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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2024

or

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

For the transition period from to

Commission File Number: 001-41346

NUTEX HEALTH INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**11-3363609** (I.R.S. Employer Identification No.)
6030 S. Rice Ave, Suite C, **Houston, Texas** (Address of principal executive offices)	**77081** (Zip code)

(713) 660-0557
(Registrant's telephone number, including area code)

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

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

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

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

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

Large accelerated filer	☐	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 May 6, 2024, the registrant had 49,719,375 shares of common stock outstanding.

NUTEX HEALTH INC.
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INTRODUCTORY NOTE

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

NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical fact are “forward-looking statements” for purposes of federal and state securities laws, including, but not limited to, changes in laws or regulations applicable to our operations, any statements about our business, financial condition, operating results, plans, objectives, expectations and intentions, any guidance on, or projections of, earnings, revenue or other financial items, or otherwise, and our future liquidity, including cash flows; any statements of any plans, strategies, and objectives of management for future operations, such as the material opportunities that we believe exist for our Company; any statements concerning proposed services, developments, mergers or acquisitions; or strategic transactions; any statements regarding management’s view of future expectations and prospects for us; any statements about prospective adoption of new accounting standards or effects of changes in accounting standards; any statements regarding future economic conditions or performance; any statements of belief; any statements of assumptions underlying any of the foregoing; and other statements that are not historical facts. Forward-looking statements may be identified by the use of forward-looking terms such as “anticipate,” “could,” “can,” “may,” “might,” “potential,” “predict,” “should,” “estimate,” “expect,” “project,” “believe,” “think,” “plan,” “envision,” “intend,” “continue,” “target,” “seek,” “contemplate,” “budgeted,” “will,” “would,” and the negative of such terms, other variations on such terms or other similar or comparable words, phrases, or terminology. These forward-looking statements present our estimates and assumptions only as of the date of this Quarterly Report on Form 10-Q and are subject to change.

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

PART I — FINANCIAL INFORMATION
Item 1. Financial Statements

NUTEX HEALTH INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 30,006,419	$ 22,002,056
Accounts receivable	61,533,245	58,624,301
Accounts receivable - related parties	4,213,847	4,152,068
Inventories	2,975,486	3,390,584
Prepaid expenses and other current assets	1,629,346	2,679,394
Total current assets	100,358,343	90,848,403
Property and equipment, net	80,570,705	81,387,649
Operating right-of-use assets	11,580,253	11,853,082
Finance right-of-use assets	173,920,659	176,146,329
Intangible assets, net	20,102,371	20,512,636
Goodwill, net	17,066,263	17,066,263
Other assets	685,260	431,135
Total assets	$ 404,283,854	$ 398,245,497
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 17,217,905	$ 18,899,196
Accounts payable - related parties	6,856,962	6,382,197
Lines of credit	2,777,128	3,371,676
Current portion of long-term debt	9,388,455	10,808,721
Operating lease liabilities, current portion	1,586,904	1,579,987
Finance lease liabilities, current portion	4,366,696	4,315,979
Accrued expenses and other current liabilities	17,694,134	12,955,296
Total current liabilities	59,888,184	58,313,052
Long-term debt, net	26,308,017	26,314,733
Warrant liability	5,060,810	-
Operating lease liabilities, net	15,097,284	15,479,639
Finance lease liabilities, net	212,867,062	213,886,213
Deferred tax liabilities	5,050,347	5,145,754
Total liabilities	324,271,704	319,139,391
Commitments and contingencies		
Equity:		
Common stock, $0.001 par value; 950,000,000 shares authorized; 49,719,375 and 45,111,994 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	49,719	45,112
Additional paid-in capital	472,405,834	470,480,617
Accumulated deficit	(409,436,614)	(409,072,539)
Nutex Health Inc. equity	63,018,939	61,453,190
Noncontrolling interests	16,993,211	17,652,916
Total equity	80,012,150	79,106,106
Total liabilities and equity	$ 404,283,854	$ 398,245,497

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Revenue:		
Hospital division	$ 60,029,369	$ 49,288,164
Population health management division	7,424,418	7,041,253
Total revenue	67,453,787	56,329,417
Operating costs and expenses:		
Payroll and benefits	27,003,144	25,836,673
Contract services	11,319,454	9,189,331
Medical supplies	5,321,842	4,023,882
Depreciation and amortization	4,186,202	3,993,747
Other	9,465,967	8,438,061
Total operating costs and expenses	57,296,609	51,481,694
Gross profit	10,157,178	4,847,723
Corporate and other costs:		
Facilities closing costs	-	217,266
Stock-based compensation expense	49,167	1,900,000
General and administrative expenses	8,658,410	7,175,544
Total corporate and other costs	8,707,577	9,292,810
Operating income (loss)	1,449,601	(4,445,087)
Interest expense, net	4,444,362	3,140,089
Gain on warrant liability	(2,600,747)	-
Other (income) expense	(241,192)	247,455
Loss before taxes	(152,822)	(7,832,631)
Income tax expense (benefit)	389,665	(910,659)
Net loss	(542,487)	(6,921,972)
Less: net loss attributable to noncontrolling interests	(178,412)	(1,774,693)
Net loss attributable to Nutex Health Inc.	$ (364,075)	$ (5,147,279)
Loss per common share:		
Basic	$ (0.01)	$ (0.12)
Diluted	$ (0.01)	$ (0.12)

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	Common Stock		Additional Paid-in	Accumulated	Noncontrolling	Total
	Shares	Amount	Capital	Deficit	Interests	Equity
Balance as of December 31, 2022	43,348,256	$ 43,348	$ 459,105,278	$ (363,285,925)	$ 24,464,699	$ 120,327,400
Deconsolidation of Real Estate Entity	—	—	—	—	(4,258,133)	(4,258,133)
Common stock issued for exercise of warrants	46,819	47	(47)	—	—	—
Common stock issued to Apollo Medical Holdings, Inc.	66,667	67	1,899,933	—	—	1,900,000
Contributions	—	—	—	—	28,000	28,000
Distributions	—	—	—	—	(1,537,141)	(1,537,141)
Net loss	—	—	—	(5,147,279)	(1,774,693)	(6,921,972)
Balance at March 31, 2023	43,461,742	$ 43,462	$ 461,005,164	$ (368,433,204)	$ 16,922,732	$ 109,538,154
Balance at December 31, 2023	45,111,994	$ 45,112	$ 470,480,617	$ (409,072,539)	$ 17,652,916	$ 79,106,106
Common stock issued for Employee Stock Purchase Plan	7,462	8	19,018	—	—	19,026
Common stock issuance	4,444,444	4,444	1,536,499	—	—	1,540,943
Debt conversion to common stock	118,243	118	320,570	—	—	320,688
Stock-based compensation	—	—	49,167	—	—	49,167
Vesting of Restricted Stock Units	12,981	13	(13)	—	—	—
Reverse stock split adjustment	24,251	24	(24)	—	—	—
Distributions	—	—	—	—	(481,293)	(481,293)
Net loss	—	—	—	(364,075)	(178,412)	(542,487)
Balance at March 31, 2024	49,719,375	$ 49,719	$ 472,405,834	$ (409,436,614)	$ 16,993,211	$ 80,012,150

