September 30, 2024 and 2023, the Company paid approximately \$

0.1
million and \$

0.2
million, respectively, to Sunny Village Care Center for services as a provider. During the nine months ended September 30, 2024 and 2023, the Company paid approximately \$

0.3
million and \$

1.0
million, respectively, for provider services. The Company has provider contracts with Sunny Village Care Center. Sunny Village Care Center shares common ownership with certain Astrana board members.

During the three and nine months ended September 30, 2024, Astrana paid approximately \$

0.7

million to purchase Astrana's stock from a board member. During the nine months ended September 30, 2023, Astrana paid approximately \$

9.5
million to purchase Astrana's stock from a board member.

During the three months ended September 30, 2024 and 2023, the Company incurred rent expenses of approximately \$

0.1
million and \$

0.1
million, respectively, from First Commonwealth Property, LLC for an office lease. During the nine months ended September 30, 2024 and 2023, the Company incurred rent expenses of approximately \$

0.1
million and \$

0.1
million, respectively. First Commonwealth Property, LLC shares common ownership with certain board members of APC and AHM.

As of September 30, 2024 and December 31, 2023, the Company's operating right-of-use asset balance included \$

0.7
million and \$

0.8
million, respectively, and the Company's operating lease liabilities included \$

0.8
million and \$

0.8
million, respectively, for certain properties owned by First Commonwealth Property, LLC.

The Company has agreements with Health Source MSO Inc., a California corporation ("HSMSO"), Aurion Corporation ("Aurion"), and AHMC Healthcare Inc. ("AHMC") for services provided to the Company. One of the Company's board members is an officer of AHMC, HSMSO, and Aurion. Aurion is also partially owned by one of the Company's board members. Revenue with AHMC and HSMSO consists of capitation, risk pool, and miscellaneous fees and

expenses consisting of claims expenses, management fees, and consulting fees.

The following tables set forth revenue recognized and fees incurred related to AHMC, HSMSO, and Aurion for the three and nine months ended September 30, 2024 and 2023 (in thousands):

	Three Months Ended September 30, 2024			Three Months Ended September 30, 2023		
	AHMC	HSMSO	Aurion	AHMC	HSMSO	Aurion
Revenue						
	\$ 11,167	\$ 626	\$ —	\$ 5,619	\$ 326	\$ —
Expenses						
	9,169	—	50	6,445	200	75
Net						
	\$ 1,998	\$ 626	\$ 50	\$ 826	\$ 526	\$ 75

	Nine Months Ended September 30, 2024			Nine Months Ended September 30, 2023		
	AHMC	HSMSO	Aurion	AHMC	HSMSO	Aurion
Revenue						
	\$ 33,944	\$ 1,239	\$ —	\$ 37,337	\$ 950	\$ —
Expenses						
	24,134	—	200	18,505	35	225
Net						
	\$ 9,810	\$ 1,239	\$ 200	\$ 18,832	\$ 915	\$ 225

The Company and AHMC have a risk-sharing agreement with certain AHMC hospitals to share the surplus and deficits of each of the hospital pools. Under this agreement, during the three months ended September 30, 2024 and 2023, the Company had recognized risk pool revenues of \$

9.4
million and \$

4.2
million, respectively. During the nine months ended September 30, 2024 and 2023, the Company had recognized risk pool revenues of \$

28.5
million and \$

33.0
million, respectively. The Company had a risk pool receivable balance of \$

74.7
million and \$

54.0
million as of September 30, 2024 and December 31, 2023, respectively.

APC Board Members

During the three months ended September 30, 2024 and 2023, the Company paid an aggregate of approximately \$

4.6
million and \$

11.6
million, respectively, to board members for provider services which included approximately \$

0.8
million and \$

0.7
million, respectively, to Astrana board members and officers who are also board members and officers of APC. During the nine months ended September 30, 2024 and 2023, the Company paid an aggregate of approximately \$

14.1
million and \$

30.5
million, respectively, to board members for provider services which included approximately \$

2.2
million and \$

2.3
million, respectively, to Astrana board members and officers who are also board members and officers of APC.

In addition, affiliates wholly owned by the Company's key personnel are reported in the accompanying condensed consolidated statements of income on a consolidated basis, together with the Company's subsidiaries, and therefore, the Company does not separately disclose transactions between such affiliates and the Company's subsidiaries as related-party transactions.

Intercompany Transactions

Because of corporate practice of medicine laws, the Company uses designated shareholder professional corporations, of which the sole shareholder is a member of the Company's key personnel, to engage in certain transactions and make intercompany loans from time to time.

For equity method investments, see Note 5 — "Investment in Other Entities - Equity Method".

14. Income Taxes

The Company uses the liability method of accounting for income taxes as set forth in ASC 740 Income Taxes. Under the liability method, deferred taxes are determined based on differences between the financial statement and tax bases of assets and liabilities using enacted tax rates.

On an interim basis, the Company estimates what its anticipated annual effective tax rate will be and records a quarterly income tax provision in accordance with the estimated annual rate, plus the tax effect of certain discrete items that arise during the quarter. As the fiscal year progresses, the Company refines its estimates based on actual events and financial results during the quarter. This process can result in significant changes to the Company's estimated effective tax rate. When this occurs, the income tax provision is adjusted during the quarter in which the estimates are refined so that the year-to-date provision reflects the estimated annual effective tax rate. These changes, along with adjustments to the Company's deferred taxes and related valuation allowance, may create fluctuations in the overall effective tax rate from quarter to quarter.

The Company's effective income tax rate for the nine months ended September 30, 2024 and 2023, was

30.2
% and

34.8
%, respectively. The tax rate for the nine months ended September 30, 2024, differed from the U.S. federal statutory rate primarily due to state income taxes and income from flow-through entities.

As of September 30, 2024, the Company does

no
t have any unrecognized tax benefits related to various federal and state income tax matters. The Company will recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense.

The Company is subject to U.S. federal income tax as well as income tax in California. The Company and its subsidiaries' state and federal income tax returns are open to audit under the statute of limitations for the years ended December 31, 2019 through December 31, 2023, and for the years ended December 31, 2020 through December 31, 2023, respectively.

15. Earnings Per Share

Basic earnings per share is calculated using the weighted average number of shares of the Company's common stock issued and outstanding during a certain period and is calculated by dividing net income attributable to Astrana by the weighted average number of shares of the Company's common stock issued and outstanding during such period. Diluted earnings per share is calculated using the weighted average number of shares of common stock and potentially dilutive shares of common stock outstanding during the period, using the as-if converted method for secured convertible notes and preferred stock, and the treasury stock method for options and common stock warrants.

As of September 30, 2024 and December 31, 2023, APC held

7,132,698

shares of Astrana's common stock, which are treated as treasury shares for accounting purposes and not included in the number of shares of common stock outstanding used to calculate earnings per share.

For the three and nine months ended September 30, 2024, there were

no

restricted stock awards and units excluded from the computation of diluted weighted average common shares outstanding as calculated under the treasury stock method. For the three and nine months ended September 30, 2023,

243,689

of restricted stock awards and units were excluded from the computation of diluted weighted average common shares outstanding because the assumed proceeds, as calculated under the treasury stock method, resulted in these awards being antidilutive.

For the three and nine months ended September 30, 2024, stock options of

155,990

were excluded from the computation of diluted weighted average common shares outstanding because the assumed proceeds, as calculated under the treasury stock method, resulted in these awards being antidilutive. For the three and nine months ended September 30, 2023, stock options of

200,978

were excluded from the computation of diluted weighted average common shares outstanding because the assumed proceeds, as calculated under the treasury stock method, resulted in these awards being antidilutive.

For the three and nine months ended September 30, 2024, contingently issuable shares of

1,085,808

were excluded from the computation of diluted weighted average common shares outstanding because these conditions were not achieved as of September 30, 2024. For the three and nine months ended September 30, 2023, contingently issuable shares of

925,558

were excluded from the computation of diluted weighted average common shares outstanding because these conditions were not achieved as of September 30, 2023.

Below is a summary of the earnings per share computations:

Three months ended September 30,	2024	2023
Earnings per share – basic		
	\$ 0.34	\$ 0.47
Earnings per share – diluted		
	\$ 0.33	\$ 0.47
Weighted average shares of common stock outstanding – basic		
	47,686,841	46,547,502
Weighted average shares of common stock outstanding – diluted		
	48,223,788	46,920,607

Nine months ended September 30,	2024	2023
Earnings per share – basic	1.05	1.04
	\$	\$
Earnings per share – diluted	1.04	1.03
	\$	\$
Weighted average shares of common stock outstanding – basic	47,521,368	46,527,350
Weighted average shares of common stock outstanding – diluted	47,960,686	46,881,567

Below is a summary of the shares included in the diluted earnings per share computations:

Three months ended September 30,	2024	2023
Weighted average shares of common stock outstanding – basic	47,686,841	46,547,502
Stock options	169,785	253,767
Restricted stock awards and units	321,348	88,450
Contingently issuable shares	45,814	30,888
Weighted average shares of common stock outstanding – diluted	48,223,788	46,920,607

Nine months ended September 30,	2024	2023
Weighted average shares of common stock outstanding – basic		
	47,521,368	46,527,350
Stock options		
	155,309	254,399
Restricted stock awards and units		
	243,806	89,409
Contingently issuable shares		
	40,203	10,409
Weighted average shares of common stock outstanding – diluted		
	47,960,686	46,881,567

16. Variable Interest Entities (VIEs)

The Company's condensed consolidated financial statements include its subsidiaries and consolidated VIEs. A VIE is defined as a legal entity whose equity owners do not have sufficient equity at risk, or, as a group, the holders of the equity investment at risk lack any of the following three characteristics: decision-making rights, the obligation to absorb losses, or the right to receive the expected residual returns of the entity. The primary beneficiary is identified as the variable interest holder that has both the power to direct the activities of the VIE that most significantly affect the entity's economic performance and the obligation to absorb expected losses or the right to receive benefits from the entity that could potentially be significant to the VIE.

Certain state laws prohibit a professional corporation that has more than one shareholder from being a shareholder in another professional corporation. As a result, the Company cannot directly own shares in other professional corporations. However, an exception to this regulation permits a professional corporation that has only one shareholder to own shares in another professional corporation. In reliance on this exception, the Company designated certain key personnel as the nominee shareholders of professional corporations that hold controlling and non-controlling ownership interests in several medical corporations. Via a Physician Shareholder Agreement with the nominee shareholder, the Company has the ability to designate another person to be the equity holder of the professional corporation. In addition, these entities are managed by the Company's wholly owned MSOs via MSA. In accordance with relevant accounting guidance, the professional corporations and their consolidated medical corporations are consolidated by the Company in the accompanying condensed financial statements.

Due to corporate practice of medicine laws, the Company operates by maintaining long-term MSAs with its affiliated IPAs and medical groups, each of which is owned and operated by physicians only, and employs or contracts with additional physicians to provide medical services. AHM is a wholly owned subsidiary of the Company and has entered into MSAs with several affiliated IPAs, including APC. APC arranges for the delivery of healthcare services by contracting with physicians or professional medical corporations for primary care and specialty care services. The physicians in the IPA are exclusively in control of, and responsible for, all aspects of the practice of medicine for enrolled patients. In accordance with relevant accounting guidance, APC has been determined to be a VIE of AHM, as AHM is its primary beneficiary with the ability, through majority representation on the APC Joint Planning Board and otherwise, to direct the activities (excluding clinical decisions) that most significantly affect APC's economic performance. Therefore, APC and its wholly owned subsidiaries and VIEs are consolidated in the accompanying financial statements.

Astrana Medical and Astrana Care Partners Medical were formed in May 2019 and July 2021, respectively, as designated shareholder professional corporations. The Company's Vice Chairman is the sole shareholder of Astrana Medical and Astrana Care Partners Medical. Via a Physician Shareholder Agreement, Astrana makes all the decisions on behalf of Astrana Medical and Astrana Care Partners Medical. Astrana has the obligation to absorb losses of, or the right to receive benefits from, Astrana Medical and Astrana Care Partners Medical. Therefore, Astrana Medical and Astrana Care Partners Medical are controlled by and consolidated by Astrana as the primary beneficiary of the VIEs.

On January 1, 2024, a

25

% equity interest of Eleanor Leung M.D. was re-acquired by the Company. As a result, Astrana Care Partners Medical now owns

100

% of Eleanor Leung M.D.

The following table includes assets that can only be used to settle the liabilities of the Company's VIEs, and to which the creditors of Astrana have no recourse, and liabilities to which the creditors of the Company's VIEs have no recourse to the general credit of Astrana, as the primary beneficiary of the VIEs. These assets and liabilities, with the exception of investments in affiliates and amounts due to, or from, affiliates, which are eliminated upon consolidation, are included in the accompanying condensed consolidated balance sheets (in thousands).

	September 30, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 181,340	\$ 184,078
Investment in marketable securities	2,233	—
Receivables, net	54,356	21,120
Receivables, net – related party	76,010	58,707
Income taxes receivable	—	1,600
Other receivables	385	454
Prepaid expenses and other current assets	9,763	9,991
Total current assets	324,087	275,950
Non-current assets		
Land, property and equipment, net	5,619	5,306
Intangible assets, net	82,264	60,906
Goodwill	235,638	140,157
Income taxes receivable, non-current	15,943	15,943
Investments in other entities – equity method	14,338	12,114
Investment in affiliates*	413,269	273,182
Investment in a privately held entity	405	405
Restricted cash	40	40
Operating lease right-of-use assets	21,648	28,796

Other assets	1,147	1,149
Total non-current assets	790,311	537,998
Total assets	1,114,398	813,948
	\$	\$
Current liabilities		
Accounts payable and accrued expenses	41,416	32,707
	\$	\$
Fiduciary accounts payable	6,041	7,737
Medical liabilities	75,648	55,157
Dividend payable	638	638
Income tax payable	26,105	—
Finance lease liabilities	520	646
Operating lease liabilities	3,434	3,305
Amount due to affiliates*	76,294	107,340
Other liabilities	11,139	8,542
Total current liabilities	241,235	216,072
Non-current liabilities		
Finance lease liabilities, net of current portion	649	1,033
Operating lease liabilities, net of current portion	21,054	28,675
Deferred tax liability	7,198	7,284
Other long-term liabilities	299	230
Total non-current liabilities	29,200	37,222

Total liabilities			
		270,435	253,294
	\$		\$

*Investment in affiliates includes the Company's VIEs' investment in Astrana, which is reflected as treasury shares and eliminated upon consolidation. Amounts due to, or from, affiliates are receivables with Astrana's subsidiaries. As a result, these balances are eliminated upon consolidation and are not reflected on Astrana's condensed consolidated balance sheets as of September 30, 2024 and December 31, 2023.

17. Leases

The Company has operating and finance leases for corporate offices, physicians' offices, and certain equipment. These leases have remaining lease terms of one month to 16 years. Some of the leases may include options to extend the lease terms for up to ten years, and some of the leases may include options to terminate the leases within one year. As of September 30, 2024 and December 31, 2023, assets recorded under finance leases were \$

1.4
million and \$

1.7
million, respectively, and accumulated depreciation associated with finance leases was \$

2.0
million and \$

1.6
million, respectively.

Also, the Company rents or subleases certain real estate to third parties, which are accounted for as operating leases.

Leases with an initial term of 12 months or less are not recorded on the balance sheets.