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2024	2023
Cash flows from operating activities:		
Net loss	$ (542,487)	$ (6,921,972)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortization	4,186,202	3,993,747
Gain on warrant liability	(2,600,747)	-
Amortization of debt issuance costs	-	6,738
Stock-based compensation expense	49,167	1,900,000
Deferred tax benefit	(95,407)	(910,659)
Debt accretion expense	365,104	-
Loss on lease termination	-	58,211
Non-cash lease expense (income)	(102,609)	40,545
Changes in operating assets and liabilities, net of the effects of acquisitions:		
Accounts receivable	(2,908,944)	6,620,249
Accounts receivable - related party	(61,779)	(100)
Inventories	415,098	47,840
Prepaid expenses and other current assets	795,923	1,040,753
Accounts payable	(1,681,291)	(8,565,577)
Accounts payable - related party	474,765	9,636
Accrued expenses and other current liabilities	4,757,864	3,732,602
Net cash from operating activities	3,050,859	1,052,013
Cash flows from investing activities:		
Acquisitions of property and equipment	(733,323)	(4,376,983)
Cash related to deconsolidation of Real Estate Entities	-	(1,039,157)
Net cash from investing activities	(733,323)	(5,416,140)
Cash flows from financing activities:		
Proceeds from lines of credit	-	49,414
Proceeds from notes payable	2,915,000	7,551,506
Repayments of lines of credit	(594,548)	-
Repayments of notes payable	(4,386,398)	(2,209,678)
Repayments of finance leases	(968,434)	(936,703)
Proceeds from common stock issuance, net issuance costs	9,202,500	-
Members' contributions	-	28,000
Members' distributions	(481,293)	(1,537,141)
Net cash from financing activities	5,686,827	2,945,398
Net change in cash and cash equivalents	8,004,363	(1,418,729)
Cash and cash equivalents - beginning of the period	22,002,056	34,255,264
Cash and cash equivalents - end of the period	$ 30,006,419	$ 32,836,535

See accompanying notes to the unaudited condensed consolidated financial statements.

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

Note 1 – Organization and Operations

Nutex Health Inc. ("Nutex Health" or the "Company"), is a physician-led, healthcare services and operations company with 21 hospital facilities in nine states (hospital division), and a primary care-centric, risk-bearing population health management division. Our hospital division implements and operates different innovative health care models, including micro-hospitals, specialty hospitals and hospital outpatient departments ("HOPDs"). The population health management division owns and operates provider networks such as independent physician associations ("IPAs") and offers a cloud-based proprietary technology platform to IPAs which aggregates clinical and claims data across multiple settings, information systems and sources to create a holistic view of patients and providers.

We employ approximately 800 full time employees, contract 230 doctors at our facilities and partner with over 1,700 physicians within our networks. Our corporate headquarters is based in Houston, Texas. We were incorporated on April 13, 2000 in the state of Delaware.

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

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

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

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

Reverse Stock Split.

The Company held its annual meeting of stockholders on June 29, 2023, where the Company's stockholders approved a reverse stock split at a ratio within a range of 1-for-2 and 1-for-15 and granted the Company's Board of Directors the discretion to determine the timing and ratio of the split within such range. This approval is valid through June 29, 2024.

On April 1, 2024, the Company's Board of Directors determined to effect the reverse stock split of the common stock at a 1-for-15 ratio (the "Reverse Stock Split") and approved the filing of a Certificate of Amendment (the "Certificate of Amendment") to the Second Amended and Restated Certificate of Incorporation of the Company to effect the Reverse Stock Split.

On April 9, 2024, the Company filed the Certificate of Amendment with the Delaware Secretary of State to effect the Reverse Split, effective at 11:59 p.m. Eastern Time on April 9, 2024 (the "Effective Time"). The Company's common stock began trading on a Reverse Stock Split-adjusted basis on The Nasdaq Capital Market at the open of the markets on

April 10, 2024. The Reverse Stock Split was implemented for the purpose of regaining compliance with the minimum bid price requirement for continued listing of the Company's common stock on the Nasdaq Capital Market.

As a result of the Reverse Stock Split, the number of shares of common stock outstanding was reduced from 745,426,858 shares to 49,719,375 shares, inclusive of whole shares issued for fractional shares, and the number of authorized shares of common stock remains 950 million shares.

Unless otherwise indicated, all authorized, issued, and outstanding stock and per share amounts contained in the accompanying condensed consolidated financial statements have been adjusted to reflect the 1-for-15 Reverse Stock Split for all prior periods presented. Proportionate adjustments for the Reverse Stock Split were made to the exercise prices and number of shares issuable under the Company's equity incentive plans, and the number of shares underlying outstanding equity awards, as applicable. See *Note 18* for information and disclosures relating to adjustments related to the Reverse Stock Split.

Note 2 - Summary of Significant Accounting Policies

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

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

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

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

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

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

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

Use of estimates. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include (i) estimates of net revenue and accounts receivable, (ii) fair value of acquired assets and liabilities in business combinations and (iii) impairment of long-lived assets and goodwill. Actual results could differ from those estimates.

Cash and cash equivalents. The Company considers all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents. The Company has cash amounts, that were at times material, held in covered banking institutions in excess of the insured amounts, but does not deem the risk of loss to be likely. The Company has $4.1 million in restricted cash as of March 31, 2024. The amounts included in restricted cash represent those required to be set aside either by note payable agreement or compensating balance requirements.

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

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

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

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

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

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

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

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

Recent accounting pronouncements. There are no new accounting pronouncements that are expected to have a material impact on the condensed consolidated financial statements.

Note 3 – Revenue

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

	Three Months Ended March 31,	
	2024	2023
Hospital Division:		
Net patient service revenue	$ 59,823,298	$ 48,839,332
Management fees	206,071	448,832
Total Hospital Division revenue	60,029,369	49,288,164
Population Health Management Division:		
Capitation revenue, net	6,699,623	6,051,574
Management fees	379,828	719,626
SaaS revenue	344,967	270,053
Total Population Health Management Division revenue	7,424,418	7,041,253
Total revenue	$ 67,453,787	$ 56,329,417

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

The Company recorded approximately $0.7 million of net revenue for cash collections during the three months ended March 31, 2024 for services that were previously provided. The Company had previously reserved for this amount as uncollectible.

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

	Three Months Ended March 31,	
	2024	2023
Insurance	91%	93%
Self pay	6%	4%
Workers compensation	2%	1%
Medicare/Medicaid	1%	2%
Total	100%	100%

Contract balances. Cash payments for SaaS-based subscriptions received in advance of the satisfaction of our performance obligations are reported as deferred revenue and subsequently recognized as revenue over the period in which the performance obligations are satisfied. The Company completes its contractual performance obligations through providing its customers access to specified data through subscriptions for a service period, and training on consulting associated with the subscriptions. We primarily invoice our customers on a monthly basis and do not provide any refunds, rights of return, or warranties. Deferred revenue is presented as current liabilities and totaled $0.1 million as of March 31, 2024 and December 31, 2023. We expect to recognize revenue for these amounts within the next twelve months.

Note 4 - Property and Equipment

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

	Useful Life (years)	March 31, 2024	December 31, 2023
Buildings and improvements	39	$ 18,926,097	$ 18,947,818
Land	-	4,401,888	4,401,888
Leasehold improvements	10-39	27,778,203	27,606,383
Construction in progress	-	2,733,511	3,776,138
Medical equipment	10	33,946,901	33,519,026
Office furniture and equipment	7	3,886,505	3,698,874
Computer hardware and software	5	6,999,058	6,066,520
Vehicles	5	145,090	135,590
Signage	10	1,690,501	1,576,475
Total cost		100,507,754	99,728,712
Less: accumulated depreciation		(19,937,049)	(18,341,063)
Total property and equipment, net		$ 80,570,705	$ 81,387,649

We consolidate two Real Estate Entities in the Company. Refer to *Note 17.*

Depreciation and amortization of property and equipment for the three months ended March 31, 2024 and 2023 totaled $ 1.6 million and $1.1 million, respectively.

Note 5 – Intangible Assets and Goodwill

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

March 31, 2024	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Useful Life (in years)
Amortizing intangible assets:				
Member relationships	$ 18,491,000	$ 2,321,267	$ 16,169,733	15
Management contracts	2,021,000	252,625	1,768,375	16
Customer contracts	914,000	121,867	792,133	15
Trademarks	1,426,795	300,065	1,126,730	7-12
PHP technology	409,000	163,600	245,400	5
Total	$ 23,261,795	$ 3,159,424	$ 20,102,371	

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

Amortization of intangible assets for the three months ended March 31, 2024 and 2023 totaled $ 0.4 million each.

Goodwill. Goodwill totaled $17.1 million at March 31, 2024 and December 31, 2023.

Note 6 – Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	March 31, 2024	December 31, 2023
Accrued wages and benefits	$ 6,567,759	$ 6,590,710
Accrued medical insurance claims	1,902,615	1,865,280
Accrued taxes	1,510,191	405,352
Accrued other	7,713,569	4,093,954
Total accrued expenses and other current liabilities	$ 17,694,134	$ 12,955,296

Note 7 – Debt

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

	Maturity Dates	Interest Rates	March 31, 2024	December 31, 2023
Term loans secured by all assets	04/2024 - 10/2027	4.15 - 7.71%	$ 6,610,077	$ 7,030,613
Term loans secured by property and equipment	04/2024 - 10/2028	3.59 - 10.00%	9,686,907	10,562,207
Term loan secured by deposits	04/2024	7.36%	2,915,000	-
Line of credit secured by all assets	04/2024 - 09/2024	4.00 - 9.50%	2,777,128	3,371,675
Term loans of consolidated Real Estate Entities	05/2028 - 03/2037	2.84 - 5.75%	12,715,842	13,005,019
Unsecured convertible term notes	10/2025	8.00 - 10.00%	5,384,990	5,384,990
Pre-paid advance (convertible debt)	03/2024	0.00%	-	3,078,302
Total			40,089,944	42,432,806
Less: unamortized issuance costs and discount			1,616,344	1,937,676
Less: short-term lines of credit			2,777,128	3,371,676
Less: current portion of long-term debt			9,388,455	10,808,721
Total long-term debt			$ 26,308,017	$ 26,314,733

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

Certain outstanding debt arrangements require minimum debt service coverage ratios and other financial covenants. At March 31, 2024, we were not in compliance with the debt service coverage ratio for one term loan with an outstanding balance of $0.2 million. This balance has been included in current liabilities. At March 31, 2024, we had remaining availability of $ 1.2 million under outstanding lines of credit.

Pre-Paid Advance Agreement (convertible debt).

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

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

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

As a result of the Pre-Paid Advance, the Company (i) issued 1.5 million shares of common stock to Yorkville (23.1 million prior to Reverse Stock Split), reducing the principal of initial Pre-Paid Advance to $7.3 million, (ii) made Optional Prepayments of $8.2 million in accordance with the PPA, consisting of $ 7.7 million of principal and $1.0 million attributed to the Payment Premium and (iii) paid off in full the remaining outstanding balance of the PPA on January 30, 2024 and the parties terminated the Yorkville PPA on February 15, 2024.

September 2023 Convertible Debt Issuance.

From September 2023 to December 2023, the Company conducted a private offering of convertible notes ("Unsecured Convertible Term Notes") and six-year warrants ("Warrants") to accredited investors (the "Holders") as defined in Rule 501 under the 1933 Act and issued Unsecured Convertible Term Notes convertible into an aggregate of 897,500 shares (13,462,500 prior to Reverse Stock Split) of common stock at a conversion price of $6.00 per share ($0.40 prior to Reverse Stock Split) and Warrants to purchase an aggregate of 448,750 shares of common stock (6,731,250 prior to Reverse Stock Split) at an exercise price of $6.00 per share ($0.40 prior to Reverse Stock Split). We also issued Warrants for the purchase of 269,250 shares (4,038,750 prior to Reverse Stock Split) to the placement agent. The Unsecured Convertible Term Notes mature on October 31, 2025 and the Warrants expire on December 31, 2029.

On March 26, 2024, the Company and the Holders agreed to amend the conversion price of the Unsecured Convertible Term Notes and exercise price of the Warrants to $ 3.00 each ($0.20 prior to Reverse Stock Split), resulting in the Unsecured Convertible Term Notes being convertible into 1,795,000 shares of common stock (26,925,000 prior to Reverse Stock Split), the Warrants exercisable for 897,500 shares of common stock (13,462,500 prior to Reverse Stock Split) and the placement agent Warrants exercisable for 538,500 shares of common stock (8,077,500 prior to Reverse Stock Split).

The Unsecured Convertible Term Notes bear an annual interest rate of 8% if paid in cash or an annual interest rate of 10% if paid in the form of common stock. The payment of interest in the form of common stock is at the discretion of the Company. When paid in common stock, the number of shares is equal to the quotient of the total accrued interest due divided by the last reported sale price of the Company's common stock on the last complete trading day of such quarter. The Holders have the option, at any time, to convert all or any portion of the unpaid principal and interest outstanding in common stock at the conversion price of $3.00 per share. If the Company fails to pay the outstanding principal amount and all accrued interest within 30 days of the maturity date, the interest rate payable is adjusted to 12%.

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

The net carrying amount of the Unsecured Convertible Term Notes was $ 3.8 million as of March 31, 2024 and the weighted average effective interest rate on the convertible debt is 21.5%. The Unsecured Convertible Term Notes interest expense was $0.3 million for the three months ending March 31, 2024, comprising of $ 0.2 million in amortization expense and $ 0.1 million in accrued interest expense.

Note 8 – Leases

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

	Three Months Ended March 31,			
	2024		2023	
Operating lease cost	$	644,698	$	948,515
Finance lease cost:				
Amortization of right-of-use assets	$	2,225,670	$	2,484,275
Interest on lease liabilities		3,400,227		2,688,520
Total finance lease cost	$	5,625,897	$	5,172,795

Note 9 – Commitments and Contingencies

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

Note 10 – Stock-based Compensation

In 2022, the Company adopted the Amended and Restated Nutex Health Inc. 2022 Equity Incentive Plan (the "2022 Plan"). The maximum aggregate number of shares that may be issued under the 2022 Plan is 333,333 shares (5,000,000 prior to Reverse Stock Split). On June 29, 2023, the stockholders of the Company approved the Amended and Restated Nutex Health Inc. 2023 Equity Incentive Plan (the "2023 Plan"), which replaced the 2022 Plan, and an additional 583,462 new shares of Common Stock (8,751,928 prior to Reverse Stock Split) were made available for issuance under the 2023 Plan, subject to annual increases on January 1st of each calendar year through January 1, 2033 of up to 1% of the issued and outstanding shares of the Company's Common Stock on the final day of the preceding calendar year, at the discretion of the compensation committee of our Board of Directors. On March 31, 2024, a total of 734,263 shares of Common Stock (11,013,943 prior to Reverse Stock Split) were available for issuance under the 2023 Plan.

Awards granted under the 2023 Plan may be incentive stock options, non-statutory stock options, restricted stock, restricted stock units, stock appreciation rights, performance units or performance shares. The awards are granted at an exercise price equal to the fair market value on the date of grant.

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

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

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

We have not recognized any expense for this stock-based compensation for three months ended March 31, 2024 based on our current estimates of future obligations to the contributing owners.