The components of lease expense were as follows (dollars in thousands):

	Three Months Ended September 30,	
	2024	2023
Operating lease cost		
	\$ 3,205	\$ 2,187
Finance lease cost		
Amortization of lease expense	172	202
Interest on lease liabilities	20	35
Sublease income	(3)	(307)
Total lease cost, net	\$ 3,394	\$ 2,117
	Nine Months Ended September 30,	
	2024	2023
Operating lease cost		
	\$ 9,438	\$ 5,570
Finance lease cost		
Amortization of lease expense	534	505
Interest on lease liabilities	66	80
Sublease income	(246)	(806)

Total lease cost, net		
	9,792	5,349
	\$	\$

Other information related to leases was as follows (in thousands):

	Three Months Ended September 30,	
	2024	2023
Supplemental Cash Flow Information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	3,089	2,016
	\$	\$
Operating cash flows from finance leases	20	35
Financing cash flows from finance leases	172	202

	Nine Months Ended September 30,	
	2024	2023
Supplemental Cash Flow Information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 8,684	\$ 5,636
Operating cash flows from finance leases	66	80
Financing cash flows from finance leases	534	505

	Nine Months Ended September 30,	
	2024	2023
Weighted Average Remaining Lease Term		
Operating leases	6.93 years	6.84 years
Finance leases	2.69 years	3.18 years
Weighted Average Discount Rate		
Operating leases	6.68 %	5.75 %
Finance leases	5.70 %	5.19 %

The following are future minimum lease payments under non-cancellable leases for the years ending December 31 (in thousands) below:

	Operating Leases	Finance Leases
2024 (excluding the nine months ended September 30, 2024)	\$ 1,855	\$ 160
2025	7,523	599
2026	7,213	345
2027	6,729	267
2028	6,472	27
Thereafter	16,902	9
Total future minimum lease payments	46,694	1,407
Less: imputed interest	10,291	110

Total lease liabilities	36,403	1,297
Less: current portion	5,241	554
Long-term lease liabilities	\$ 31,162	\$ 743

18. Segments

The Company evaluates the performance of its operating segments based on segment revenue growth as well as operating income. Management uses revenue growth and total segment operating income as a measure of the performance of operating businesses separate from non-operating factors. The Company's operations are based in the United States. All revenues of the Company are derived from the United States. The Company's segments are not evaluated using asset information.

In the normal course of business, the Company's reportable segments enter into transactions with each other. While intersegment transactions are treated like third-party transactions to determine segment performance, the revenues recognized by a segment and expenses incurred by the counterparty are eliminated in consolidation and do not affect consolidated results.

Corporate costs are unallocated and primarily include corporate initiatives, corporate infrastructure costs and corporate shared costs, such as finance, human resources, legal, and executives.

Certain amounts disclosed in the prior period have been recast to conform to the current period presentation. Specifically, reclassifications were made between cost of services and general and administrative expenses in the accompanying segment table for the three and nine months ended September 30, 2023, and the segments are presented net of intrasegment eliminations. The following table presents information about our segments (in thousands):

Three Months Ended September 30, 2024							
	Care Partners	Care Delivery	Care Enablement	Other	Intersegment Elimination	Corporate Costs	Consolidated Total
Third-Party							
	\$ 455,760	\$ 20,083	\$ 2,867	\$ —	\$ —	\$ —	\$ 478,710
Intersegment					(
	—	14,645	38,063	—	52,708	—	—
Total revenues					(
	455,760	34,728	40,930	—	52,708	—	478,710
Cost of services					(
	369,835	29,114	19,604	—	13,335	—	405,218
General and administrative ⁽¹⁾					(
	47,139	6,971	15,012	—	39,370	15,315	45,067
Total expenses					(
	416,974	36,085	34,616	—	52,705	15,315	450,285
		((
					(
Income (loss) from operations	\$ 38,786	\$ 1,357	\$ 6,314	\$ —	\$ 3	\$ 15,315	\$ 28,425

Three Months Ended September 30, 2023							
	Care Partners	Care Delivery	Care Enablement	Other	Intersegment Elimination	Corporate Costs	Consolidated Total
Third-Party							
	\$ 320,885	\$ 16,737	\$ 10,306	\$ 245	\$ —	\$ —	\$ 348,173
Intersegment					(
	—	12,234	26,604	49	38,887	—	—
Total revenues					(
	320,885	28,971	36,910	294	38,887	—	348,173
Cost of services					(
	249,917	23,060	13,658	76	11,336	—	275,375
General and administrative ⁽¹⁾					(
	30,628	6,946	16,804	875	28,621	7,083	33,715

Total expenses	(
	280,545	30,006	30,462	951	39,957	7,083	309,090
)						
	(
	40,340	1,035	6,448	657	1,070	7,083	39,083
Income (loss) from operations	\$	\$	\$	\$	\$	\$	\$
))))	
Nine Months Ended September 30, 2024							
	Care Partners	Care Delivery	Care Enablement	Other	Intersegment Elimination	Corporate Costs	Consolidated Total
Third-Party							
	1,301,355	59,179	8,797				1,369,331
	\$	\$	\$	\$	\$	\$	\$
Intersegment	(
		41,125	101,579		142,704		
	—			—)	—	—
Total revenues	(
	1,301,355	100,304	110,376		142,704		1,369,331
				—)	—	
Cost of services	(
	1,049,437	80,160	56,916		38,091		1,148,422
				—)	—	
General and administrative ⁽¹⁾	(
	129,613	19,914	36,724		104,692	50,720	132,279
				—)		
Total expenses	(
	1,179,050	100,074	93,640		142,783	50,720	1,280,701
				—)		
	(
	122,305	230	16,736		79	50,720	88,630
Income (loss) from operations	\$	\$	\$	\$	\$	\$	\$
				—))	
Nine Months Ended September 30, 2023							
	Care Partners	Care Delivery	Care Enablement	Other	Intersegment Elimination	Corporate Costs	Consolidated Total
Third-Party							
	957,297	42,603	33,164	561			1,033,625
	\$	\$	\$	\$	\$	\$	\$
Intersegment	(
		37,228	69,287	131	106,646		
	—)	—	—
Total revenues	(
	957,297	79,831	102,451	692	106,646		1,033,625
)	—	
Cost of services	(
	783,333	65,187	44,441	209	35,522		857,648
)	—	

General and administrative ⁽¹⁾					(
	83,475	16,076	38,181	2,459	74,401	21,704	87,494
)		
Total expenses					(
	866,808	81,263	82,622	2,668	109,923	21,704	945,142
)		
			(((
	90,489	1,432	19,829	1,976	3,277	21,704	88,483
Income (loss) from operations	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

⁽¹⁾ Balance includes general and administrative expenses, and depreciation and amortization.

(2) Income from operations for the intersegment elimination represents rental income from segments renting from other segments. Rental income is presented within other income that is not presented in the table.

19. Fair Value Measurements of Financial Instruments

The carrying amounts and fair values of the Company's financial instruments as of September 30, 2024, are presented below (in thousands):

	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Assets				
Money market accounts*				
	\$ 28,044	\$ —	\$ —	\$ 28,044
Marketable securities – certificates of deposit	2,263	—	—	2,263
Marketable securities – equity securities	91	—	—	91
I Health call option	—	—	3,907	3,907
Total assets	\$ 30,398	\$ —	\$ 3,907	\$ 34,305
Liabilities				
Interest rate collar	—	154	—	154
AAMG contingent consideration	—	—	3,876	3,876
VOMG contingent consideration	—	—	15	15
DMG remaining equity interest purchase	—	—	8,542	8,542
Sun Labs remaining equity interest purchase	—	—	7,352	7,352
ADSC contingent considerations	—	—	4,138	4,138
CFC contingent considerations	—	—	9,138	9,138
PCCCV contingent considerations	—	—	2,597	2,597

Total liabilities				
	\$	—	\$	154
			\$	35,658
	\$		\$	35,812

* Included in cash and cash equivalents

The carrying amounts and fair values of the Company's financial instruments as of December 31, 2023, are presented below (in thousands):

	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Assets				
Money market accounts*				
	\$	4,842	\$	—
			\$	—
	\$		\$	4,842
Marketable securities – certificates of deposit				
		2,150	—	—
				2,150
Marketable securities – equity securities				
		348	—	—
				348
Total assets				
	\$	7,340	\$	—
			\$	—
	\$		\$	7,340
Liabilities				
AAMG contingent consideration				
	\$	—	\$	—
			\$	5,475
	\$		\$	5,475
VOMG contingent consideration				
		—	—	17
				17
DMG remaining equity interest purchase				
		—	—	8,542
				8,542
Sun Labs remaining equity interest purchase				
		—	—	7,802
				7,802
Interest rate collar				
		—	252	—
				252
Total liabilities				
	\$	—	\$	252
			\$	21,836
	\$		\$	22,088

* Included in cash and cash equivalents

The change in the fair value of Level 3 liabilities for the nine months ended September 30, 2024, was as follows (in thousands):

	Amount
Balance at January 1, 2024	21,836
	\$
Additions	14,202
Change in fair value of existing Level 3 liabilities	3,643
Settlements	(4,023)
Balance at September 30, 2024	35,658
	\$

Investments in Marketable Securities

Certificates of deposit are reported at par value, plus accrued interest, with maturity dates greater than ninety days . As of September 30, 2024 and December 31, 2023, certificates of deposit amounted to approximately \$

2.3
million and \$

2.2
million, respectively. Investments in certificates of deposit are classified as Level 1 investments in the fair value hierarchy.

Equity securities are reported at fair value. These securities are classified as Level 1 in the valuation hierarchy, where quoted market prices from reputable third-party brokers are available in an active market and unadjusted. As of September 30, 2024 and December 31, 2023, the equity securities were approximately \$

0.1
million and \$

0.3
million, respectively, in the accompanying condensed consolidated balance sheets. Gains and losses recognized on equity securities sold are recognized in the accompanying condensed consolidated statements of income as other income. The components comprising total gains and losses on equity securities are as follows (in thousands) for the periods listed below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Total gains (losses) recognized on equity securities		(((
	68	870	133	6,571
	\$	\$)	\$)	\$)
Gains (losses) recognized on equity securities sold			(
	65	—	146	—
)	
Unrealized gains (losses) recognized on equity securities held at end of period		((
	3	870	13	6,571
	\$	\$)	\$	\$)

Derivative Financial Instruments

Interest Rate Collar Agreements

The Company's collar agreement is designed to limit the interest rate risk associated with the Company's Revolver Loan. The principal objective of the collar agreement is to eliminate or reduce the variability of the cash flows in interest payments associated with the Company's floating-rate debt, thus reducing the impact of interest rate changes on future interest payment cash flows. Refer to Note 9 — "Credit Facility, Promissory Notes Payable, Bank Loans, and Lines of Credit" for further information on the Company's debt. Under the terms of the agreement, the ceiling is

5.0
% and the floor is

2.34
%. The collar agreement is not designated as a hedging instrument. Changes in the fair value of this contract are recognized as unrealized gain or

loss on investments in the accompanying condensed consolidated statements of income and reflected in the accompanying condensed consolidated statements of cash flows as unrealized (gain) loss on investments. The estimated fair value of the collar was determined using Level 2. As of September 30, 2024 and December 31, 2023, the fair value of the collar was \$

0.2
million and \$

0.3
million , respectively, and presented within other long-term liabilities, in the accompanying condensed consolidated balance sheets. For the three months ended September 30, 2024 and 2023, the Company recognized unrealized loss of \$

0.6
million and unrealized gains of \$

0.1
million, respectively. For the nine months ended September 30, 2024 and 2023, the Company recognized unrealized gains of \$

0.1
million and \$

1.3
million, respectively.

I Health Call Option

The Company acquired a

25
% equity interest in I Health which included a call option that allows the Company to purchase an additional

25
% equity interest on each of the first, second, and third anniversaries of the purchase. The Company determined the fair value of the contingent considerations using a probability-weighted model that includes significant unobservable inputs (Level 3). Specifically, the Company considered various scenarios of revenue and assigned probabilities to each such scenario in determining fair value. As of September 30, 2024, the value of the call option was valued at \$

3.9
million. The I Health call option is presented within other assets in the accompanying condensed consolidated balance sheet. The

25
% equity interest in I Health is accounted for under the equity method (see Note 5 — "Investments in Other Entities - Equity Method").

Remaining equity interest purchase

In 2021, the Company entered into a financing obligation to purchase the remaining equity interest in Diagnostic Medical Group of Southern California ("DMG") and Sun Clinical Laboratories ("Sun Labs") within three years from the date the Company consolidated DMG and Sun Labs. The purchase of the remaining DMG equity value is considered a financing obligation with a carrying value of \$

8.5

million as of September 30, 2024 and December 31, 2023. Changes in the fair value of the remaining equity purchase are presented in unrealized gain and loss on investments in the accompanying condensed consolidated statements of income. The purchase of the remaining Sun Labs equity value is considered a financing obligation with a carrying value of \$

7.4
million and \$

7.8
million as of September 30, 2024 and December 31, 2023, respectively. For the three months ended September 30, 2024 and 2023, the Company recognized a loss of \$

0.1
million and \$

0.5
million, respectively, due to the change in the fair value of Sun Labs equity value obligation. For the nine months ended September 30, 2024 and 2023, the Company recognized an unrealized gain of \$

0.4
million and unrealized loss of \$

2.3
million, respectively, due to the change in the fair value of Sun Labs equity value obligation. As the financing obligations are embedded in the non-controlling interest, the non-controlling interests are recognized in other liabilities in the accompanying condensed consolidated balance sheets.

Contingent considerations

All American Medical Group ("AAMG")

Upon acquiring

100
% of the equity interest in AAMG, the purchase price consisted of cash funded upon close of the transaction and additional consideration ("AAMG contingent consideration") and stock consideration ("AAMG stock contingent consideration") contingent on AAMG meeting revenue and capitated member metrics for fiscal years 2023 ("2023 metric") and 2024 ("2024 metric"). If the contingent consideration metrics are met, the settlement will be paid in the Company's common stock. The total amount of stock that can be issued for the 2023 and 2024 metrics is

157,059
and

184,357
, respectively. The Company determined the fair value of the contingent considerations using a probability-weighted model that includes significant unobservable inputs (Level 3). Specifically, the Company considered various scenarios of revenue and assigned probabilities to each such scenario in determining fair value.

As of September 30, 2024, the AAMG contingent consideration for the 2023 metric was met and

78,535
shares were issued to the sellers. On the day of issuance, the shares were valued at \$

4.0
million, which is included in additional paid-in capital in the accompanying condensed consolidated balance sheets. As of December 31, 2023, the AAMG contingent consideration for the 2023 metric was valued at \$

2.6

million and was presented within other liabilities in the accompanying condensed consolidated balance sheets.

The AAMG contingent consideration for the 2024 metric was valued at \$

3.9

million and \$

2.9

million as of September 30, 2024 and December 31, 2023, respectively, and was included in other liabilities and other long-term liabilities in the accompanying condensed consolidated balance sheets, respectively. Changes in the AAMG contingent consideration are presented in general and administrative expenses in the accompanying condensed consolidated statements of income.

As of September 30, 2024, the AAMG stock contingent consideration for 2023 metric was met, and

78,524

shares were issued to the sellers. The AAMG stock contingent consideration for 2023 and 2024 metric was valued at \$

5.6

million, in aggregate, as of September 30, 2024 and December 31, 2023, and is included in additional paid-in capital in the accompanying condensed consolidated balance sheets.

ADSC

Upon acquiring

95

% of the equity interest of Advanced Diagnostic and Surgical Center in 2024, the total consideration of the acquisition included contingent consideration. The contingent consideration will be settled in cash contingent on ADSC achieving revenue and EBITDA metrics for fiscal years 2023 ("ADSC 2023 Metric") and 2024 ("ADSC 2024 Metric") (collectively, "ADSC contingent considerations"). The Company determined the fair value of the contingent consideration using a probability-weighted model that includes significant unobservable inputs (Level 3). Specifically, the Company considered various scenarios of revenue and assigned probabilities to each such scenario in determining fair value. As of September 30, 2024, the ADSC 2023 Metric and the 2024 Metric were valued at \$

2.1

million and \$

2.1

million, respectively, and were included in other liabilities in the accompanying condensed consolidated balance sheets. Changes in the ADSC contingent considerations are presented in general and administrative expenses in the accompanying condensed consolidated statements of income.

CFC

Upon acquiring certain assets of CFC in 2024, the total consideration of the acquisition included contingent consideration. The contingent consideration will be settled in cash contingent upon CFC maintaining or exceeding the target member month amount for the first, second, and third measurement period ("CFC contingent considerations"). The first measurement period means the period commencing on the first day of the month immediately following the close of AHMS and ending on the one-year anniversary thereof. The second measurement period is for one year after the first measurement period, and the third measurement period is for one year after the second measurement period. The contingent liability will be paid after achieving the metric in each measurement period. The Company will pay \$

5.0

million for each metric achieved for each measurement period, or a total of \$

15.0

million. In the event that the CFC first and/or second contingent consideration metrics are not achieved during the first and/or the second measurement period, if the metric is met within the second and/or third measurement period, there is a catch-up payment that shall be paid concurrently with the payments of the CFC second contingent consideration and/or CFC third contingent consideration. The Company determined the fair value of the contingent consideration using a probability-weighted model that includes significant unobservable inputs (Level 3). Specifically, the Company considered various scenarios of revenue and assigned probabilities to each such scenario in determining fair value. As of September 30, 2024, the first metric was valued at \$

3.7

million and was included in other liabilities in the accompanying condensed consolidated balance sheets. As of September 30, 2024, the second and third metrics were valued at \$

5.4

million in aggregate, and were included in other long-term liabilities in the accompanying condensed consolidated balance sheets. Changes in the CFC contingent considerations are presented in general and administrative expenses in the accompanying condensed consolidated statements of income.

PCCCV

Upon acquiring certain assets of PCCCV in 2024, the total consideration of the acquisition included contingent consideration. The contingent consideration will be settled in cash, contingent upon PCCCV meeting certain metrics related to financial ratios and member months for the first and second measurement periods ("PCCCV contingent consideration"). The first measurement period is the first day of the month immediately following the close and ending on June 30, 2024. The second measurement period is for one year after the first measurement period. The Company determined the fair value of the contingent consideration using a probability-weighted model that includes significant unobservable inputs (Level 3). Specifically, the Company considered various scenarios of revenue and assigned probabilities to each such scenario in determining fair value. As of September 30, 2024, the value of the contingent consideration was valued at \$

2.6

million. Changes in the PCCCV contingent considerations are presented in general and administrative expenses in the accompanying condensed consolidated statements of income.

20. Subsequent Events

Closing of Collaborative Health Systems, LLC Securities Purchase

On July 24, 2024, the Company and its affiliated professional entity entered into a definitive agreement to acquire all of the outstanding membership interest relating to Collaborative Health Systems, LLC ("CHS"), Golden Triangle Physician Alliance, and Heritage Physician Networks, for an aggregate purchase price of \$

37.5
million, subject to customary adjustments, plus earnout payments in an aggregate amount of up to \$

21.5
million. On October 4, 2024, the Company closed the acquisition of all of the outstanding membership interest in Collaborative Health Systems, LLC and all of the outstanding equity interests in Golden Triangle Physician Alliance and Heritage Physician Networks. The transaction was funded with cash. CHS partners with independent providers in caring for over

129,000
Medicare members across

17
states. CHS provides comprehensive support for its physician partners by providing management services, risk contracting, and population health capabilities, including actionable data and other tools, to deliver care coordination and closure of gaps in care. CHS provides additional services to secure and deliver favorable value-based contracts with commercial and other health plans. The Company is in the process of finalizing its purchase price allocation.

Agreement to Acquire Certain Assets and Businesses of Prospect

On November 8, 2024, the Company and certain direct and indirect subsidiaries party thereto entered into an Asset and Equity Purchase Agreement (the "Purchase Agreement") with PHP Holdings, LLC ("PHPH"), PHS Holdings, LLC ("PHS"), Prospect Intermediate Holdings, LLC ("PIH" and, together with PHPH and PHS, the "Prospect Equity Sellers"), certain other related entities party thereto (such entities, the "Prospect Asset Sellers" and, together with the Prospect Equity Sellers, the "Sellers") and Prospect Medical Holdings, Inc. ("Prospect"), as Seller Representative. Under the terms of the Purchase Agreement, subject to satisfaction of customary conditions, the Company will purchase all of the outstanding equity interests of Prospect Health Services RI, Inc. (d/b/a Prospect ACO Rhode Island), Alta Newport Hospital, LLC (d/b/a Foothill Regional Medical Center) (the "Hospital") and Prospect Health Plan, Inc., and substantially all the assets of certain direct and indirect subsidiaries of PHPH, for an aggregate purchase price of \$

745.0
million, including \$

55.0
million that will be held in escrow for purchase price adjustment and indemnity purposes, subject to customary adjustments, plus the assumption of certain identified liabilities of the Sellers (the "Transaction").

The Sellers provide a range of services through owned and managed medical groups, IPAs, and a Managed Services Organization, which provides administrative support to Sellers' affiliated medical groups and IPAs. The Sellers also support health plan delegated functions for Medicare Advantage, Medicaid/Medi-Cal, and commercial insurance products, while participating in risk models such as Accountable Care Organizations and Direct Contracting Entities. The Hospital, as a direct subsidiary of PIH, is a fully accredited acute care hospital based in Tustin, California, that offers a variety of services and programs, including general and specialized surgery, orthopedics and spine surgery, rehabilitation, imaging and radiology, intensive care and skilled nursing.

The Purchase Agreement includes customary representations, warranties, indemnification provisions, covenants, conditions and other agreements, including that each party is bound by a non-solicitation covenant and Sellers will abide by certain exclusivity and non-competition covenants. The Purchase Agreement also contains certain customary termination rights, including termination by either party if the conditions to closing the Purchase Agreement have not been met or waived by August 8, 2025, provided, that if certain required regulatory approvals have not been met by such date, then the Sellers may extend such date for up to an additional three months. The obligations of the parties to complete the Transaction are subject to the satisfaction, or waiver, of customary closing conditions, including receipt of applicable regulatory and governmental approvals. It is currently anticipated that the Transaction will close in the middle of 2025. The Company cannot provide any assurance that the Transaction will close in a timely manner, or at all.

To provide additional financial flexibility for the Company, in connection with the execution of the Purchase Agreement, the Company entered into a commitment letter (the "Commitment Letter"), dated as of November 8, 2024, with Truist Bank and JPMorgan Chase Bank, N.A. (together, the "Banks") and the other affiliates of the Banks party thereto, pursuant to which the Banks committed to provide (i) a 364-day senior secured bridge term loan in an aggregate principal amount of up to \$

1,095.0

million (the "Bridge Facility") and (ii) a five-year senior secured revolving credit facility in an aggregate principal amount of up to \$

100.0

million. The Company intends to use the proceeds of the Bridge Facility, together with cash on hand, to fund the Transaction, to refinance the Company's existing credit facilities and to pay for fees, costs and expenses incurred in connection with the foregoing. The funding of the Bridge Facility provided for in the Commitment Letter is contingent on the satisfaction of customary conditions, including but not limited to (i) the execution and delivery of definitive documentation with respect to the Bridge Facility in accordance with the terms set forth in the Commitment Letter, and (ii) the consummation of the Transaction in accordance with the Purchase Agreement. Amounts funded under the Bridge Facility, if any, will be reduced by the aggregate amount of gross proceeds that the Company elects to raise in a long-term debt and/or equity financing transaction on or prior to the closing of the Transaction as further set forth in the Commitment Letter.

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 condensed consolidated financial statements and the notes thereto included in Part I, Item 1, "Condensed Consolidated Financial Statements" of this Quarterly Report on Form 10-Q. In addition, reference is made to our audited consolidated financial statements and notes thereto and related Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on February 29, 2024.

Overview

Astrana Health, Inc. ("Astrana") is a leading physician-centric, technology-powered, risk-bearing healthcare management company. Leveraging its proprietary population health management and healthcare delivery platform, Astrana operates an integrated, value-based healthcare model, which aims to empower the providers in its network to deliver the highest quality of care to its patients in a cost-effective manner. Together with our affiliated physician groups and consolidated entities, we provide coordinated outcomes-based medical care in a cost-effective manner.

Through our risk-bearing organizations with more than 10,000 contracted physicians, we are responsible for coordinating care in value-based care arrangements for approximately 1.0 million patients primarily in California as of September 30, 2024. These covered patients are comprised of managed care members whose health coverage is provided either through their employers, acquired directly from a health plan, or as a result of their eligibility for Medicaid or Medicare benefits. Our managed patients benefit from an integrated approach that places physicians at the center of patient care and utilizes sophisticated risk management techniques and clinical protocols to provide high-quality, cost-effective care.

Recent Developments

Closing of Collaborative Health Systems, LLC Securities Purchase

On July 24, 2024, the Company and its affiliated professional entity entered into a definitive agreement to acquire all of the outstanding membership interest relating to Collaborative Health Systems, LLC ("CHS"), Golden Triangle Physician Alliance, and Heritage Physician Networks, for an aggregate purchase price of \$37.5 million, subject to customary adjustments, plus earnout payments in an aggregate amount of up to \$21.5 million. On October 4, 2024, the Company closed the acquisition of all of the outstanding membership interest in Collaborative Health Systems, LLC and all of the outstanding equity interests in Golden Triangle Physician Alliance and Heritage Physician Networks. CHS partners with independent providers in caring for over 129,000 Medicare members across 17 states. CHS provides comprehensive support for its physician partners by providing management services, risk contracting, and population health capabilities, including actionable data and other tools, to deliver care coordination and closure of gaps in care. CHS provides additional services to secure and deliver favorable value-based contracts with commercial and other health plans.

Agreement to Acquire Certain Assets and Businesses of Prospect

On November 8, 2024, the Company and certain direct and indirect subsidiaries party thereto entered into an Asset and Equity Purchase Agreement (the "Purchase Agreement") with PHP Holdings, LLC ("PHPH"), PHS Holdings, LLC ("PHS"), Prospect Intermediate Holdings, LLC ("PIH" and, together with PHPH and PHS, the "Prospect Equity Sellers"), certain other related entities party thereto (such entities, the "Prospect Asset Sellers" and, together with the Prospect Equity Sellers, the "Sellers") and Prospect Medical Holdings, Inc. ("Prospect"), as Seller Representative. Under the terms of the Purchase Agreement, subject to satisfaction of customary conditions, the Company will purchase all of the outstanding equity interests of Prospect Health Services RI, Inc. (d/b/a Prospect ACO Rhode Island), Alta Newport Hospital, LLC (d/b/a Foothill Regional Medical Center) (the "Hospital") and Prospect Health Plan, Inc., and substantially all the assets of certain direct and indirect subsidiaries of PHPH, for an aggregate purchase price of \$745.0 million, including \$55.0 million that will be held in escrow for purchase price adjustment and indemnity purposes, subject to customary adjustments, plus the assumption of certain identified liabilities of the Sellers (the "Transaction").

The Sellers provide a range of services through owned and managed medical groups, IPAs, and a Managed Services Organization, which provides administrative support to Sellers' affiliated medical groups and IPAs. The Sellers also support health plan delegated functions for Medicare Advantage, Medicaid/Medi-Cal, and commercial insurance products, while participating in risk models such as Accountable Care Organizations and Direct Contracting Entities. The Hospital, as a direct subsidiary of PIH, is a fully accredited acute care hospital based in Tustin, California, that offers a variety of services and programs, including general and specialized surgery, orthopedics and spine surgery, rehabilitation, imaging and radiology, intensive care and skilled nursing.

The Purchase Agreement includes customary representations, warranties, indemnification provisions, covenants, conditions and other agreements, including that each party is bound by a non-solicitation covenant and Sellers will abide by certain exclusivity and non-competition covenants. The Purchase Agreement also contains certain customary termination rights, including termination by either party if the conditions to closing the Purchase Agreement have not been met or waived by August 8, 2025, provided, that if certain required regulatory approvals have not been met by such date, then the Sellers may extend such date for up to an additional three months. The obligations of the parties to complete the Transaction are subject to the satisfaction, or waiver, of customary closing conditions, including receipt of applicable regulatory and governmental approvals. It is currently anticipated that the Transaction will close in the middle of 2025. The Company cannot provide any assurance that the Transaction will close in a timely manner, or at all.

To provide additional financial flexibility for the Company, in connection with the execution of the Purchase Agreement, the Company entered into a commitment letter (the "Commitment Letter"), dated as of November 8, 2024, with Truist Bank and JPMorgan Chase Bank, N.A. (together, the "Banks") and the other affiliates of the Banks party thereto, pursuant to which the Banks committed to provide (i) a 364-day senior secured bridge term loan in an aggregate principal amount of up to \$1,095.0 million (the "Bridge Facility") and (ii) a five-year senior secured revolving credit facility in an aggregate principal amount of up to \$100.0 million. The Company intends to use the proceeds of the Bridge Facility, together with cash on hand, to fund the Transaction, to refinance the Company's existing credit facilities and to pay for fees, costs and expenses incurred in connection with the foregoing. The funding of the Bridge Facility provided for in the Commitment Letter is contingent on the satisfaction of customary conditions, including but not limited to (i) the execution and delivery of definitive documentation with respect to the Bridge Facility in accordance with the terms set forth in the Commitment Letter, and (ii) the consummation of the Transaction in accordance with the Purchase Agreement. Amounts funded under the Bridge Facility, if any, will be reduced by the aggregate amount of gross proceeds that the Company elects to raise in a long-term debt and/or equity financing transaction on or prior to the closing of the Transaction as further set forth in the Commitment Letter.

Key Financial Measures and Indicators

Operating Revenues

Our revenue, which is recorded in the period in which services are rendered and earned, primarily consists of capitation revenue, risk pool settlements and incentives, management fee income, and fee-for-service (“FFS”) revenue. The form of billing and related risk of collection for such services may vary by type of revenue and the customer.

Operating Expenses

Our largest expenses consist of the cost of (i) patient care paid to contracted providers; (ii) information technology equipment and software; and (iii) hiring staff to provide management and administrative support services to our affiliated physician groups, as further described in the following sections. These services include claims processing, utilization management, contracting, accounting, credentialing, and administrative oversight.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA and Adjusted EBITDA margin are supplemental performance measures of our operations for financial and operational decision-making, and are used as a supplemental means of evaluating period-to-period comparisons on a consistent basis. Adjusted EBITDA is calculated as earnings before interest, taxes, depreciation, and amortization, excluding income or loss from equity method investments, non-recurring and non-cash transactions, stock-based compensation, and APC excluded assets costs. The Company defines Adjusted EBITDA margin as Adjusted EBITDA over total revenue.