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

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Options outstanding at December 31, 2022	343,185	$ 34.50	7.60
Options exercised	—	—	
Options cancelled	—	—	
Options outstanding at March 31, 2023	343,185	$ 34.82	7.35
Options outstanding at December 31, 2023	275,810	$ 33.58	6.94
Options exercised	—	—	
Options cancelled	—	—	
Options outstanding at March 31, 2024	275,810	$ 33.58	6.69

Options outstanding as of March 31, 2024 consisted of:

Expiration Date	Number Outstanding	Number Exercisable	Exercise Price
January 27, 2027	6,000	6,000	$ 22.50
May 11, 2027	17,333	17,333	22.50
June 9, 2027	1,667	1,667	38.25
January 28, 2028	6,000	6,000	24.15
January 27, 2030	12,080	12,080	22.50
June 30, 2030	7,137	7,137	21.75
August 4, 2029	675	675	83.40
January 28, 2031	66,667	66,667	24.15
February 28, 2031	13,333	13,333	30.00
September 9, 2031	128,985	128,985	41.25
September 9, 2031	10,933	10,933	41.25
December 17, 2031	5,000	5,000	52.50
Total	275,810	275,810	

Restricted Stock Units. On April 1, 2023, the Company issued 40,277 Restricted Stock Units ("RSUs") (604,158 prior to Reverse Stock Split), valued at $0.6 million to certain employees. Total of 14,314 RSU Common Shares (214,720 prior to Reverse Stock Split) vested on April 1, 2023 and another 12,980 common shares (194,720 prior to Reverse Stock Split) vested on March 1, 2024. Another 12,980 common shares (194,720 prior to Reverse Stock Split) will vest on March 1, 2025.

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

	Shares (in thousands)	Weighted Average Grant-Date Fair Value Per Share
Non-vested awards, December 31, 2022	—	—
Granted	—	—
Vested	—	—
Non-vested awards, March 31, 2023	—	—
Non-vested awards, December 31, 2023	26	$ 15.15
Granted	—	—
Vested	(13)	15.15
Non-vested awards, March 31, 2024	13	$ 15.15

As of March 31, 2024, we estimate $0.2 million of unrecognized compensation cost related to restricted stock units issued to our employees to be recognized over the weighted-average vesting period of 0.9 years.

Employee Stock Purchase Plan. In May 2023, the Board of Directors adopted the 2023 Employee Stock Purchase Plan ("2023 ESPP"), which was subsequently approved by the Company's stockholders and became effective in June 2023. The 2023 ESPP authorizes the initial issuance of up to 333,333 shares (5,000,000 prior to Reverse Stock Split) of the Company's common stock to eligible employees, who are entitled to purchase shares of common stock equal to 85% of the closing price on the purchase date with accumulated payroll deductions. During the three months ended March 31, 2024, the Company issued 7,462 shares (111,917 prior to Reverse Stock Split) under the ESPP.

Note 11 – Equity

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

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

Securities Purchase Agreement.

On January 22, 2024, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with a single healthcare focused institutional investor for the sale by the Company of 4,444,444 shares (66,666,666 prior to Reverse Stock Split) of the Company's common stock, par value $ 0.001 per share, and warrants to purchase 4,444,444 shares (66,666,666 prior to the Reverse Stock Split) of the Company's common stock. The shares and the warrants were issued separately and issued on a one-to-one ratio at a public offering price of $2.25 per share and accompanying warrant ($0.15 prior to Reverse Stock Split).

The Warrants have an exercise price of $2.25 per share ($0.15 prior to Reverse Stock Split), are exercisable immediately upon issuance and expire five years from the Closing Date. The Warrants may only be exercised on a cashless basis if there is no registration statement registering, or the prospectus contained therein is not available for, the issuance or resale of shares of common stock underlying the Warrants to or by the holder. The holder of a Warrant is prohibited from exercising any such warrants to the extent that such exercise would result in the number of shares of common stock beneficially owned by such holder and its affiliates exceeding 4.99% (or, upon election by the holder prior to the issuance of any Warrants, 9.99%) of the total number of shares of common stock outstanding immediately after giving effect to the exercise. In the event of certain fundamental transactions, the holder of the Warrants will have the right to receive the Black Scholes Value of its Warrants calculated pursuant to a formula set forth in the Form of Warrant, payable either in cash or in the same type or form of consideration that is being offered and being paid to the holders of common stock.

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

The Company used the Black-Scholes option model to compute the fair value (level 3) of the Warrants, with inputs including volatility (approximately 120%) and risk-free rate based on US Treasury yield curve rates. The Company classified the Warrants as liabilities due to certain contractual provisions and recorded $7.7 million in warrant liability on January 25, 2024. On March 31, 2024, the Company remeasured the Warrants and recorded a $2.6 million gain on warrant liability as the fair value of the Warrants was $ 5.1 million at March 31, 2024.

Under the Purchase Agreement, if the Company, at any time while the Warrants are outstanding, combines (including by way of reverse share split) outstanding shares of common stock into a smaller number, then, on the tenth trading day following, the exercise price will be reduced, and only reduced, to the lesser of (i) the then exercise price and (ii) 100% of the average of the volume weighted average prices for the ten trading day period immediately following. Accordingly, on April 26, 2024, as required under the terms of the Purchase Agreement and as a result of the Reverse Stock Split, the exercise price was reduced from $2.25 to $0.68 per share.

Warrants. During the three months ended March 31, 2024, as part of the Securities Purchase Agreement, the Company issued warrants to purchase 4,444,444 shares (66,666,666 prior to Reverse Stock Split) of Common Stock at a strike price of $2.25 ($0.15 prior to Reverse Stock Split) for a period of five years. These warrants were outstanding but not yet exercised as of March 31, 2024. Additionally, on March 26, 2024, the Company agreed to amend the conversion price of the Unsecured Convertible Term Notes and exercise price of the related warrants to $3.00 each, resulting in an increase in warrants of 718,000 shares (10,770,000 prior to Reverse Stock Split). Warrant activity follows:

	Warrants Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
Warrants outstanding at December 31, 2022	735,534	$ 29.42	3.80
Warrants exercised	(53,764)	23.25	
Warrants expired	(100)	23.25	
Warrants outstanding at March 31, 2023	681,670	$ 29.85	3.53
Warrants outstanding at December 31, 2023	1,356,237	$ 17.41	4.42
Warrants issued	4,444,444	2.25	
Warrants amended	718,000	3.00	
Warrants exercised	-		
Warrants expired	-		
Warrants outstanding at March 31, 2024	6,518,681	$ 5.16	4.78

Warrants outstanding as of March 31, 2024 consisted of:

Expiration Date	Number Outstanding	Number Exercisable	Exercise Price
December 31, 2024	36,992	36,992	$ 100.05
October 31, 2025	1,082	1,082	18.75
October 31, 2025	104,430	104,430	23.25
February 26, 2026	19,216	19,216	60.00
July 31, 2026	168,860	168,860	23.25
May 31, 2027	307,657	307,657	26.25
September 30, 2029	165,000	165,000	3.00
October 31, 2029	572,500	572,500	3.00
November 30, 2029	51,667	51,667	3.00
December 31, 2029	646,833	646,833	3.00
January 25, 2029	4,444,444	4,444,444	2.25
Total	6,518,681	6,518,681	

Note 12 – Income Taxes

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

Our effective tax rate for the three months ended March 31, 2024 was 14.2%. The primary difference from the federal statutory rate of 21% is related to state taxes, income of noncontrolling interests in flow-through entities and permanent differences for non-deductible expenses.

Note 13 – Earnings per Share

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

	Three Months Ended March 31,			
	2024		2023	
Amounts attributable to Nutex Health Inc.:				
Numerator:				
Net loss attributable to common stockholders	$	(364,075)	$	(5,147,279)
Denominator:				
Weighted average shares used to compute basic EPS		48,492,347		43,394,380
Loss per share:				
Basic	$	(0.01)	$	(0.12)
Diluted	$	(0.01)	$	(0.12)

The computation of diluted earnings per common share excludes the 275,810 common stock options (4,137,149 prior to Reverse Stock Split), 6,518,681 warrants (97,780,228 prior to Reverse Stock Split), 12,980 restricted stock units (194,720 prior to Reverse Stock Split) and 1,795,000 common stock (26,925,000 prior to Reverse Stock Split) issuable upon conversion of outstanding convertible debt for the three months ended March 31, 2024. The March 31, 2023 computation excludes the 343,185 common stock options (5,147,770 prior to Reverse Stock Split) and 681,670 warrants (10,225,062 prior to Reverse Stock Split). The dilutive effect of convertible debt was calculated using the if-converted method, whereas the dilutive effect of the assumed exercise of outstanding options and warrants was calculated using the treasury stock method.