Results of Operations

Astrana Health, Inc.
Condensed Consolidated Statements of Income
(In thousands)
(Unaudited)

	Three Months Ended September 30,			
	2024	2023	\$ Change	% Change
Revenue				
Capitation, net	\$ 431,401	\$ 305,678	\$ 125,723	41%
Risk pool settlements and incentives	21,779	15,022	6,757	45%
Management fee income	2,747	9,898	(7,151)	(72)%
Fee-for-services, net	18,692	15,892	2,800	18%
Other revenue	4,091	1,683	2,408	143%
Total revenue	478,710	348,173	130,537	37%
Operating expenses				
Cost of services, excluding depreciation and amortization	405,218	275,375	129,843	47%
General and administrative expenses	37,803	29,410	8,393	29%
Depreciation and amortization	7,264	4,305	2,959	69%
Total expenses	450,285	309,090	141,195	46%
Income from operations	28,425	39,083	(10,658)	(27)%
Other income				
Income (loss) from equity method investments	1,353	(2,104)	3,457	(164)%
Interest expense	(8,856)	(3,779)	(5,077)	134%
Interest income	3,778	3,281	497	15%
Unrealized loss on investments	(561)	(342)	(219)	64%
Other income	2,673	1,876	797	42%
Total other expense, net	(1,613)	(1,068)	(545)	51%
Income before provision for income taxes	26,812	38,015	(11,203)	(29)%
Provision for income taxes	7,831	10,042	(2,211)	(22)%
Net income	18,981	27,973	(8,992)	(32)%
Net income attributable to non-controlling interest	2,887	5,914	(3,027)	(51)%
Net income attributable to Astrana Health, Inc.	\$ 16,094	\$ 22,059	\$ (5,965)	(27)%

**Nine Months Ended September
30,**

	2024	2023	\$ Change	% Change
Revenue				
Capitation, net	\$ 1,239,885	\$ 906,430	\$ 333,455	37%
Risk pool settlements and incentives	57,564	48,605	8,959	18%
Management fee income	8,429	32,287	(23,858)	(74)%
Fee-for-services, net	54,588	41,216	13,372	32%
Other revenue	8,865	5,087	3,778	74%
Total revenue	1,369,331	1,033,625	335,706	32%
Operating expenses				
Cost of services, excluding depreciation and amortization	1,148,422	857,648	290,774	34%
General and administrative expenses	112,478	74,648	37,830	51%
Depreciation and amortization	19,801	12,846	6,955	54%
Total expenses	1,280,701	945,142	335,559	36%
Income from operations	88,630	88,483	147	0%
Other (expense) income				
Income from equity method investments	2,887	3,104	(217)	(7)%
Interest expense	(25,028)	(10,680)	(14,348)	134%
Interest income	11,287	9,617	1,670	17%
Unrealized gain (loss) on investments	415	(5,875)	6,290	(107)%
Other income	4,522	4,265	257	6%
Total other (expense) income, net	(5,917)	431	(6,348)	(1,473)%
Income before provision for income taxes	82,713	88,914	(6,201)	(7)%
Provision for income taxes	25,004	30,971	(5,967)	(19)%
Net income	57,709	57,943	(234)	(0)%
Net income attributable to non-controlling interest	7,609	9,582	(1,973)	(21)%
Net income attributable to Astrana Health, Inc.	\$ 50,100	\$ 48,361	\$ 1,739	4%

Risk-Bearing Organizations and Patients

As of September 30, 2024 and 2023, we managed a total of 18 and 15 independent risk-bearing organizations including both affiliated and non-affiliated, respectively. The total number of patients for whom we managed the delivery of healthcare services was approximately 1.0 million and 0.9 million as of September 30, 2024 and 2023, respectively.

Revenue

Our total revenue for the three months ended September 30, 2024, was \$478.7 million, as compared to \$348.2 million for the three months ended September 30, 2023, an increase of \$130.5 million, or 37%. The increase in revenue was primarily attributable to capitation revenue. Capitation revenue increased by \$125.7 million primarily as a result of our recent acquisitions within our Care Partners segment, including the acquisition of CFC IPA assets that closed on January 31, 2024, and Restricted Knox-Keene licensed health plans acquired on March 31, 2024 and May 1, 2023, along with enrollees transitioning to full risk through the Company's Restricted Knox-Keene plans.

Our total revenue for the nine months ended September 30, 2024, was \$1,369.3 million, as compared to \$1,033.6 million for the nine months ended September 30, 2023, an increase of \$335.7 million, or 32%. The increase in revenue was primarily attributable to capitation revenue. Capitation revenue increased by \$333.5 million primarily as a result of our recent acquisitions within our Care Partners segment, including the acquisition of CFC IPA assets that closed on January 31, 2024, and Restricted Knox-Keene licensed health plans acquired on March 31, 2024, along with enrollees transitioning to full risk through the Company's Restricted Knox-Keene plans.

Cost of Services, Excluding Depreciation and Amortization

Expenses related to cost of services for the three months ended September 30, 2024 were \$405.2 million, as compared to \$275.4 million for the same period in 2023, an increase of \$129.8 million. The increase in cost of service was primarily attributable to our recent acquisitions within our Care Partners segment along with enrollees transitioning to full risk through the Company's Restricted Knox-Keene plans.

Expenses related to cost of services for the nine months ended September 30, 2024 were \$1,148.4 million, as compared to \$857.6 million for the same period in 2023, an increase of \$290.8 million. The increase in cost of service was primarily attributable to our recent acquisitions within our Care Partners segment, along with enrollees transitioning to full risk through the Company's Restricted Knox-Keene plans.

General and Administrative Expenses

General and administrative expenses for the three months ended September 30, 2024 were \$37.8 million, as compared to \$29.4 million for the same period in 2023, an increase of \$8.4 million. The increase was primarily due to increased general and administrative expenses to support operational growth.

General and administrative expenses for the nine months ended September 30, 2024 were \$112.5 million, as compared to \$74.6 million for the same period in 2023, an increase of \$37.8 million. The increase was primarily due to increased general and administrative expenses to support operational growth.

Depreciation and Amortization

Depreciation and amortization expenses for the three months ended September 30, 2024 were \$7.3 million, as compared to \$4.3 million for the same period in 2023, an increase of \$3.0 million. This amount includes depreciation of property and equipment and the amortization of intangible assets. The increase in depreciation and amortization was primarily related to the amortization of our acquired intangibles as a result of our recent business combinations.

Depreciation and amortization expenses for the nine months ended September 30, 2024 were \$19.8 million, as compared to \$12.8 million for the same period in 2023, an increase of \$7.0 million. This amount includes depreciation of property and equipment and the amortization of intangible assets. The increase in depreciation and amortization was primarily related to the amortization of our acquired intangibles as a result of our recent business combinations.

Income (Loss) From Equity Method Investments

Income from equity method investments for the three months ended September 30, 2024 was \$1.4 million, as compared to loss from equity method investments of \$2.1 million for the same period in 2023, an increase of \$3.5 million. The increase was primarily due to APC's equity method investment in LMA. For the three months ended September 30, 2024 and 2023, APC recognized income of \$1.1 million and a loss of \$2.2 million, respectively, from this investment.

Income from equity method investments for the nine months ended September 30, 2024 was \$2.9 million, as compared to \$3.1 million for the same period in 2023, a decrease of \$0.2 million. The decrease was primarily due to APC's equity method investment in LMA. For the nine months ended September 30, 2024 and 2023, APC recognized income from LMA of \$2.2 million and \$2.6 million, respectively.

Interest Expense

Interest expense for the three months ended September 30, 2024 was \$8.9 million, as compared to \$3.8 million for the same period in 2023, an increase of \$5.1 million. The increase in interest expense was primarily due to greater amounts borrowed on the Amended Credit Facility. As of September 30, 2024, the Company borrowed \$432.0 million on the Amended Credit Facility compared to \$180.0 million as of September 30, 2023.

Interest expense for the nine months ended September 30, 2024 was \$25.0 million, as compared to \$10.7 million for the same period in 2023, an increase of \$14.3 million. The increase in interest expense was primarily due to greater amounts borrowed on the Amended Credit Facility. As of September 30, 2024, the Company borrowed \$432.0 million on the Amended Credit Facility compared to \$180.0 million as of September 30, 2023.

Interest Income

Interest income for the three months ended September 30, 2024 was \$3.8 million, as compared to \$3.3 million for the three months ended September 30, 2023, an increase of \$0.5 million. Interest income reflects interest earned on cash held in bank accounts, money market and certificate of deposit accounts, and the interest from our loan receivables.

Interest income for the nine months ended September 30, 2024 was \$11.3 million, as compared to \$9.6 million for the nine months ended September 30, 2023, an increase of \$1.7 million. Interest income reflects interest earned on cash held in bank accounts, money market and certificate of deposit accounts, and the interest from our loan receivables.

Unrealized (Loss) Gain on Investments

Unrealized loss for the three months ended September 30, 2024 was \$0.6 million, as compared to unrealized loss of \$0.3 million for the same period in 2023, a decrease in unrealized gain of \$0.2 million. The decrease in unrealized gain on investments was primarily driven by changes in the fair value of equity securities and interest rate collar.

Unrealized gain for the nine months ended September 30, 2024 was \$0.4 million, as compared to unrealized loss of \$5.9 million for the same period in 2023, an increase in unrealized gain of \$6.3 million. The increase in unrealized gain on investments was primarily driven by changes in the fair value of equity securities that were sold in December 2023.

Other Income

Other income for the three months ended September 30, 2024 was \$2.7 million, as compared to other income of \$1.9 million for the same period in 2023, an increase of \$0.8 million.

Other income for the nine months ended September 30, 2024 was \$4.5 million, as compared to other income of \$4.3 million for the same period in 2023, an increase of \$0.3 million.

Provision for Income Taxes

Provision for income taxes was \$7.8 million for the three months ended September 30, 2024, as compared to a provision for income taxes of \$10.0 million for the same period in 2023, a decrease of \$2.2 million. The decrease in provision for income taxes was due to tax restructuring that resulted in a lower tax rate.

Provision for income taxes was \$25.0 million for the nine months ended September 30, 2024, as compared to a provision for income taxes of \$31.0 million for the same period in 2023, a decrease of \$6.0 million. The decrease in provision for income taxes was due to tax restructuring that resulted in a lower tax rate.

Net Income Attributable to Non-controlling Interests

Net income attributable to non-controlling interests for the three months ended September 30, 2024 was \$2.9 million, as compared to net income attributable to non-controlling interests for the three months ended September 30, 2023 of \$5.9 million, a decrease in net income attributable to non-controlling interest of \$3.0 million. The decrease was primarily driven by a decrease in rental income for the APC Excluded Assets ("Excluded Assets") as a result of the spin-off.

Net income attributable to non-controlling interests for the nine months ended September 30, 2024 was \$7.6 million, as compared to net income attributable to non-controlling interests for the nine months ended September 30, 2023 of \$9.6 million, a decrease in net income attributable to non-controlling interest of \$2.0 million. The decrease was primarily driven by a decrease in unrealized loss resulting from the change in the fair value of equity securities held by Excluded Assets and subsequently sold in December 2023, and a decrease in rental income for the Excluded Assets as a result of the spin-off.

Net Income Attributable to Astrana Health, Inc.

Our net income attributable to Astrana Health, Inc., for the three months ended September 30, 2024 was \$16.1 million, as compared to \$22.1 million for the same period in 2023, a decrease of \$6.0 million.

Our net income attributable to Astrana Health, Inc., for the nine months ended September 30, 2024 was \$50.1 million, as compared to \$48.4 million for the same period in 2023, an increase of \$1.7 million.

Segment Financial Performance

The Company currently has three reportable segments consisting of Care Partners, Care Delivery, and Care Enablement. The Company evaluates the performance of its operating segments based on segment revenue growth as well as operating income. Management uses revenue growth and total segment operating income as a measure of the performance of operating businesses separate from non-operating factors. For more information about our segments, see Note 18 — "Segments" to our condensed consolidated financial statements under Item 1 in this Quarterly Report on Form 10-Q for additional information.

The following table sets forth our revenue and operating income by segment for the three and nine months ended September 30, 2024 and 2023 (in thousands):

Segment Revenue	Three Months Ended September 30,		\$ Change	% Change
	2024	2023		
Care Partners	\$ 455,760	\$ 320,885	\$ 134,875	42%
Care Delivery	\$ 34,728	\$ 28,971	\$ 5,757	20%
Care Enablement	\$ 40,930	\$ 36,910	\$ 4,020	11%

Segment Operating Income (Loss)	Three Months Ended September 30,		\$ Change	% Change
	2024	2023		
Care Partners	\$ 38,786	\$ 40,340	\$ (1,554)	(4)%
Care Delivery	\$ (1,357)	\$ (1,035)	\$ (322)	31%
Care Enablement	\$ 6,314	\$ 6,448	\$ (134)	(2)%

Segment Revenue	Nine Months Ended September 30,		\$ Change	% Change
	2024	2023		
Care Partners	\$ 1,301,355	\$ 957,297	\$ 344,058	36%
Care Delivery	\$ 100,304	\$ 79,831	\$ 20,473	26%
Care Enablement	\$ 110,376	\$ 102,451	\$ 7,925	8%

Segment Operating Income (Loss)	Nine Months Ended September 30,			
	2024	2023	\$ Change	% Change
Care Partners	\$ 122,305	\$ 90,489	\$ 31,816	35%
Care Delivery	\$ 230	\$ (1,432)	\$ 1,662	(116)%
Care Enablement	\$ 16,736	\$ 19,829	\$ (3,093)	(16)%

Care Partners Segment

Revenue for the three months ended September 30, 2024 was \$455.8 million, as compared to \$320.9 million for the three months ended September 30, 2023, an increase of \$134.9 million, or 42%. Operating income for the three months ended September 30, 2024 was \$38.8 million, as compared to \$40.3 million for the three months ended September 30, 2023, a decrease in operating income of \$1.6 million, or 4%. The increase in revenue was primarily a result of our recent acquisitions within our Care Partners segment, including the acquisition of CFC IPA assets that closed on January 31, 2024, and Restricted Knox-Keene licensed health plans acquired on March 31, 2024 and May 1, 2023, along with enrollees transitioning to full risk through the Company's Restricted Knox-Keene plans. The decrease in operating income was primarily due to a timing difference in when certain incentive dollars were recognized.

Revenue for the nine months ended September 30, 2024 was \$1,301.4 million, as compared to \$957.3 million for the nine months ended September 30, 2023, an increase of \$344.1 million, or 36%. Operating income for the nine months ended September 30, 2024 was \$122.3 million, as compared to \$90.5 million for the nine months ended September 30, 2023, an increase in operating income of \$31.8 million, or 35%. The increase in revenue and operating income was primarily a result of our recent acquisitions within our Care Partners segment, including the acquisition of CFC IPA assets that closed on January 31, 2024, and Restricted Knox-Keene licensed health plans acquired on March 31, 2024 and May 1, 2023, along with enrollees transitioning to full risk through the Company's Restricted Knox-Keene plans.

Care Delivery Segment

Revenue for the three months ended September 30, 2024 was \$34.8 million, as compared to \$29.0 million for the three months ended September 30, 2023, an increase of \$5.8 million. Operating loss for the three months ended September 30, 2024 was \$1.4 million, as compared to a loss of \$1.0 million for the three months ended September 30, 2023, an increase in operating loss of \$0.3 million. The increase in revenue was primarily driven by increased volume in patient visits at our primary, multi-specialty, and ancillary care delivery entities. The increase in operating loss was due to increase in medical costs incurred as a result of the increase in patient visits.

Revenue for the nine months ended September 30, 2024 was \$100.3 million, as compared to \$79.8 million for the nine months ended September 30, 2023, an increase of \$20.5 million. Operating income for the nine months ended September 30, 2024 was \$0.2 million, as compared to a loss of \$1.4 million for the nine months ended September 30, 2023, an increase in operating income of \$1.7 million. The increase in revenue and operating income was primarily driven by increased volume in patient visits at our primary, multi-specialty, and ancillary care delivery entities.

Care Enablement Segment

Revenue for the three months ended September 30, 2024 was \$40.9 million, as compared to \$36.9 million for three months ended September 30, 2023, an increase of \$4.0 million. Operating income for the three months ended September 30, 2024 was \$6.3 million, as compared to operating income of \$6.4 million for the three months ended September 30, 2023, a decrease in operating income of \$0.1 million. The increase in revenue was primarily due to managing more IPAs and the decrease in operating income was due to more expenses incurred to support the growth in Care Enablement operations.

Revenue for the nine months ended September 30, 2024 was \$110.4 million, as compared to \$102.5 million for the nine months ended September 30, 2023, an increase of \$7.9 million. Operating income for the nine months ended September 30, 2024 was \$16.7 million, as compared to operating income of \$19.8 million for the nine months ended September 30, 2023, a decrease in operating income of \$3.1 million. The increase in revenue was primarily due to managing more IPAs and the decrease in operating income was due to more expenses incurred to support the growth in Care Enablement operations.