Note 14 - Supplemental Cash Flows Information

	Three Months Ended March 31,			
	2024		2023	
Cash paid for interest	$	548,418	$	430,643
Non-cash investing and financing activities:				
Financed capital expenditures		-		2,709,019
Acquisition of finance leases		-		18,798,667
Termination of operating and finance leases		-		2,818,498
Exercise of warrants on cashless basis		-		702
Issuance of common stock to Apollo Medical Holdings, Inc.		-		1,900,000
Deconsolidation of Real Estate Entity		-		4,258,133
Warrant liability related to common stock issuance		7,661,557		-
Reverse stock split adjustment		24		
Common stock issued for Employee Stock Purchase Plan		19,026		-
Convertible debt converted to common stock		320,688		-

Note 15 – Segment Information

We report the results of our operations as three segments in our consolidated financial statements: (i) the hospital division, (ii) the population health management division and (ii) the real estate division. The determination of our reporting segments was made on the basis of our strategic priorities, which corresponds to the manner in which our Chief Executive Officer, as our chief operating decision maker, reviews and evaluates operating performance to make decisions about resources to be allocated. We evaluate the performance of our reportable segments based on, among other measures, operating income, which is defined as income before interest expense, other income (expense), and taxes. Corporate costs primarily include expenses for support functions and salaries and benefits for corporate employees and are excluded from segment operating results.

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

	March 31, 2024	December 31, 2023
Assets:		
Hospital division	$ 283,487,838	$ 278,635,841
Population health management division	83,889,168	83,647,378
Real estate division	36,906,848	35,962,278
Total Assets	$ 404,283,854	$ 398,245,497

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Revenue from external customers:		
Hospital division	$ 60,029,369	$ 49,288,164
Population health management division	7,424,418	7,041,253
Total revenue	$ 67,453,787	$ 56,329,417
Segment operating income (loss):		
Hospital division	10,471,050	4,778,637
Population health management division	(313,872)	69,086
Total segment operating income	$ 10,157,178	$ 4,847,723
Capital expenditures:		
Hospital division	733,323	4,376,983
Real estate division	-	-
Total capital expenditures	$ 733,323	$ 4,376,983
Revenue from inter-segment activities:		
Real estate division	$ 799,850	$ 258,015
Depreciation and amortization:		
Hospital division	3,764,347	3,564,022
Population health management division	420,995	388,047
Real estate division	860	41,678
Total depreciation and amortization	$ 4,186,202	$ 3,993,747

Note 16 – Related Party Transactions

Related party transactions included the following:

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

  The Physician LLCs had outstanding obligations to their member owners, who are also Company stockholders. These outstanding obligations primarily represent contributions for facilities currently under construction totaling $3.3 million at March 31, 2024 and $2.9 million at December 31, 2023 reported within accounts payable – related party in our consolidated balance sheets.

- Most of our hospital division facilities are leased from real estate entities which are owned by related parties. These leases are typically on a triple net basis, where our hospital division is responsible for all operating costs, repairs and taxes on the facilities. Our obligations under these leases are presented in Note 8. During the three months ended March 31, 2024, we made cash payments for these lease obligations totaling $4.7 million. Cash payments for these lease obligations made in the three months ended March 31, 2023 totaled $3.5 million.

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

- Accounts receivable – related party included $4.2 million at March 31, 2024 and $4.1 million at December 31, 2023 due from noncontrolling interest owners of consolidated ER Entities.

- Micro Hospital Holding LLC, an affiliate controlled by our CEO, and 2GT PLLC, an affiliate controlled by a physician partner, made advances to one of our hospital facilities, SE Texas ER. These advances totaled $1.4 million and $1.2 million at March 31, 2024 and at December 31, 2023, and are reported as accounts payable – related party in our consolidated balance sheets. The advances have no stated maturity and bear no interest.

- Accounts payable – related party in our consolidated balance sheets included $1.0 million at March 31, 2024 and $0.9 million at December 31, 2023 for reimbursement of expenses incurred on our behalf.

- We provided managerial services to emergency centers owned and, in some instances, controlled by related parties including an entity controlled by our CEO during 2023. In the three months ended March 31, 2023, we recognized $0.2 million of revenue for these services.

- Two of our ER Entities were obligated under managerial services agreements with related parties commencing in 2022 and ending in 2023. Payments under these agreements totaled $0.3 million for the three months ended March 31, 2023.

Note 17 – Variable Interest Entities

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

	March 31, 2024		
	Real Estate Entities	Physician LLCs	AHISP IPA
Current assets	$ 131,103	$ 7,372,220	$ 8,398,253
Property and equipment, net	-	3,668	11,325
Other long-term assets	33,134,000	-	91,694
Total assets	$ 33,265,103	$ 7,375,888	$ 8,501,272
Current liabilities	38,510	5,672,833	8,501,272
Long-term liabilities	12,670,853	-	-
Total liabilities	12,709,363	5,672,833	8,501,272
Equity	20,555,740	1,703,055	-
Total liabilities and equity	$ 33,265,103	$ 7,375,888	$ 8,501,272

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

The assets of each of the ER Entities may only be used to settle the liabilities of that entity or its consolidated VIEs and may not be required to be used to settle the liabilities of any of the other ER Entities, other VIEs, or corporate entity. Additionally, the assets of corporate entities cannot be used to settle the liabilities of VIEs. The Company has aggregated all of the Physician LLCs and Real Estate Entities into two categories above, because they have similar risk characteristics, and presenting distinct financial information for each VIE would not add more useful information.

Real Estate Entities are consolidated by the Company as VIEs because they do not have sufficient equity at risk and our hospital entities are guarantors of their outstanding mortgage loans. We have been working with the third-party lenders to remove our guarantees of their outstanding mortgage loans. As these guarantees are released, the associated Real

Estate Entity no longer qualifies as a VIE and is deconsolidated. As of March 31, 2024, two Real Estate Entities continue to be consolidated in our financial statements.

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

Note 18 - Subsequent Events

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

Reverse Stock Split

On July 5, 2023, the Company held its annual meeting of stockholders on June 29, 2023. At such meeting, the Company's stockholders approved a reverse stock split at a ratio within a range of 1-2 and 1-15 and granted the Company's Board of Directors the discretion to determine the timing and ratio of the split within such range. This approval is valid through June 29, 2024.

On April 1, 2024, the Company's Board of Directors determined to effect the reverse stock split of the common stock at a 1-for-15 ratio (the "Reverse Stock Split") and approved the filing of a Certificate of Amendment (the "Certificate of Amendment") to the Second Amended and Restated Certificate of Incorporation of the Company to effect the Reverse Stock Split.

On April 9, 2024, the Company filed the Certificate of Amendment with the Delaware Secretary of State to effect the Reverse Split, effective at 11:59 p.m. Eastern Time on April 9, 2024 (the "Effective Time"). The Reverse Split did not modify any voting rights or other terms of the common stock, and the number of authorized shares of the Company will remain at 950,000,000.

Unless otherwise noted, share numbers and per share amounts in these financial statements reflect the Reverse Stock Split.

The impacts of the Reverse Stock Split were applied retroactively for all periods presented in accordance with applicable guidance, less the number of rounded whole shares issued for fractional shares on April 10, 2024. Therefore, prior period amounts are different than those previously reported. Certain amounts within the following tables may not foot due to rounding.