2024 Guidance

As we adjust our full-year outlook to incorporate CHS's financial contribution, we are raising our revenue guidance and narrowing our net income attributable to Astrana, Adjusted EBITDA, and EPS guidance for the year ending December 31, 2024.

(\$ in millions, except per share amounts)

	2024 Guidance Range	
	Low	High
Total revenue	\$ 1,950	\$ 2,030
Net income attributable to Astrana Health, Inc.	\$ 52	\$ 58
Adjusted EBITDA	\$ 165	\$ 175
EPS – diluted	\$ 1.06	\$ 1.19

See “Guidance Reconciliation of Net Income to EBITDA and Adjusted EBITDA” and “Use of Non-GAAP Financial Measures” below for additional information. There can be no assurance that actual amounts will not be materially higher or lower than these expectations. See “Note about Forward-Looking Statements” for additional information.

Guidance Reconciliation of Net Income to EBITDA and Adjusted EBITDA

<i>(in thousands)</i>	2024 Guidance Range	
	Low	High
Net income	\$ 59,340	\$ 66,240
Interest expense	18,750	18,750
Provision for income taxes	26,660	29,760
Depreciation and amortization	27,500	27,500
EBITDA	132,250	142,250
Income from equity method investments	(4,250)	(4,250)
Other, net	5,000	5,000
Stock-based compensation	32,000	32,000
Adjusted EBITDA	\$ 165,000	\$ 175,000

EBITDA

Set forth below are reconciliations of Net Income to EBITDA and Adjusted EBITDA, as well as the reconciliation to Adjusted EBITDA margin for the three and nine months ended September 30, 2024 and 2023. The Company defines Adjusted EBITDA margin as Adjusted EBITDA over total revenue.

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	\$ 18,981	\$ 27,973	\$ 57,709	\$ 57,943
Interest expense	8,856	3,779	25,028	10,680
Interest income	(3,778)	(3,281)	(11,287)	(9,617)
Provision for income taxes	7,831	10,042	25,004	30,971
Depreciation and amortization	7,264	4,305	19,801	12,846
EBITDA	39,154	42,818	116,255	102,823
(Income) loss from equity method investments	(1,353)	2,016	(2,887)	(3,160)
Other, net	1,206 ⁽¹⁾	1,723 ⁽²⁾	2,663 ⁽³⁾	1,507 ⁽²⁾
Stock-based compensation	6,163	5,706	19,301	13,364
APC excluded asset costs	—	(289)	—	3,039
Adjusted EBITDA	\$ 45,170	\$ 51,974	\$ 135,332	\$ 117,573
Total revenue	\$ 478,710	\$ 348,173	\$ 1,369,331	\$ 1,033,625
Adjusted EBITDA margin	9%	15%	10%	11%

(1) Other, net for the three months ended September 30, 2024 relates to non-cash changes related to change in the fair value of our financing obligation to purchase the remaining equity interests in one of our investments, non-cash changes related to change in the fair value of the Company's Collar Agreement, non-cash gain on debt extinguishment related to one of our promissory note payables, and transaction costs incurred for our investments and tax restructuring fees.

(2) Other, net for the three and nine months ended September 30, 2023 relates to transaction costs incurred for our investments and tax restructuring fees and non-cash changes related to change in the fair value of our financing obligation to purchase the remaining equity interests in one of our investments, changes in the fair value of our contingent liabilities, and changes in the fair value of the Company's Collar Agreement.

(3) Other, net for the nine months ended September 30, 2024 relates to financial guarantee via a letter of credit that we provided almost three years ago in support of two local provider-led ACOs, non-cash changes related to change in the fair value of our financing obligation to purchase the remaining equity interests in one of our investments, non-cash changes related to change in the fair value of the Company's Collar Agreement, non-cash gain on debt extinguishment related to one of our promissory note payables, transaction costs incurred for our investments and tax restructuring fees, and reimbursement from a related party of the Company for taxes associated with the Excluded Assets spin-off.

Use of Non-GAAP Financial Measures

This Quarterly Report on Form 10-Q contains the non-GAAP financial measures EBITDA, Adjusted EBITDA, and Adjusted EBITDA margin, of which the most directly comparable financial measure presented in accordance with U.S. generally accepted accounting principles ("GAAP") is net income. These measures are not in accordance with, or alternatives to, GAAP, and may be calculated differently from similar non-GAAP financial measures used by other companies. The Company uses Adjusted EBITDA as a supplemental performance measure of our operations, for financial and operational decision-making and as a supplemental means of evaluating period-to-period comparisons on a consistent basis. Adjusted EBITDA is calculated as earnings before interest, taxes, depreciation, and amortization, excluding income or loss from equity method investments, non-recurring and non-cash transactions, stock-based compensation, and APC excluded assets costs. The Company defines Adjusted EBITDA margin as Adjusted EBITDA over total revenue.

The Company believes the presentation of these non-GAAP financial measures provides investors with relevant and useful information, as it allows investors to evaluate the operating performance of the business activities without having to account for differences recognized because of non-core or non-recurring financial information. When GAAP financial measures are viewed in conjunction with non-GAAP financial measures, investors are provided with a more meaningful understanding of the Company's ongoing operating performance. In addition, these non-GAAP financial measures are among those indicators the Company uses as a basis for evaluating operational performance, allocating resources, and planning and forecasting future periods. Non-GAAP financial measures are not intended to be considered in isolation, or as a substitute for, GAAP financial measures. Other companies may calculate both EBITDA and Adjusted EBITDA differently, limiting the usefulness of these measures for comparative purposes. To the extent this Form 10-Q contains historical or future non-GAAP financial measures, the Company has provided corresponding GAAP financial measures for comparative purposes. The reconciliation between certain GAAP and non-GAAP measures is provided above.

Liquidity and Capital Resources

Cash, cash equivalents, and investment in marketable securities at September 30, 2024 totaled \$350.3 million as compared to \$296.3 million at December 31, 2023. Working capital totaled \$284.1 million at September 30, 2024, as compared to \$242.8 million at December 31, 2023, an increase of \$41.2 million.

We have historically financed our operations primarily through internally generated funds. We generate cash primarily from capitation contracts, risk pool settlements and incentives, fees for medical management services provided to our affiliated physician groups, and FFS reimbursements. We generally invest cash in money market accounts and certificates of deposit, which are classified as cash and cash equivalents. We also have the Amended Credit Agreement, which provides for a five-year revolving credit facility of \$400.0 million and a term loan of up to \$300.0 million and expires June 2026 and November 2028, respectively. In addition, we have a current shelf registration statement filed with the SEC under which we may issue common stock, preferred stock, debt securities, and other securities that may be offered in one or more offerings on terms to be determined at the time of the offering. We believe we have sufficient liquidity to fund our operations through at least the next 12 months and the foreseeable future.

Cash Flow Activities

Our cash flows are summarized as follows (in thousands):

	Nine Months Ended September 30,				
	2024	2023	\$ Change	% Change	
Net cash provided by operating activities	\$ 63,146	\$ 48,927	\$ 14,219	29%	
Net cash used in investing activities	(159,071)	(54,096)	(104,975)	194 %	
Net cash provided by (used in) financing activities	150,413	(8,572)	158,985	*	
Net increase (decrease) in cash and cash equivalents and restricted cash	\$ 54,488	\$ (13,741)	\$ 68,229	(497)%	

* Percentage change of over 500%

Operating Activities

Cash provided by operating activities for the nine months ended September 30, 2024 was \$63.1 million, as compared to cash provided by operating activities of \$48.9 million for the nine months ended September 30, 2023. The increase in cash provided by operating activities was primarily driven by adjusted net income and changes in working capital. For the nine months ended September 30, 2024, net income, exclusive of depreciation and amortization, amortization of debt issuance cost, share-based compensation, non-cash lease expense, gain on debt extinguishment, unrealized gains or losses, income from equity method investments, deferred tax and other was \$97.2 million compared to \$88.9 million for the nine months ended September 30, 2023. Working capital for the nine months ended September 30, 2024, decreased operating cash flow by \$34.1 million, compared to a \$40.0 million decrease in operating cash flow for the nine months ended September 30, 2023. The change in working capital for the nine months ended September 30, 2024 was mainly driven by an increase from receivables, net, including amounts with related parties, primarily due to timing of our receivables, including risk pool settlements that occur approximately 18 months after the risk pool performance year is completed, a decrease from prepaid expenses and other current assets, a decrease from income taxes payable as a result of timing of income tax payments, and increases from accounts payable and accrued expenses and medical liabilities due to timing of payments.

Investing Activities

Cash used in investing activities during the nine months ended September 30, 2024, was \$159.1 million, due to payments for business and asset acquisitions, net of cash acquired of \$115.5 million, issuances of loans of \$26.0 million, purchase of an equity method investment of \$6.0 million, purchases of property and equipment of \$5.5 million, purchase of a call option issued in conjunction with an equity method investment of \$3.9 million, purchase of a privately held investment of \$2.5 million, and purchases of marketable securities of \$0.1 million. The cash used in investing activities was partially offset by proceeds from repayment of loans of \$0.3 million and proceeds from sale of marketable securities of \$0.1 million. Cash used in investing activities during the nine months ended September 30, 2023, was \$54.1 million, primarily due to purchases of property and equipment of \$21.5 million, purchases of marketable securities of \$2.1 million, purchase of a privately held investment of \$2.0 million, purchase of an equity method investment of \$0.3 million, contribution to an equity method investment of \$0.7 million, issuance of a loan receivable of \$25.0 million, and payments for business and asset acquisitions, net of cash acquired of \$4.7 million. The cash used in investing activities was partially offset by proceeds from repayment of a loan receivable of \$2.2 million.

Financing Activities

Cash provided by financing activities during the nine months ended September 30, 2024, was \$150.4 million, primarily due to borrowings on long-term debt totaling \$171.9 million, proceeds from ESPP purchases of \$0.3 million, proceeds from the exercise of stock options of \$0.2 million, and proceeds from the sale of non-controlling interest of \$0.2 million. This was partially offset by repayments of debt of \$14.8 million, tax payments from net share settlement of restricted stock awards and units of \$4.0 million, dividend payments of \$2.1 million, repurchase of treasury shares of \$0.7 million, and repayment of finance lease obligations of \$0.5 million. Cash used in financing activities during the nine months ended September 30, 2023 was \$8.6 million, primarily due to the repurchase of treasury stock of \$9.7 million, dividend payments of \$2.3 million, repayment of debt of \$0.5 million, a repayment of finance lease obligations of \$0.5 million, and purchase of non-controlling interest of \$0.1 million. This was partially offset by borrowings from bank loans totaling \$3.1 million and proceeds from the exercise of options of \$1.3 million.

Credit Facilities

The Company's debt balance consisted of the following (in thousands):

	September 30, 2024
Term Loan	\$ 285,250
Revolver Loan	146,732
Promissory Note Payable	9,875
Total debt	441,857
Less: Current portion of debt	(15,000)
Less: Unamortized financing costs	(3,738)
Long-term debt	<u>\$ 423,119</u>

The following are the future commitments of the Company's debt for the years ending December 31 (in thousands) below:

	Amount
2024 (excluding the nine months ended September 30, 2024)	\$ 3,750
2025	16,875
2026	169,232
2027	34,250
2028	217,750
Total	<u>\$ 441,857</u>

Amended Credit Agreement

The Amended Credit Agreement provides for a five-year revolving credit facility to the Company of \$400.0 million, which includes a letter of credit sub-facility of up to \$50.0 million and a swingline loan sub-facility of \$25.0 million, which expires on June 16, 2026. On November 3, 2023, the Company entered into the third amendment to the Amended Credit Agreement, which provided a new term loan to the Company in an aggregate amount of up to \$300.0 million. This increased the Company's facility under the Amended Credit Agreement to \$700.0 million, including the existing \$400.0 million revolver. Refer to Note 9 — "Credit Facility, Promissory Notes Payable, Bank Loans, and Lines of Credit" to our condensed consolidated financial statements under Item 1 in this quarterly report on Form 10-Q for additional information.

Commitment Letter

To provide additional financial flexibility for the Company, in connection with the execution of the Purchase Agreement, the Company entered into a commitment letter (the "Commitment Letter"), dated as of November 8, 2024, with the Banks and the other affiliates of the Banks party thereto, pursuant to which the Banks committed to provide (i) the Bridge Facility, a 364-day senior secured bridge term loan in an aggregate principal amount of up to \$1,095.0 million, and (ii) a five-year senior secured revolving credit facility in an aggregate principal amount of up to \$100.0 million. The Company intends to use the proceeds of the Bridge Facility, together with cash on hand, to fund the Transaction, to refinance the Company's existing credit facilities and to pay for fees, costs and expenses incurred in connection with the foregoing. The funding of the Bridge Facility provided for in the Commitment Letter is contingent on the satisfaction of customary conditions, including but not limited to (i) the execution and delivery of definitive documentation with respect to the Bridge Facility in accordance with the terms set forth in the Commitment Letter, and (ii) the consummation of the Transaction in accordance with the Purchase Agreement. Amounts funded under the Bridge Facility, if any, will be reduced by the aggregate amount of gross proceeds that the Company elects to raise in a long-term debt and/or equity financing transaction on or prior to the closing of the Transaction as further set forth in the Commitment Letter.

Promissory Note Payable

On April 1, 2024, the Company received \$8.3 million as a promissory note with a maturity date of March 31, 2027. I Health may accelerate the maturity date if the Company does not exercise the I Health Call Options. On July 1, 2024, an amendment was made to the I Health Promissory Note that, among other things, increased the original principal amount by an additional \$1.6 million. As a result, the total amount payable under the I Health Promissory Note is \$9.9 million. Refer to Note 9 — “Credit Facility, Promissory Notes Payable, Bank Loans, and Lines of Credit” to our condensed consolidated financial statements under Item 1 in this quarterly report on Form 10-Q for additional information.

Critical Accounting Policies and Estimates

The preparation of financial statements and related disclosures in conformity with U.S. GAAP requires our management to make judgments, assumptions, and estimates that affect the amounts of revenue, expenses, income, assets and liabilities reported in our condensed consolidated financial statements and accompanying notes. Actual results and the timing of recognition of such amounts could differ from those judgments, assumptions, and estimates. In addition, judgments, assumptions, and estimates routinely require adjustment based on changing circumstances and the receipt of new or better information. Understanding our accounting policies and the extent to which our management uses judgment, assumptions, and estimates in applying these policies, therefore, is integral to understanding our financial statements. Critical accounting policies and estimates are defined as those that reflect significant judgments and uncertainties, potentially resulting in materially different results under different assumptions and conditions. We summarize our most significant accounting policies in relation to the accompanying condensed consolidated financial statements in Note 2 — “Basis of Presentation and Summary of Significant Accounting Policies” thereto. Please also refer to the Critical Accounting Policies section of Management’s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Off-Balance Sheet Arrangements

As of September 30, 2024, we had no off-balance sheet arrangements that are, or have been, reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that are material to investors.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Borrowings under the Term Loan provided for under our Amended Credit Agreement, as of September 30, 2024, were \$285.3 million. The Term Loan bears interest at an annual rate equal to either, at the Company's option, (a) the Term SOFR Reference Rate (as defined in the Amended Credit Agreement), adjusted for any Term SOFR Adjustment (as defined in the Amended Credit Agreement), plus a spread from 1.50% to 2.75%, as determined on a quarterly basis based on the Company's Consolidated Total Net Leverage Ratio (as defined in the Amended Credit Agreement), or (b) a base rate, plus a spread of 0.50% to 1.75%, as determined on a quarterly basis based on the Company's Consolidated Total Net Leverage Ratio. As of September 30, 2024, the Company had borrowed \$146.7 million under the Revolver Loan. The Revolver Loan bears interest at an annual rate equal to either, at the Company's option, (a) the Term SOFR Reference Rate (as defined in the Amended Credit Agreement), adjusted for any Term SOFR Adjustment (as defined in the Amended Credit Agreement) plus a spread ranging from 1.25% to 2.50%, as determined on a quarterly basis based on the Company's Consolidated Total Net Leverage Ratio (as defined in the Amended Credit Agreement), or (b) a base rate, plus a spread ranging from 0.25% to 1.50%, as determined on a quarterly basis based on the Company's Consolidated Total Net Leverage Ratio. Borrowings under the Promissory Note Payable with I Health, as of September 30, 2024, was \$9.9 million. The promissory note has an interest rate of 4.30% per annum on the principal amount. The Company has entered into a collar agreement for its Revolver Loan to effectively convert its floating-rate debt to a fixed-rate basis. The principal objective of the collar agreement is to eliminate or reduce the variability of the cash flows in interest payments associated with the Company's floating-rate debt, thus reducing the impact of interest rate changes on future interest payment cash flows. A hypothetical 1% change in our interest rates for our outstanding borrowings would have increased or decreased our interest expense for the three months ended September 30, 2024, by \$4.4 million.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company maintains "disclosure controls and procedures," as defined in Rule 13a-15(e) under the Exchange Act, designed to ensure that information required to be disclosed by a company in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives.