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

	March 31, 2023		
	As Previously Reported	Impact of Reverse Stock Split	As Revised
Common Stock - Shares	651,926,125	(608,464,383)	43,461,742
Common Stock - Amount	$ 651,926	$ (608,464)	$ 43,462
Additional Paid-in Capital	$ 460,396,700	$ 608,464	$ 461,005,164

	December 31, 2023		
	As Previously Reported	Impact of Reverse Stock Split	As Revised
Common Stock - Shares	676,679,911	(631,567,917)	45,111,994
Common Stock - Amount	$ 676,680	$ (631,568)	$ 45,112
Additional Paid-in Capital	$ 469,849,049	$ 631,568	$ 470,480,617

	December 31, 2022		
	As Previously Reported	Impact of Reverse Stock Split	As Revised
Common Stock - Shares	650,223,840	(606,875,584)	43,348,256
Common Stock - Amount	$ 650,224	$ (606,876)	$ 43,348
Additional Paid-in Capital	$ 458,498,402	$ 606,876	$ 459,105,278

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

	Three months ended March 31, 2023		
	As Previously Reported	Impact of Reverse Stock Split	As Revised
Loss attributable to common stockholders	$ (5,147,279)	$ -	$ (5,147,279)
Weighted average shares used to compute basic and diluted EPS	650,915,693	(607,521,313)	43,394,380
Loss per share - basic and diluted	$ (0.01)	$ (0.11)	$ (0.12)

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

	Three months ended March 31, 2023		
	As Previously Reported	Impact of Reverse Stock Split	As Revised
Common stock options	5,147,770	(4,804,585)	343,185
Common stock warrants	10,225,062	(9,543,392)	681,670

Stock options were adjusted retroactively to give effect to the Reverse Stock Split for the three months ended March 31, 2023:

	As Previously Reported		Impact of Reverse Stock Split		Revised	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Options outstanding at December 31, 2022	5,147,770	$ 2.30	(4,804,585)	$ 32.20	343,185	$ 34.50
Options exercised	—	—	—	—	—	—
Options cancelled	—	—	—	—	—	—
Options outstanding at March 31, 2023	5,147,770	$ 2.32	(4,804,585)	$ 32.49	343,185	$ 34.82

Warrants were adjusted retroactively to give effect to the Reverse Stock Split for the three months ended March 31, 2023:

	As Previously Reported		Impact of Reverse Stock Split		Revised	
	Warrants Outstanding	Weighted Average Exercise Price	Warrants Outstanding	Weighted Average Exercise Price	Warrants Outstanding	Weighted Average Exercise Price
Warrants outstanding at December 31, 2022	11,033,015	$ 1.96	(10,297,481)	$ 27.46	735,534	$ 29.42
Warrants exercised	(806,453)	1.55	752,689	21.70	(53,764)	23.25
Warrants expired	(1,500)	1.55	1,400	21.70	(100)	23.25
Warrants outstanding at March 31, 2023	10,225,062	$ 1.99	(9,543,392)	$ 27.86	681,670	$ 29.85

* * * * *

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

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

Explanatory Note

On April 1, 2022 (the "Merger Date"), Nutex Health Holdco LLC and Clinigence Holdings, Inc. ("Clinigence") completed the merger (the "Merger") contemplated by the Agreement and Plan of Merger (the "Merger Agreement") dated as of November 23, 2021 between Clinigence, Nutex Acquisition LLC, a Delaware limited liability company and wholly-owned subsidiary of Clinigence, Nutex, Micro Hospital Holding LLC (solely for the purposes of certain sections of the Merger Agreement), Nutex Health Holdco LLC and Thomas Vo, M.D., solely in his capacity as the representative of the equity holders of Nutex. Immediately following the completion of the Merger, Clinigence amended its certificate of incorporation and bylaws to change its name to "Nutex Health Inc." In connection with the Merger, each outstanding equity interest of Nutex Health Holdco LLC was exchanged for 3.571428575 shares of Clinigence common stock. The Merger was accounted for as a reverse business combination under U.S. GAAP. Therefore, Nutex Health Holdco LLC was treated as the accounting acquirer in the Merger. Our financial statements presented for periods prior to the Merger Date are those of Nutex Health Holdco, LLC, as the Company's predecessor entity. Beginning with the second quarter of 2022, our financial statements are presented on a consolidated basis and include Clinigence.

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

Overview

Nutex Health Inc. is a physician-led, healthcare services and operations company with 21 hospital facilities in nine states (hospital division), and a primary care-centric, risk-bearing population health management division. Our hospital division implements and operates different innovative health care models, including micro-hospitals, specialty hospitals and hospital outpatient departments ("HOPDs"). The population health management division owns and operates provider networks such as independent physician associations ("IPAs") and offers a cloud-based proprietary technology platform to IPAs which aggregates clinical and claims data across multiple settings, information systems and sources to create a holistic view of patients and providers.

We employ approximately 800 full time employees, contract 230 doctors at our facilities and partner with over 1,700 physicians within our networks. Our corporate headquarters is based in Houston, Texas. We were incorporated on April 13, 2000 in the state of Delaware.

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

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

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

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

The population health management division includes our management services organizations and a healthcare information technology company providing a cloud-based platform for healthcare organizations. In addition, AHISP, IPA, a physician-affiliated entity that is not owned by us—is consolidated as a VIE of our wholly-owned subsidiary AHP because we are the primary beneficiary of their operations under AHP's management services contracts with them.

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

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

	Three Months Ended March 31,	
	2024	2023
Insurance	91%	93%
Self pay	6%	4%
Workers compensation	2%	1%
Medicare/Medicaid	1%	2%
Total	100%	100%

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

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

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

Overview of Legislative Developments

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

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

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

No Surprises Act

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

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

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

Qualifying Payment Amount. The "qualifying payment amount" or "QPA" is generally "the median of the contracted rates recognized by the plan or issuer under such plans or coverage, respectively, on January 31, 2019, for the same or a similar item or service that is provided by a provider in the same or similar specialty and provided in the geographic region in which the items or service is furnished," with annual increases based on the consumer price index. In other words, the qualifying payment amount is typically the median rate the insurer would have paid for the service if provided by an in-network provider or facility.

HHS Final Rule. As required by the NSA, the United States Department of Health and Human Services ("HHS") has established an IDR process under which a certified IDR entity determines the ultimate amount of payment. The HHS' final rule became effective October 25, 2022. The final rule eliminated the rebuttable presumption that the qualified payment amount is the correct price and also abandoned the requirement that the certified IDR entity must select the offer closest to the qualifying payment amount. These key provisions were initially part of the interim rule issued in 2021 and were challenged by several court cases. Under the final rule, the certified IDR entity must instead select the offer that best reflects the value of the item or service provided, by first considering the QPA and then considering "additional information" that is relevant to the dispute.

The Texas Medical Association on November 30, 2022 filed an additional lawsuit ("TMA III") challenging how insurers are establishing the QPA under the final rules, alleging that the final rules allow insurers to include what is referred to in the healthcare industry as "ghost rates," which are rates included in contracts with providers who do not actually provide the specified service and as a result are lower than rates a provider would have incentive to meaningfully negotiate, thus artificially lowering the QPA. According to the Texas Medical Association, this practice stands in violation of the congressional definition of the QPA as the median of the contracted rates recognized by the plan or insurer for the same or similar item or service that is provided by a provider in the same or similar specialty in the same geographic region.

On August 24, 2023, the U.S. District Court in the Eastern District of Texas in TMA III ruled to vacate several aspects of the regulations mandating the methodology for the QPA calculation. In particular, the court prohibited the inclusion of "ghost rates" as part of the QPA calculation and QPA calculations that are not based on the same or similar specialty. This is the 4th time the federal court has ruled in favor of the Texas Medical Association effective nationwide. In its FAQs dated October 6, 2023, the Department of Labor states that the Department of Justice intends to appeal the court's ruling.

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

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

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

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

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

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

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

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

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

Recent Developments

Reverse Stock Split.

The Company held its annual meeting of stockholders on June 29, 2023, where the Company's stockholders approved a reverse stock split at a ratio within a range of 1-for-2 and 1-for-15 and granted the Company's Board of Directors the discretion to determine the timing and ratio of the split within such range. This approval is valid through June 29, 2024.

On April 1, 2024, the Company's Board of Directors determined to effect the reverse stock split of the common stock at a 1-for-15 ratio (the "Reverse Stock Split") and approved the filing of a Certificate of Amendment (the "Certificate of Amendment") to the Second Amended and Restated Certificate of Incorporation of the Company to effect the Reverse Stock Split.

On April 9, 2024, the Company filed the Certificate of Amendment with the Delaware Secretary of State to effect the Reverse Split, effective at 11:59 p.m. Eastern Time on April 9, 2024 (the "Effective Time"). At the Effective Time, every 15 shares of issued and outstanding common stock automatically combined into one issued share of common stock, with no change in par value. No fractional shares were issued as a result of the Amendment. All stockholders entitled to receive fractional shares as a result of the Reverse Split received one whole share for their fractional share interest. The Reverse Split did not modify any voting rights or other terms of the common stock. The Company's common stock began trading on a Reverse Stock Split-adjusted basis on The Nasdaq Capital Market at the open of the markets on April 10, 2024. The Reverse Stock Split was implemented for the purpose of regaining compliance with the minimum bid price requirement for continued listing of the Company's common stock on the Nasdaq Capital Market.

As a result of the Reverse Stock Split, the number of shares of common stock outstanding was reduced from 745,426,858 shares to 49,719,375 shares inclusive of whole shares issued for fractional shares, and the number of authorized shares of common stock remains 950 million shares.

Results of Operations

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

	Three Months Ended March 31,	
	2024	2023
Revenue:		
Hospital division	$ 60,029,369	$ 49,288,164
Population health management division	7,424,418	7,041,253
Total revenue	67,453,787	56,329,417
Segment operating income:		
Hospital division	10,471,050	4,778,637
Population health management division	(313,872)	69,086
Total segment operating income	10,157,178	4,847,723
Corporate and other costs:		
Facilities closing costs	-	217,266
Stock-based compensation expense	49,167	1,900,000
General and administrative expenses	8,658,410	7,175,544
Total corporate and other costs	8,707,577	9,292,810
Interest expense	4,444,362	3,140,089
Gain on warrant liability	(2,600,747)	-
Other expense	(241,192)	247,455
Loss before taxes	(152,822)	(7,832,631)
Income tax expense (benefit)	389,665	(910,659)
Net loss	(542,487)	(6,921,972)
Less: net loss attributable to noncontrolling interests	(178,412)	(1,774,693)
Net loss attributable to Nutex Health Inc.	$ (364,075)	$ (5,147,279)
Adjusted EBITDA	$ 4,560,401	$ 2,437,854

Three Months Ended March 31, 2024 Compared to Three Months Ended March 31, 2023

Net loss attributable to Nutex Health Inc. decreased to $0.4 million, or a loss of $0.01 per share, for the three months ended March 31, 2024 from a net loss attributable to Nutex Health Inc. of $5.1 million, or a loss of $0.12 per share, for the same period of 2023. Our 2024 results were principally affected by higher revenue due to:

- Higher patient visits, increasing by 21.1% during the three months ended March 31, 2024 as compared with the same period of 2023 due mostly to the opening of four facilities throughout 2023;
- Increase revenue per visit due to increase in collections.

Adjusted EBITDA for the three months ended March 31, 2024 increased to $4.6 million from $2.4 million for the comparable period of 2023. Refer to Non-GAAP Financial Measures discussed below for a definition and reconciliation of Adjusted EBITDA. The items affecting revenue contributed significantly to the increase in Adjusted EBITDA in the 2024 period.

A discussion of our segment results is included below.

Hospital Division. Our revenue for the three months ended March 31, 2024 totaled $60.0 million as compared to $49.3 million for the same period of 2023, an increase of $10.7 million or 21.7%. This increase was attributed to an increase in visits, an increase in revenue per visit and an increase in collections. Of this revenue increase, 6.7% related to mature hospitals, which are hospitals that were opened by December 31, 2021.

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

	Three Months Ended March 31,	
	2024	2023
Patient visits:		
Hospital	40,068	33,085

Total patient visits increased 21.1% during the three months ended March 31, 2024 as compared with the same period of 2023 due mostly to the opening of four facilities throughout 2023 which are fully operating in 2024. Of this visit increase, 5.3% related to mature hospitals, which are hospitals opened by December 31, 2021.

The Company recorded approximately $0.7 million of net revenue for cash collections during the three months ended March 31, 2024 for services that were previously provided. The Company had previously reserved for this amount as uncollectible.

The hospital division's operating income was $10.5 million during the three months ended March 31, 2024, compared with an operating income of $4.8 million in the same period of 2023, an increase of 119%. Our revenue and operating income for the first quarter of 2024 was positively affected by the increase in visits and revenue per visit discussed above.

Population Health Management Division. Our total revenue for the three months ended March 31, 2024 was $7.4 million as compared with $7.0 million for the same period of 2023. The increase was due to higher capitation revenue earned.

The population health management division had $0.3 million of operating loss for the three months ended March 31, 2024 as compared with $0.1 million of operating income for the same period of 2023. Strategically, we are focused on the growth of this division principally through the addition of new independent physician associations and have staffed our organization to manage larger numbers of such organizations.

Real Estate Division. This division reports the operations of consolidated Real Estate Entities where we provide guarantees of their indebtedness or are co-borrowers.

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

As of March 31, 2024, two Real Estate Entities continue to be consolidated in our financial statements. We expect that hospitals we open in the future may be leased from new Real Estate Entities which may be owned in whole or part by related parties. Third-party lenders to these entities may require that we provide a guarantee or become co-borrowers under mortgage indebtedness and financings for such facilities. In such instances, we may be required to consolidate these new Real Estate Entities in our financial statements as VIEs.

Corporate and other costs. Corporate and other costs in the three months ended March 31, 2024 totaled $ 8.7 million as compared to $9.3 million for the same period of 2023. General and administrative costs include our executive management, accounting, human resources, corporate technology, insurance and professional fees.

Nonoperating items

Interest expense. Interest expense was $4.4 million in the three months ended March 31, 2024 as compared with $3.1 million for the same period of 2023. The increase in interest expense for the 2024 period is principally due to discount amortization expense and interest expense associated with the Unsecured Convertible Term Debt.

Gain on warrant liability. Gain on warrant liability was $2.6 million in the three months ended March 31, 2024 is the remeasurement of the warrant liability required at each reporting period and is influenced by changes in our common stock market price.

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

Our effective tax rate for the three months ended March 31, 2024 was approximately 14.2%. The primary difference from the federal statutory rate of 21% is related to state taxes, income of noncontrolling interests in flow-through entities and permanent differences for non-deductible expenses.

Liquidity and Capital Resources

As of March 31, 2024, we had $30.0 million of cash and equivalents, compared to $22.0 million of cash and equivalents at December 31, 2023.

Significant sources and uses of cash during the first three months of 2024.

Sources of cash:
- Cash from operating activities was $3.0 million, which included $1.8 million from the primary components of our working capital (receivables, inventories, accounts payable and expenses); and
- Proceeds from common stock issuance, net issuance costs of $9.2 million

Uses of cash:
- Net payments of lines of credit and notes payable of $2.1 million
- Capital expenditures were $0.7 million;
- Distributions, net of contributions, to noncontrolling interests totaled $0.5 million; and
- Repayments of finance leases totaled $1.0 million.