As of September 30, 2024, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial and Operating Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our management, including our Chief Executive Officer and Chief Financial and Operating Officer, concluded that our disclosure controls and procedures were effective as of September 30, 2024.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are, from time to time, party to lawsuits, threatened lawsuits, disputes, and other claims arising in the normal course of business. We assess our liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. Where it is probable that we will incur a loss and the amount of the loss can be reasonably estimated, we record a liability in our consolidated financial statements. These legal accruals may be increased or decreased to reflect any relevant developments on a quarterly basis. Where a loss is not probable, or the amount of the loss is not estimable, we do not record an accrual, consistent with applicable accounting guidance. In the opinion of management, while the outcome of such claims and disputes cannot be predicted with certainty, our ultimate liability in connection with these matters is not expected to have a material adverse effect on our results of operations, financial position, or cash flows, and the amounts accrued for any individual matter are not material. However, legal proceedings are inherently uncertain. As a result, the outcome of a particular matter or a combination of matters may be material to our results of operations for a particular period, depending upon the size of the loss or our income for that particular period.

Certain of the pending or threatened legal proceedings or claims in which we are involved are discussed under Note 12 — “Commitments and Contingencies,” to our unaudited condensed consolidated financial statements in this Quarterly Report on Form 10-Q, which disclosure is incorporated by reference herein.

ITEM 1A. RISK FACTORS

Our business, financial condition, and operating results are affected by a number of factors, whether currently known or unknown, including risks specific to us or the healthcare industry, as well as risks that affect businesses in general. In addition to the information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on February 29, 2024. The risks disclosed in such Annual Report could materially adversely affect our business, financial condition, cash flows, or results of operations, and thus our stock price. We believe there have been no material changes in our risk factors from those disclosed in the Annual Report, other than those set forth below. However, additional risks and uncertainties not currently known or which we currently deem to be immaterial may also materially adversely affect our business, financial condition, or results of operations.

Because of such risk factors, as well as other factors affecting the Company's financial condition and operating results, past financial performance should not be considered to be a reliable indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods. In addition, the disclosure of any risk factor should not be interpreted to imply that the risk has not already materialized.

The Transaction is subject to conditions, some or all of which may not be satisfied, and the Transaction may not be completed on a timely basis, if at all. Failure to complete the Transaction in a timely manner or at all could have adverse effects on the Company.

There can be no assurance that the proposed Transaction will occur in a timely manner, or at all. The completion of the Transaction is subject to a number of conditions, including, among others, receipt of applicable regulatory and governmental approvals, which make the completion and timing of the completion of the Transaction uncertain. Also, either party may terminate the Purchase Agreement if the Transaction has not been consummated by August 8, 2025 (provided, that if certain required regulatory approvals have not been met by such date, then the Sellers may extend such date for up to an additional three months), except that this right to terminate the Purchase Agreement is not available to any party that has materially breached any provision of the Purchase Agreement, where such breach has resulted in the failure of certain conditions to closing the Purchase Agreement to be satisfied.

If the Transaction is not completed, our ongoing business, financial condition, financial results, and stock price may be materially adversely affected. Without realizing any of the benefits of having completed the Transaction, we will be subject to a number of risks, including the following:

- the market price of our common stock could decline to the extent that the current market price reflects a market assumption that the Transaction will be completed;
- if the Purchase Agreement is terminated and we seek another acquisition, our stockholders cannot be certain that we will be able to find a party willing to enter into a transaction on terms equivalent to or more attractive than the terms of the Purchase Agreement;
- time and resources committed by our management to matters relating to the Transaction could otherwise have been devoted to pursuing other beneficial opportunities for the Company;
- we may experience negative reactions from the financial markets or from our customers, suppliers or employees;
- we will be required to pay our costs relating to the Transaction, such as legal, accounting, and financial advisory fees, whether or not the Transaction is completed; and
- litigation related to any failure to complete the Transaction or related to any enforcement proceeding commenced against us to perform our obligations pursuant to the Purchase Agreement.

The materialization of any of these risks could adversely impact our ongoing business, financial condition, financial results, and stock price. Similarly, delays in the completion of the Transaction could, among other things, result in additional transaction costs, loss of revenue, or other negative effects associated with uncertainty about completion of the Transaction.

Financing the Transaction will result in an increase in our indebtedness, which could adversely affect us, including by decreasing our business flexibility and increasing our interest expense.

To provide additional financial flexibility for the Company, in connection with the execution of the Purchase Agreement, the Company entered into the Commitment Letter, pursuant to which the Banks committed to provide (i) the Bridge Facility, a 364-day senior secured bridge term loan in an aggregate principal amount of up to \$1,095.0 million, and (ii) a five-year senior secured revolving credit facility in an aggregate principal amount of up to \$100.0 million. The Company intends to use the proceeds of the Bridge Facility, together with cash on hand, to fund the Transaction, to refinance the Company's existing credit facilities and to pay for fees, costs and expenses incurred in connection with the foregoing. The funding of the Bridge Facility provided for in the Commitment Letter is contingent on the satisfaction of customary conditions, including but not limited to (i) the execution and delivery of definitive documentation with respect to the Bridge Facility in accordance with the terms set forth in the Commitment Letter, and (ii) the consummation of the Transaction in accordance with the Purchase Agreement. Amounts funded under the Bridge Facility, if any, will be reduced by the aggregate amount of gross proceeds that the Company elects to raise in a long-term debt and/or equity financing transaction on or prior to the closing of the Transaction as further set forth in the Commitment Letter.

This increase in our indebtedness may, among other things, reduce our flexibility to respond to changing business and economic conditions or to fund capital expenditures or working capital needs. In addition, the amount of cash required to pay interest on our increased indebtedness, and thus the demands on our cash resources, will materially increase as a result of the indebtedness to finance the Transaction.

We may not achieve the intended benefits of the Transaction, and the Transaction may disrupt our current plans or operations.

There can be no assurance that, following completion of the Transaction, we will be able to successfully integrate the acquired operations or otherwise realize the expected benefits of the Transaction (including operating and other cost synergies). Difficulties in integrating the acquired operations into the Company may result in the Company performing differently than expected, in

operational challenges, or in the failure to realize anticipated run-rate cost synergies and efficiencies in the expected timeframe or at all, in which case the anticipated benefits of the Transaction may not be realized fully or may take longer than expected to be realized. Further, it is possible that there could be a loss of our and/or the Sellers' key employees, disruption of our or the Sellers' ongoing business or unexpected issues, higher than expected costs and an overall post-completion process that takes longer than originally anticipated. The integration of the acquired operations may result in material challenges, including the diversion of management's attention from ongoing business concerns; retaining key management and other employees; retaining or attracting business and operational relationships; the possibility of faulty assumptions underlying expectations regarding the integration process and associated expenses; consolidating corporate and administrative infrastructures and eliminating duplicative operations; coordinating geographically separate organizations; unanticipated issues in integrating information technology, communications and other systems; and potential unknown liabilities, unforeseen expenses relating to integration, or delays associated with the Transaction.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In December 2022, Astrana's Board of Directors approved a share repurchase plan authorizing the Company to repurchase up to \$50.0 million of its shares of common stock on the open market and through privately negotiated transactions. This share repurchase plan does not have an expiration date. The Board may suspend or discontinue the repurchase plan at any time. This repurchase plan does not obligate the Company to make additional repurchases at any specific time or in any specific situation. During the three months ended September 30, 2024, no shares were repurchased under the Company's share repurchase plan. As of September 30, 2024, \$40.5 million remained available for repurchase under the repurchase plan.

The following table provides information about purchases made by the Company of shares of the Company's common stock during the three months ended September 30, 2024.

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(in thousands) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
July 1, 2024 to July 31, 2024	2,038	\$ 46.77	—	\$ 40,461
August 1, 2024 to August 31, 2024	15,956 ⁽²⁾	\$ 49.77	—	\$ 40,461
September 1, 2024 to September 30, 2024	4,208	\$ 54.32	—	\$ 40,461
Total	<u>22,202</u>	<u>\$ 50.36</u>	<u>—</u>	<u>\$ 40,461</u>

(1) Shares were repurchased to satisfy tax withholding obligations due upon the vesting of restricted stock awards and units held by certain employees, except as otherwise disclosed in these footnotes. We did not pay cash to repurchase these shares, nor were these repurchases part of a publicly announced plan or program.

(2) Includes 14,409 shares of common stock repurchased from a member of the Board of Directors on August 16, 2024.

During the three months ended September 30, 2024, the Company issued 157,059 shares of common stock, as the AAMG contingent consideration for the 2023 metric was met. See in Note 19 – "Fair Value Measurements of Financial Instruments" to our condensed consolidated financial statements under Item 1 in this Form 10-Q for additional information. The issuance of these shares was deemed to be exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, as transactions by the Company not involving a public offering.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

During the quarter ended September 30, 2024, none of the Company's directors or executive officers adopted , modified, or terminated any contract, instruction, or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or any "non-Rule 10b5-1 trading arrangement" (as defined in Item 408(c) of Regulation S-K).

ITEM 6. EXHIBITS

The following exhibits are either incorporated by reference into or filed or furnished with this Quarterly Report on Form 10-Q, as indicated below.

Exhibit No.	Description
2.1†	<u>Agreement and Plan of Merger, dated December 21, 2016, among Astrana Health, Inc. (f/k/a Apollo Medical Holdings, Inc.), Astrana Health Management, Inc. (f/k/a Network Medical Management, Inc.), Apollo Acquisition Corp., and Kenneth Sim, M.D. (incorporated herein by reference to Annex A to the joint proxy statement/prospectus filed pursuant to Rule 424(b)(3) on November 15, 2017, that is a part of a Registration Statement on Form S-4)</u>
2.2	<u>Amendment to the Agreement and Plan of Merger, dated March 30, 2017, among Astrana Health, Inc. (f/k/a Apollo Medical Holdings, Inc.), Astrana Health Management, Inc. (f/k/a Network Medical Management, Inc.), Apollo Acquisition Corp., and Kenneth Sim, M.D. (incorporated herein by reference to Annex A to the joint proxy statement/prospectus filed pursuant to Rule 424(b)(3) on November 15, 2017 that is a part of a Registration Statement on Form S-4)</u>
2.3	<u>Amendment No. 2 to the Agreement and Plan of Merger, dated October 17, 2017, among Astrana Health, Inc. (f/k/a Apollo Medical Holdings, Inc.), Astrana Health Management, Inc. (f/k/a Network Medical Management, Inc.), Apollo Acquisition Corp. and Kenneth Sim, M.D. (incorporated herein by reference to Annex A to the joint proxy statement/prospectus filed pursuant to Rule 424(b)(3) on November 15, 2017 that is a part of a Registration Statement on Form S-4)</u>
2.4†	<u>Stock Purchase Agreement, dated March 15, 2019, by and between Allied Physicians of California, APC-LSMA Designated Shareholder Medical Corporation, and Dr. Kevin Tyson (incorporated herein by reference to Exhibit 2.4 to the Company's Quarterly Report on Form 10-Q filed on May 10, 2019)</u>
2.5†	<u>Stock Purchase Agreement, dated as of December 31, 2019, among Bright Health Company of California, Inc., the sellers party thereto, Universal Care, Inc., the seller representatives set forth therein, and Bright Health, Inc. (solely for purposes of Section 13.22 thereto) (incorporated herein by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on May 6, 2020)</u>
2.6†	<u>Asset and Equity Purchase Agreement, dated November 8, 2024, by and among Astrana Health, Inc., PHP Holdings, LLC, PHS Holdings, LLC, Prospect Intermediate Holdings, LLC, each of the entities set forth on Schedule C of the agreement, and Prospect Medical Holdings, Inc. (incorporated herein by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on November 8, 2024)</u>
3.1	<u>Restated Certificate of Incorporation (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on January 21, 2015)</u>
3.2	<u>Certificate of Amendment of Restated Certificate of Incorporation (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 27, 2015)</u>
3.3	<u>Certificate of Amendment of Restated Certificate of Incorporation (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on December 13, 2017)</u>
3.4	<u>Certificate of Amendment of Restated Certificate of Incorporation (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on June 21, 2018)</u>

3.5	<u>Certificate of Amendment of Restated Certificate of Incorporation (effective February 26, 2024) (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on January 26, 2024)</u>
3.6	<u>Certificate of Amendment of Restated Certificate of Incorporation (effective June 13, 2024) (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on June 13, 2024)</u>
3.7	<u>Certificate of Designation of Series A Convertible Preferred Stock (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on October 19, 2015)</u>
3.8	<u>Amended and Restated Certificate of Designation of Astrana Health Inc. (f/k/a Apollo Medical Holdings, Inc.) (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 4, 2016)</u>
3.9	<u>Certificate of Elimination of Series A Convertible Preferred Stock and Series B Convertible Preferred Stock (filed April 24, 2024) (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 24, 2024)</u>
3.10	<u>Amended and Restated By-laws (effective February 28, 2024) (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on February 29, 2024)</u>
10.1†	<u>Securities Purchase Agreement, dated July 24, 2024, by and among Astrana Health, Inc., ApolloCare Partners of Texas 2, Universal American Corp., Heritage Health Systems of Texas, Inc., Heritage Health Systems, Inc., and, solely with respect to certain sections of the agreement, Centene Corporation (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 25, 2024)</u>
10.2	<u>Amendment No. 2 to Stock Purchase Agreement, dated as of June 25, 2024, by and among Astrana Health Management, Inc. (f/k/a Network Medical Management, Inc.), I Health, Inc., Ronald Brandt and Allison Brandt (incorporated herein by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q filed on August 9, 2024)</u>
10.3+*	<u>Form of Restricted Stock Agreement (2024 Non-Employee Director Award) (2024 Equity Incentive Plan)</u>
10.4	<u>Commitment Letter, dated as of November 8, 2024, by and among Astrana Health, Inc. and Truist Bank and JPMorgan Chase Bank, N.A. (together, the "Banks") and the other affiliates of the Banks party thereto (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 8, 2024)</u>
31.1*	<u>Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
31.2*	<u>Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
32**	<u>Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
99.1+†*	<u>Stock Repurchase Agreement, dated August 14, 2024, by and between Astrana Health, Inc. and David G. Schmidt</u>
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema with Embedded Linkbase Documents
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith.

+ Management contract or compensatory plan, contract or arrangement.

† Certain of the exhibits and schedules to this exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5). The Company agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.

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.

ASTRANA HEALTH, INC.