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

We routinely enter into equipment lease agreements to procure new or replacement equipment and may also finance these purchases with term debt. We have smaller lines of credits available for working capital purposes and are presently working to supplement or replace these with larger financing commitments. These larger financing commitments are subject to market conditions and we may not be able to obtain such larger financing commitments with favorable economic terms or at all. We also believe that our existing cash, cash equivalents, and marketable securities, and available borrowing capacity, will be sufficient to meet our anticipated cash needs requirements for operations and growth objectives for at least the next twelve months. If the assumptions underlying our business plan regarding future revenue and expenses change or if unexpected opportunities or needs arise, we may seek to raise additional cash by selling equity or debt securities.

Indebtedness. The Company's indebtedness at March 31, 2024 is presented in Item I, "Financial Statements – Note 7 – Debt" and our lease obligations are presented in Item I, "Financial Statements—Note 8 – Leases."

Off-Balance Sheet Arrangements

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

Non-GAAP Financial Measures

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

We define Adjusted EBITDA as net income (loss) attributable to Nutex Health Inc. plus net interest expense, income taxes, depreciation and amortization, further adjusted for stock-based compensation, any facilities closing costs, acquisition related costs and impairments. A reconciliation of net income to Adjusted EBITDA is included below. Adjusted EBITDA is not intended to serve as an alternative to U.S. GAAP measures of performance and may not be comparable to similarly-titled measures presented by other companies.

	Three Months Ended March 31,	
	2024	2023
Reconciliation of net loss attributable to Nutex Health Inc. to Adjusted EBITDA:		
Net loss attributable to Nutex Health Inc.	$ (364,075)	$ (5,147,279)
Depreciation and amortization	4,186,202	3,993,747
Interest expense, net	4,444,362	3,140,089
Income tax expense (benefit)	389,665	(910,659)
Allocation to noncontrolling interests	(1,544,173)	(755,310)
EBITDA	7,111,981	320,588
Facilities closing costs	-	217,266
Gain on warrant liability	(2,600,747)	-
Stock-based compensation expense	49,167	1,900,000
Adjusted EBITDA	$ 4,560,401	$ 2,437,854

Significant Accounting Policies

The preparation of financial statements and related disclosures in accordance with GAAP requires management to make judgments, assumptions and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. Note 1 to the Consolidated Financial Statements included in the Form 10-K for the year ended December 31, 2023 describes the significant accounting policies and methods used in the preparation of the consolidated financial statements. The Company's critical accounting policies that are impacted by judgments, assumptions and estimates are described in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2023. Since December 31, 2023, there have been no material changes in the Company's accounting policies that are impacted by judgments, assumptions and estimates.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

With respect to the three months ended March 31, 2024, there have been no material changes in our primary market risk exposures or how those exposures are managed since the information disclosed in our 2023 Form 10-K.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. We maintain disclosure controls and procedures as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act that are designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") and our Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In accordance with Rule 13a-15(b) of the Exchange Act, we have evaluated, under the supervision of our CEO and our CFO, the effectiveness of disclosure controls and procedures as of March 31, 2024. Based on this evaluation, the Company concluded that our disclosure controls and procedures were not effective as of March 31, 2024 due to the material weakness previously identified as described below.

Previously Reported Material Weaknesses. We previously identified material weaknesses in our internal control over financial reporting in our Form 10-K for the year ended December 31, 2023, based on criteria established in the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). Based on our assessment, the following material weaknesses were identified:

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

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

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

Management has concluded that, based on applying the COSO criteria, as of December 31, 2023, the Company's internal control over financial reporting was not effective to provide reasonable assurance of the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

Remediation Plans. These material weaknesses did not result in a material misstatement of the Company's consolidated financial statements for the periods presented. In 2023, the Company started the process of designing and implementing effective internal control measures to remediate the reported material weaknesses. The Company's efforts included implementing a new enterprise-wide system to reduce reliance on manual processes and spreadsheets supporting the financial statements. Additionally, the Company engaged an accounting firm in 2023 to assist in the proper design, implementation and testing of internal controls over financial reporting. We added key senior management positions including a Chief Operating Officer and made additions to our accounting and financial reporting teams throughout 2023.

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

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

Inherent Limitations on Effectiveness of Disclosure Controls and Procedures. Our senior members of management do not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PART II — OTHER INFORMATION

Item 1. *Legal Proceedings.*

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

Item 1A. *Risk Factors.*

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

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

Our common stock is listed on the Nasdaq Capital Market. In order to maintain that listing, we must satisfy minimum financial and other requirements including, without limitation, a requirement that our closing bid price be at least $1.00 per share. On May 22, 2023, the Company received a letter from Nasdaq indicating that, for the last thirty consecutive business days, the bid price for the Company’s common stock had closed below the minimum $1.00 per share requirement for continued listing on Nasdaq Capital Market under Nasdaq Listing Rule 5550(a)(2). As reported on the Company’s current report on Form 8-K dated May 22, 2023, the Company had an initial period of 180 calendar days, or until November 20, 2023, to regain compliance. On November 21, 2023, Nasdaq notified the Company that it has determined that the Company is eligible for an additional 180 calendar day period, or until May 20, 2024, to regain compliance (the "Second Compliance Period"). Nasdaq's determination is based on the Company's meeting the continued listing requirement for market value of publicly held shares and all other applicable requirements for initial listing on The Nasdaq Capital Market with the exception of the Minimum Bid Price Requirement, and the Company's written notice of its intention to cure the deficiency during the Second Compliance Period by effecting a reverse stock split, if necessary. On April 10, 2024, the Company effected a 1-to-15 reverse stock split.

As of the date hereof and taking into account the effects of the Company's April 2024 reverse stock split, the Common Stock has not regained compliance with the Minimum Bid Price Requirement. If the Company fails to regain compliance prior to the expiration of the second grace period on May 20, 2024, Nasdaq will issue a Delisting Notice. Nutex intends to appeal such notice, but can give no assurance that such appeal will be successful. Nasdaq will maintain the common stock's listing during the appeals process. Pending stockholder approval at its 2024 Annual Meeting on June 17, 2024, the Company's board will have the option to effect an additional reverse stock split if necessary to regain compliance with the Minimum Bid Price Requirement.

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

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

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

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

On March 26, 2024, the Company and the Holders agreed to amend the conversion price of the Unsecured Convertible Term Notes and exercise price of the Warrants to $3.00 each ($0.20 prior to Reverse Stock Split), resulting in the Unsecured Convertible Term Notes being convertible into 1,795,000 shares of common stock (26,925,000 prior to Reverse Stock Split), the Warrants exercisable for 897,500 shares of common stock (13,462,500 prior to Reverse Stock Split) and the placement agent Warrants exercisable for 538,500 shares of common stock (8,077,500 prior to Reverse Stock Split). These warrants were issued in a private placement in reliance on section 4(a)(2) of the Securities Act.

Item 3. *Defaults upon Senior Securities.*

Not Applicable

Item 4. *Mine Safety Disclosures*

Not Applicable

Item 5. *Other Information.*

Trading Arrangements

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

Item 6. Exhibits

Exhibit No.	Description
31.1*	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 .
31.2*	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 .
32.1*	Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (This exhibit shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Further, this exhibit shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.)
32.2*	Certification of the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (This exhibit shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Further, this exhibit shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.)
101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File - The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

* Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on May 8, 2024.

Nutex Health Inc.

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

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

Exhibit 31.1

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

I, Thomas T. Vo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nutex Health. Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 8, 2024

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

Exhibit 31.2

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

I, Jon C. Bates, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nutex Health. Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2024

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

Exhibit 32.1

CERTIFICATION OF

CHIEF EXECUTIVE OFFICER

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

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

Date: May 8, 2024

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

Exhibit 32.2

CERTIFICATION OF

CHIEF FINANCIAL OFFICER

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

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

Date: May 8, 2024

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