November 12, 2024

By: /s/ Brandon K. Sim

Brandon K. Sim, M.S.
Chief Executive Officer and President
(Principal Executive Officer)

November 12, 2024

By: /s/ Chandan Basho

Chandan Basho, M.B.A.
Chief Financial and Operating Officer
(Principal Financial Officer)

ASTRANA HEALTH, INC.
2024 EQUITY INCENTIVE PLAN

RESTRICTED STOCK GRANT NOTICE

Astrana Health, Inc. (the "Company"), pursuant to its 2024 Equity Incentive Plan (the "Plan"), hereby grants to the individual listed below ("Participant") the number of shares of the Company's common stock, par value \$0.001, set forth below (individually and collectively referred to as the "Restricted Shares"). The Restricted Shares are subject to all of the terms and conditions set forth herein and in the Restricted Stock Agreement attached hereto as Exhibit A (the "Restricted Stock Agreement") and the Plan, each of which are incorporated herein by reference. Capitalized terms used but not defined in this Grant Notice and the Restricted Stock Agreement shall have the meanings given to such terms in the Plan.

es: _____

Restricted Shares shall vest in full on the earlier of (a) the first anniversary of the Grant Date, or (b) the date of the 2025 annual meeting of stockholders of the Company, subject to the Participant's Continuous Service until such date.

By signing below, Participant agrees to be bound by the terms and conditions of the Plan, the Restricted Stock Agreement and this Grant Notice. Participant has reviewed the Restricted Stock Agreement, the Plan and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of this Grant Notice, the Restricted Stock Agreement and the Plan. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Company and the Committee (as defined in the Plan) upon any questions arising under the Plan, this Grant Notice or the Restricted Stock Agreement.

IMPORTANT NOTICE: THIS AGREEMENT SHALL BE VOID, AND THE RESTRICTED SHARES SHALL BE FORFEITED AUTOMATICALLY, IF THE AGREEMENT HAS NOT BEEN SIGNED BY PARTICIPANT AND RETURNED TO THE COMPANY WITHIN 30 DAYS AFTER THE GRANT DATE.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have executed this Grant Notice effective as of the Grant Date.

ASTRANA HEALTH, INC.

PARTICIPANT

By:

Name:

Name:

Title:

**EXHIBIT A
TO RESTRICTED STOCK GRANT NOTICE**

RESTRICTED STOCK AGREEMENT

1. General.

1.1 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan and the Grant Notice, unless the context clearly indicates otherwise.

1.2 Incorporation of Terms of Plan. The Restricted Shares are subject to the terms and conditions of the Plan which are incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

2. Grant.

2.1 Grant of Restricted Shares. In consideration of Participant's Continuous Service and for other good and valuable consideration, effective as of the Grant Date set forth in the Grant Notice (the "Grant Date"), the Company grants to Participant the Restricted Shares, upon the terms and conditions set forth in the Plan and this Agreement, subject to adjustments as provided in Article VIII of the Plan.

2.2 Consideration to the Company. In consideration of the grant of the Restricted Shares by the Company, Participant agrees to render faithful and efficient services to the Company or a Subsidiary. Nothing in the Plan or this Agreement shall confer upon Participant any right to continue in the employ or service of the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

3. Vesting, Delivery, Restrictions, Etc.

3.1 Vesting. Subject to the terms and conditions of the Plan, the Restricted Shares shall vest at such times as are set forth in the Grant Notice; provided, however, none of the Restricted Shares that have not become vested at the date of Participant's termination of Continuous Service for any reason, with or without cause (including, but not limited to, death, Disability or Retirement), shall thereafter become vested, except as may be otherwise provided by the Committee or as set forth in a written agreement between the Company and Participant. Notwithstanding any provision of this Agreement to the contrary, in the event of a Change of Control, the treatment of the Restricted Shares will be governed by any applicable provisions of Section 21 of the Plan.

3.2 Restrictions. Unless and until the Restricted Shares vest as set forth in the Grant Notice, Participant shall have no right to sell, assign, transfer, pledge or otherwise encumber the Restricted Shares in any manner. Any purported attempt to sell, assign, transfer, pledge or otherwise encumber any Restricted Shares under this Agreement shall be void and shall result in the forfeiture and cancellation of such Restricted Shares. Upon Participant's termination of

employment or service for any reason, with or without cause (including, but not limited to, death, Disability or Retirement), any Restricted Shares that are unvested as of the date of such termination of employment or service (and whose vesting is not accelerated pursuant to this Agreement or the Plan) shall be forfeited, and Participant shall have no further rights with respect to such Restricted Shares under this Agreement or otherwise. The Restricted Shares shall be registered in book entry in the name of Participant and shall include a legend indicating the possibility of cancellation and the restrictions on transfer of the Restricted Shares.

3.3 Tax Withholding. Subject to Section 3.4 below, the vesting of the Restricted Shares under this Agreement will result in Participant's recognition of income for U.S. federal income tax purposes. The parties agree that to the extent the Company or any Subsidiary is required to withhold any federal, state, local, foreign or other taxes in connection with the vesting or the grant of the Restricted Shares, then such tax withholding shall be satisfied by the forfeiture of a number of Restricted Shares having a value equal to the required tax withholding (based on the Fair Market Value per Share on the applicable date), provided that in no event shall the value of the Shares retained exceed maximum statutory tax rates in the applicable taxing jurisdictions. Notwithstanding the foregoing, to the extent authorized by the Committee, the Participant may be permitted to elect, in accordance with procedures adopted by the Company from time to time, to pay or provide for payment of any required tax withholding.

3.4 Section 83(b) Election. If Participant makes an election under Section 83(b) of the Code to be taxed with respect to the Restricted Shares as of the date of transfer of the Restricted Shares rather than as of the date or dates upon which Participant would otherwise be taxable under Section 83 of the Code, Participant shall be required to deliver a copy of such election to the Company promptly after filing such election with the Internal Revenue Service.

3.5 Rights as Stockholder. Upon issuance of the Restricted Shares and until the forfeiture or cancellation of the Restricted Shares, Participant shall have, unless otherwise provided by the Committee, all the rights of a stockholder with respect to the Restricted Shares, subject to the transferability and other restrictions set forth in this Agreement, including the right to receive all dividends and other distributions paid or made with respect to the Restricted Shares; provided, however, that any extraordinary distributions with respect to the Company's common stock received by Participant in the form of shares of such common stock shall be subject to the same vesting and other restrictions as the Restricted Shares to which they relate.

3.6 Compensation Recovery Policy. The Restricted Shares are subject to forfeiture or repayment as may be provided pursuant to the Company's Compensation Recovery Policy (or any successor compensation recovery policy), as in effect from time to time.

4. Other Provisions.

4.1 Administration. The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final, binding and conclusive upon Participant, the Company and all other interested persons. No member of the Committee or the Board, or any employee or officer of the Company, shall be personally liable for

any action, determination or interpretation made in good faith with respect to the Plan, this Agreement or the Restricted Shares.

4.2 Adjustments Upon Specified Events. The Committee may accelerate the vesting of the Restricted Shares in such circumstances as it, in its sole discretion, may determine. In addition, upon the occurrence of certain events relating to the Company's common stock contemplated by the Plan (including, without limitation, an extraordinary cash dividend on such Shares), the Committee shall make such adjustments as the Committee deems appropriate to the Restricted Shares in order to preserve the benefits intended to be made available to Participant under this Agreement. Participant acknowledges that the Restricted Shares are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

4.3 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company (or any other person or entity as designated by the Committee) at the Company's principal office, and any notice to be given to Participant shall be addressed to Participant at Participant's last address reflected on the Company's records. By a notice given pursuant to this Section 4.3, either party may hereafter designate a different address for notices to be given to that party. A notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

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

4.5 Governing Law. The laws of the State of Delaware, without reference to any conflict of law principles thereof, shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement.

4.6 Conformity to Laws. Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act of 1933, as amended, the Exchange Act and the Code, and any and all regulations and rules promulgated thereunder, state securities laws and regulations and all other applicable law. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Restricted Shares are granted and shall be administered only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

4.7 Amendments, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Committee or the Board; provided, however, that except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the Restricted Shares in any material way without the prior written consent of Participant.

4.8 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the

successors and assigns of the Company. Subject to the restrictions on transfer herein set forth in Section 3.2 hereof, this Agreement shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns.

4.9 Not a Contract of Employment. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue to serve as an employee or other service provider of the Company or any of its Subsidiaries.

4.10 Entire Agreement. The Plan, the Grant Notice and this Agreement (including all Exhibits thereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

4.11 Relation to Other Benefits. Any economic or other benefit to Participant under this Agreement or the Plan shall not be taken into account in determining any benefits to which Participant may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or any of its Subsidiaries or affiliates, except as expressly provided in writing in such other plan's governing instrument.

4.12 Data Privacy. In order to administer the Plan, the Company may process personal data about Participant. Such data includes, but is not limited to, the information provided in this Agreement and any changes thereto, other appropriate personal and financial data about Participant such as home address and business addresses and other contact information, and any other information that might be deemed appropriate by the Company to facilitate the administration of the Plan. Participant hereby gives explicit consent to the Company to process any such personal data. Participant also gives explicit consent to the Company to transfer any such personal data outside the country in which Participant works or is employed, including, if Participant is not a U.S. resident, to the United States, to transferees that shall include the Company and other persons who are designated by the Company to administer the Plan.

4.13 Electronic Delivery. Participant hereby consents and agrees to electronic delivery of any documents that the Company may elect to deliver, including, but not limited to, the Plan document, Plan Summary and Prospectus, grant or award notifications, account statements, annual and quarterly reports, and all other forms of communications ("Prospectus Information") in connection with this and any other Award made or offered under the Plan. Participant has the right at any time to request that the Company deliver written copies of any and all Prospectus Information at no charge. Participant also hereby consents to any and all procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such Prospectus Information that the Company may elect to deliver and agrees that Participant's electronic response or signature is the same as, and shall have the same force and effect as, Participant's manual signature.

[END OF DOCUMENT]

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Brandon K. Sim, M.S., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Astrana 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 control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. The registrant's other certifying officer 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 12, 2024

/s/ Brandon K. Sim

Brandon K. Sim, M.S.
Chief Executive Officer & President
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Chandan Basho, M.B.A., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Astrana 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 control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. The registrant's other certifying officer 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 12, 2024

/s/ Chandan Basho

Chandan Basho, M.B.A.
Chief Financial Officer and Chief Operating Officer
(Principal Financial Officer)

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER

PURSUANT TO

18 U.S.C. SECTION 1350.

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Brandon K. Sim, M.S., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Astrana Health, Inc. for the quarter ended September 30, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Astrana Health, Inc.

Date: November 12, 2024

/s/ Brandon K. Sim

Brandon K. Sim, M.S.Chief Executive Officer and President
(Principal Executive Officer)

I, Chandan Basho, M.B.A., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Astrana Health, Inc. for the quarter ended September 30, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Astrana Health, Inc.

Date: November 12, 2024

/s/ Chandan Basho

Chandan Basho, M.B.A.Chief Financial Officer and Chief Operating Officer
(Principal Financial Officer)

STOCK REPURCHASE AGREEMENT

This **STOCK REPURCHASE AGREEMENT** (this “**Agreement**”) is made and entered into as of August 14, 2024 (the “**Effective Date**”), by and between ASTRANA HEALTH, INC., a Delaware corporation (the “**Company**”), and DAVID G. SCHMIDT, an individual (the “**Selling Stockholder**” and together with the Company, the “**Parties**” and each a “**Party**”).

RECITALS

The Selling Stockholder desires to sell to the Company, and the Company desires to purchase from the Selling Stockholder on the terms set forth herein (the “**Transaction**”), shares of the Company’s Common Stock (NASDAQ: ASTH), \$0.001 par value per share (the “**Common Stock**”) as set forth below. It is the intention of the parties to this Agreement that the Transaction contemplated by this Agreement be a private sale of securities that is exempt from the registration and prospectus delivery requirements of the Securities Act of 1933, as amended (the “**Securities Act**”), pursuant to the satisfaction of the conditions for the so-called “Section 4(a)(1 $\frac{1}{2}$)” private resale exemption.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and agreements of the parties made in this Agreement, and for other good and valuable consideration, the parties hereby agree as follows:

AGREEMENT**1. STOCK REPURCHASE.**

1.1. The Selling Stockholder hereby sells, transfers, assigns and delivers to the Company, and the Company purchases from the Selling Stockholder, fourteen thousand four hundred nine (14,409) shares of the Company’s Common Stock (the “**Shares**”). The Shares shall be free and clear of all liens, encumbrances, security interests, equities, claims, preemptive rights, rights of first offer, rights of first refusal, options, licenses, charges and assessments and without any restrictive legend. The aggregate purchase price for all of the Shares shall be Seven Hundred Sixteen Thousand Nine Hundred Ninety-One Dollars and Eighty-Four Cents (\$716,991.84) (the “**Purchase Price**”), calculated by multiplying the number of Shares by the “**Per Share Purchase Price**” (which Per Share Purchase Price is determined in accordance with the methodology set forth in Exhibit A hereto).

1.2. The consummation of the actions provided for in this Section 1.2 shall be referred to as the “**Closing**”, which shall take place at 10:00AM Central Standard Time on the day the following conditions are satisfied in full: (i) the Selling Stockholder shall deliver or cause to be delivered to the Company (x) the Shares via DTC electronic transfer (or equivalent) or via account transfer (where the Shares are held in Selling Stockholder’s account at the same financial institution or brokerage as the Company’s account) to the Company’s account as designated by the Company, and (y) evidence of the transfer of the Shares in electronic form, and in any event, in form and substance reasonably acceptable to the Company; and (ii) the Company shall deliver the Purchase Price to the Selling Stockholder’s account as shown on Exhibit B hereto by wire transfer of immediately available funds. Except for the payment of the Purchase Price in accordance with the terms hereof, the Selling Stockholder acknowledges and agrees that it is not owed or entitled to any additional compensation or consideration from the Company or its directors, officers, employees, agents, representatives, partners, members or Affiliates (as defined below) with respect to the purchase and sale of the Shares. Notwithstanding anything to the contrary contained herein, if the Closing has not occurred by the date that is twenty (20) business days following the Effective Date, either party shall be able to terminate this Agreement upon written notice to the other party; provided, that a Party that is in material breach of its obligations under this Agreement shall not be able to terminate this Agreement.

1.3. The Parties hereto agree to (i) execute and deliver such other documents, instruments, waivers and certificates and (ii) do or perform such other actions as may be necessary to give effect to the sale of the Shares.

2. REPRESENTATIONS AND WARRANTIES OF THE SELLING STOCKHOLDER. The Selling Stockholder hereby represents and warrants to the Company, as of the date hereof and as of the Closing, as follows:

2.1. The Selling Stockholder is an individual and a member of the Board of Directors of the Company.

2.2. As of the Closing, the Selling Stockholder is the sole beneficial owner of, and has good and marketable title to the Shares. As of the Closing, the Selling Stockholder is not a party to any stockholder agreements, proxies, or other contracts in effect with respect to the voting or transfer of any of the Shares. As of the Closing, such Shares are owned by the Selling Stockholder free and clear of all liens, encumbrances, security interests, equities, claims, preemptive rights, rights of first offer, rights of first refusal, options, licenses, charges and assessments and are subject to no restrictions with respect to transferability of such Shares to the Company.

2.3. The Selling Stockholder has the requisite power and authority to enter into and perform this Agreement and has taken all action required for the authorization, execution, delivery of and performance of all of its obligations under this Agreement. The Selling Stockholder represents that this Agreement is a legal, valid and binding obligation of the Selling Stockholder enforceable in accordance with its terms, except as may be limited by (i) applicable bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and (ii) the effect of rules of law governing the availability of equitable remedies. The execution and delivery of, and the performance of the obligations under, this Agreement by the Selling Stockholder do not and will not contravene or result in any breach of any law or of any regulation, order, writ, injunction or decree of any court, tribunal, governmental body, authority, agency or instrumentality applicable to the Selling Stockholder or the Shares, nor do or will such execution, delivery or performance violate, conflict with or result in (with notice or lapse of time or both result in) a breach of or default under any term or provision of any agreement or contract, oral or written, or organizational document to which the Selling Stockholder or any of its Affiliates is a party or is bound or to which the Shares are subject.

2.4. The Selling Stockholder is not and will not become a party to any agreement, arrangement or understanding with any Person that could result in the Company having any obligation or liability for any brokerage fees, commissions, underwriting discounts or other similar fees or expenses relating to the transactions contemplated by this Agreement. For purposes of this Agreement, "**Person**" means any individual, corporation, company, association, partnership, limited liability company, joint venture, trust or unincorporated organization, or a government or any agency or political subdivision thereof.

2.5. The Selling Stockholder (i) has such knowledge and experience in business, financial and investment matters as to be capable of evaluating the merits, risks and suitability of the Transaction, (ii) has considered the suitability of the Transaction in light of its own circumstances and financial condition, and (iii) is consummating the Transaction with a full understanding of all of the terms, conditions and risks and willingly assumes those terms, conditions and risks.

2.6. The Selling Stockholder has had access to all information that it and its advisers deem appropriate and necessary to make an informed decision to enter into the Transaction and has reviewed all such information.

2.7. The Selling Stockholder has evaluated the merits, risks and consequences of consummating the Transaction based exclusively on its own independent review and consultations with such investment, legal, tax, accounting and other advisers as it deemed appropriate and has made its own decision concerning the Transaction, without reliance on any representation or warranty of, information provided by, or advice from, the Company.

2.8. The Selling Stockholder represents that it is not relying on (and will not at any time rely on) any communication (written or oral) of the Company, or omission on the part of the Company to communicate any particular piece of information, as investment advice or as a recommendation to sell the Shares.

2.9. The Selling Stockholder confirms that the Company has not (i) given any guarantee or representation as to the potential success, return, effect or benefit (either legal, regulatory, tax, financial, accounting or otherwise) of the Transaction or (ii) made any representation to the Selling Stockholder regarding the legality of the Transaction under applicable legal investment or similar laws or regulations except as set forth in Section 3.2.

2.10. The Selling Stockholder acknowledges and understands that should the Company possess material nonpublic information relating to the Company not known to the Selling Stockholder that may impact the value of the Shares (collectively, the "**Information**"), including, without limitation, information received from others on a confidential basis, that the Company may be unable to disclose any such Information to the Selling Stockholder and that, notwithstanding the foregoing in this Section 2.10, the Company shall not have any liability to the Selling Stockholder due to or in connection with the Company's use or non-disclosure of the Information or otherwise as a result of the Transaction, and the Selling Stockholder hereby irrevocably waives any claim that the Selling Stockholder might have based on the failure of the Company to disclose the Information. The Selling Stockholder expressly acknowledges that the Selling Stockholder is not entering into the transactions contemplated hereby in reliance on the assumption or perception that the Company does not have such Information.

2.11. The Selling Stockholder acknowledges that the Company is relying on the Selling Stockholder's representations, warranties, acknowledgments and agreements in this Agreement in connection with the Transaction.

2.12. The Selling Stockholder acknowledges and warrants that it has been represented, or has had the opportunity to be represented, by counsel of its own choice throughout all negotiations which preceded the execution of this Agreement.

3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company hereby represents and warrants to each of the Selling Stockholder, as of the date hereof and as of the Closing, as follows:

3.1. The Company is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization.

3.2. The Company has the requisite power and authority to enter into and perform this Agreement and to assume and perform its obligations hereunder. This Agreement, when executed and delivered by the Company, will constitute a legal, valid and binding obligation of the Company enforceable in accordance with its terms, except as may be limited by (i) applicable bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting the enforcement of creditors' rights generally and (ii) the effect of rules of law governing the availability of equitable remedies. The execution and delivery of, and the performance of the obligations under, this Agreement by the Company do not and will not contravene or result in any breach of any law or of any regulation, order, writ, injunction or decree of any court, tribunal, governmental body, authority, agency or instrumentality applicable to the Company, nor do or will such execution, delivery or performance violate, conflict with or result in (or with notice or lapse of time or both result in) a breach of or default under any term or provision of any agreement or contract, oral or written, to which Company or any of its Affiliates, other than any portfolio company (as such term is customarily used among institutional investors, and including any holding company of a portfolio company or any person controlled by a portfolio company), is a party or is bound.

3.3. The Company is not and will not become a party to any agreement, arrangement or understanding with any Person that could result in the Selling Stockholder having any obligation or liability for any brokerage fees, commissions, underwriting discounts or other similar fees or expenses relating to the transactions contemplated by this Agreement.

3.4. The Company (i) has such knowledge and experience in business, financial and investment matters as to be capable of evaluating the merits, risks and suitability of the Transaction, (ii) has considered the suitability of the Transaction in light of its own circumstances and financial condition, and (iii) is consummating the Transaction with a full understanding of all of the terms, conditions and risks and willingly assumes those terms, conditions and risks.

3.5. The Company has had access to all information that it and its advisers deem appropriate and necessary to make an informed decision to enter into the Transaction and has reviewed all such information.

3.6. The Company has evaluated the merits, risks and consequences of consummating the Transaction based exclusively on its own independent review and consultations with such investment, legal, tax, accounting and other advisers as it deemed appropriate and has made its own decision concerning the Transaction, without reliance on any representation or warranty of, information provided by, or advice from, the Selling Stockholder.

3.7. The Company represents that it is not relying on (and will not at any time rely on) any communication (written or oral) of the Selling Stockholder, or omission on the part of the Selling Stockholder to communicate any particular piece of information, as investment advice or as a recommendation to purchase the Shares.

3.8. The Company confirms that the Selling Stockholder has not (i) given any guarantee or representation as to the potential success, return, effect or benefit (either legal, regulatory, tax, financial, accounting or otherwise) of the Transaction or (ii) made any representation to the Company regarding the legality of the Transaction under applicable legal investment or similar laws or regulations except as set forth in Section 2.3.

3.9. The Company acknowledges and understands that should the Selling Stockholder possess material nonpublic information relating to the Company not known to the Company that may impact the value of the Shares (collectively, the "**Information**"), including, without limitation, information received from others on a confidential basis, that the Selling Stockholder may be unable to disclose any such Information to Company and that, notwithstanding the foregoing in this Section 3.9, the Selling Stockholder shall not have any liability to the Company due to or in connection with the Selling Stockholder's use or non-disclosure of the Information or otherwise as a result of the Transaction, and the Company hereby irrevocably waives any claim that it might have based on the failure of the Selling Stockholder to disclose the Information. The Company expressly acknowledges that it is not entering into the transactions contemplated hereby in reliance on the assumption or perception that the Selling Stockholder does not have such Information.

3.10. Company is acquiring the Shares for Company's own account, for investment and not with a view to the distribution or resale thereof, except in compliance with the Securities Act and applicable state securities laws. Company has evaluated the merits and risks of purchasing the Shares on the terms set forth in this Agreement on its own and without reliance upon Selling Stockholder, and has such knowledge and experience in financial and business matters and in making investments of this type that it is capable of evaluating the merits and risks of such purchase, is aware of and has considered the financial risks and financial hazards of purchasing the Shares on the terms set forth in this Agreement and is able to bear the economic risks of purchasing the Shares, including the possibility of complete loss with respect thereto. Company has had access to such information regarding the business and finances of the Company and such other matters with respect to the Shares as a reasonable person would consider in evaluating the Transaction, including, in particular, all information necessary to determine the fair market value of the Shares, but this sentence shall in no way prejudice any liability that the Selling Stockholder may have as a result of a breach of the representations and warranties set forth in Section 2. Company is an "accredited investor," as that term is defined in Rule 501(a) of Regulation D under the Act. Company is not a "party-in-interest" of Selling Stockholder within the meaning of Section 3(14) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or a "disqualified person," with respect to Selling Stockholder within the meaning of Section 4975(e) of the Code (as hereinafter defined) and the consummation of the transactions contemplated by this Purchase Agreement will not be a "prohibited transaction" (within the meaning of Section 406 of ERISA or Section 4975 of the Code). The Company is not, and is not acting on behalf of, an employee benefit plan subject to Title I of ERISA or Section 4975 of the Code.

3.11. The Company acknowledges that the Selling Stockholder is relying on the Company's representations, warranties, acknowledgments and agreements in this Agreement in connection with the Transaction.

3.12. The Company acknowledges and warrants that it has been represented, or has had the opportunity to be represented, by counsel of its own choice throughout all negotiations which preceded the execution of this Agreement.

4. PUBLICITY; CONFIDENTIALITY.

4.1. Each Party agrees that neither it nor any of its Affiliates or representatives will issue any press release or public announcement or comment concerning this Agreement or the transactions contemplated hereby without obtaining the prior written approval of the other Party, except:

(i) and only to the extent, upon the advice of outside counsel, disclosure is required by applicable law (except as may be addressed elsewhere within this Section 4.1) and only to the extent required by such law (provided, that in the case of this clause (i), the party intending to make such release shall use its commercially reasonable efforts consistent with applicable law to consult with the other party in advance of such release with respect to the text thereof, only disclose the minimum amount required by law to be so disclosed, and request "confidential treatment" or similar treatment thereof);

(ii) the parties may make any disclosure (w) required to be included in its or its Affiliates' financial statements or tax audits or other filings with Governmental Authorities, (x) required by periodic reporting requirements under the Exchange Act or continuous disclosure obligations under other applicable securities laws or under the rules of any securities exchange on which the securities of either party or an Affiliate of either party, as applicable, are or will be listed, (y) to its Affiliates or its or their direct or indirect, current or prospective, investors or limited partners and/or (z) by way of any communication by either party or its Affiliates to its employees, (provided that, in the case of the foregoing clauses (y) and (z), such recipients are obligated to keep such information confidential); and

(iii) disclosures made by way of any statements that are substantially similar to previous press releases, public disclosures or public statements made by the parties in compliance with this Section 4.1.

4.2. Each party agrees that neither it nor any of its Affiliates or representatives will disclose, directly or indirectly, to any other person (except as required by applicable law, rule or regulation, including the United States federal securities laws or any rules and regulations of any applicable national securities exchange), any nonpublic information furnished to it by or on behalf of the other party in connection with the transactions contemplated hereby or any of the terms, communications, conditions or facts with respect to the transactions contemplated hereby, including, without limitation, the disclosure of this Agreement, the identity of the parties hereto or the terms hereof. Notwithstanding the foregoing, the parties hereto agree that this Agreement and the transactions contemplated hereby shall not be deemed to create any duty on the part of any party hereto (or any of its Affiliates) to any other party hereto not to purchase or sell, or otherwise transact in, any securities on the basis of any such information.

5. MISCELLANEOUS.

5.1. Fees and Expenses. Except as expressly set forth in this Agreement, all fees and expenses incurred by each party hereto in connection with the matters contemplated by this Agreement shall be borne by the party incurring such fees or expenses, including the fees and expenses of any investment banks, attorneys, accountants or other experts or advisors retained by such party; provided, that the Selling Stockholder shall be solely responsible for any transfer, documentary, sales, use, stamp, registration or other similar charges, duties or taxes and any fees of the depository or registrar of the Shares payable in connection with the sale of the Shares hereunder.

5.2. Entire Agreement; Absence of Presumption. This Agreement, including all exhibits attached hereto, constitutes a single integrated contract expressing the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written agreements and discussions with respect to the subject matter hereof. Each party has participated in the drafting and preparation of this Agreement, and accordingly, in any construction or interpretation of this Agreement, the same shall not be construed against any party by reason of the source of drafting. Each party represents that it is entering into this Agreement voluntarily, that it understands its final and binding effect.

5.3. Governing Law; Specific Performance. This Agreement shall be governed and construed in accordance with the internal laws of the State of Delaware, without regard to its choice-of-law provisions. The parties hereto recognize and agree that if for any reason any of the provisions of this Agreement are not performed by any party hereto in accordance with their terms or are otherwise breached, then the other parties hereto will suffer immediate and irreparable harm or injury for which money damages will not be an adequate remedy. Accordingly, the parties hereto each agree with the other that, in addition to any other remedies, each party hereto shall be entitled to seek an injunction restraining any violation or threatened violation by any other party hereto of the provisions of this Agreement.

5.4. Successors and Assigns; Amendments; No Third Party Beneficiaries. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. No party may assign its respective rights or delegate its respective obligations under this Agreement, whether by operation of law or otherwise, and any assignment by the Company or the Selling Stockholder in contravention hereof shall be null and void; provided, that the Company may assign all or any portion of its rights and obligations under this Agreement to one or more Affiliates; provided, however, that no such assignment will relieve the Company of its obligations hereunder. For purposes of this Agreement, (i) "**Affiliate**" means, with respect to any Person, any other Person which directly or indirectly controls or is controlled by or is under common control with such Person and (ii) "**control**" (including its correlative meanings, "**controlled by**" and "**under common control with**") means possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise). This Agreement and each provision hereof may be amended, modified, supplemented or waived only by a written document duly executed by each party. This Agreement is solely for the benefit of the parties hereto and is not enforceable by any other persons.

5.5. COUNSEL. BY SIGNING THIS AGREEMENT, EACH PARTY HERETO EXPRESSLY AGREES AND ACKNOWLEDGES THAT IT (A) HAS READ THIS AGREEMENT CAREFULLY, (B) IS SIGNING THIS AGREEMENT KNOWINGLY AND VOLUNTARILY, (C) HAS BEEN, OR HAS HAD THE OPPORTUNITY TO BE, REPRESENTED BY INDEPENDENT LEGAL COUNSEL OF ITS OWN CHOOSING REGARDING THE NEGOTIATION AND EXECUTION OF THIS AGREEMENT AND ITS RIGHTS AND OBLIGATIONS HEREUNDER, AND (D) FULLY UNDERSTANDS THE TERMS AND CONDITIONS CONTAINED HEREIN. FURTHERMORE, SELLING STOCKHOLDER EXPRESSLY AGREES AND ACKNOWLEDGES THAT, IN CONNECTION WITH THIS AGREEMENT, TIN KIN LEE LAW OFFICE, A PROFESSIONAL CORPORATION ("**TKL**") IS COUNSEL FOR THE COMPANY ONLY AND NOT FOR SELLING STOCKHOLDER.

5.6. Indemnification Regarding Medallion Signature Guaranty. To facilitate the Transaction, the Company has requested its transfer agent (Pacific Stock Transfer Company, "**PSTC**") to waive its requirement for a signature medallion guarantee from the Selling Stockholder, in consideration for which, the Company will agree to indemnify PSTC in connection such waiver by PSTC (the "**Company-PSTC Indemnity**"). In consideration of the foregoing, and as a condition to consummating the Transaction, the Selling Stockholder hereby agrees to indemnify and save harmless the Company from and against any and all claims, actions and suits, whether groundless or otherwise, and from and against any and all liabilities, losses, damages, costs, charges, counsel fees, and other expenses of every nature and character by reason of (i) the waiver by PSTC of its requirement to obtain a signature medallion guarantee from the Selling Stockholder, and (ii) the Company-PSTC Indemnity. Selling Stockholder's indemnification obligation as set forth in this Section shall survive the closing of the transactions contemplated by this Agreement.

5.7. Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision(s) shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

5.8. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts (including by means of electronic delivery or facsimile (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com or www.echosign.com) or other transmission method), each of which when so executed and delivered shall be deemed an original and all of which when taken together shall constitute but one and the same instrument

5.9. Survival. Each of the representations, warranties, covenants, and agreements in this Agreement or pursuant hereto shall survive the closing of the transactions contemplated by this Agreement.

IN WITNESS WHEREOF the undersigned have executed this Agreement as of the date set forth above.

"Company":

ASTRANA HEALTH, INC.

"Selling Stockholder":

By: /s/ Chandan Basho
Chandan Basho, Chief Financial Officer and
Chief Operating Officer

/s/ David G. Schmidt
DAVID G. SCHMIDT, individually

