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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2023

OR

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

for the transition period from ___ to ___ .

Commission file number: 001-37392

Astrana Health, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**95-4472349**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

Registrant's telephone number, including area code: **(626) 282-0288**

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, $0.001 par value per share	ASTH	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:
None
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).☐

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

The aggregate market value of common stock held by non-affiliates of the registrant, as of June 30, 2023, the last day of the registrant's most recently completed second fiscal quarter, was approximately $1.3 billion (based on the closing price for shares of the registrant's common stock as reported by the Nasdaq Stock Market on June 30, 2023).

As of February 22, 2024, there were 55,423,408 shares of common stock of the registrant, $0.001 par value per share, issued and outstanding, which includes 7,132,698 treasury shares that are owned by Allied Physicians of California, a Professional Medical Corporation d.b.a. Allied Pacific of California IPA (“APC”), a consolidated affiliate of Astrana Health, Inc. These shares are legally issued and outstanding but treated as treasury shares for accounting purposes.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s definitive Proxy Statement for the 2024 annual meeting of the stockholders of the registrant are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. Such Proxy Statement will be filed with the Securities and Exchange Commission (the “SEC”) within 120 days of the registrant’s fiscal year ended December 31, 2023.

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Glossary

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

AAMG	All-American Medical Group
ACO REACH	ACO Realizing Equity, Access, and Community Health
AHMC	AHMC Healthcare Inc.
AHM	Astrana Health Management, Inc. (f/k/a Network Medical Management Inc.)
AIPBP	All-Inclusive Population-Based Payments
APAACO	APA ACO, Inc.
APC	Allied Physicians of California, a Professional Medical Corporation
APC-LSMA	APC-LSMA Designated Shareholder Medical Corporation
Astrana Medical	Astrana Health Medical Corporation (f/k/a AP-AMH Medical Corporation)
Astrana Care Partners Medical	Astrana Care Partners Medical Corporation (f/k/a AP - AMH 2 Medical Corporation)
CAIPA MSO	CAIPA MSO, LLC
CMS	Centers for Medicare & Medicaid Services
DMHC	California Department of Managed Health Care
DMG	Diagnostic Medical Group of Southern California
GPDC	Global and Professional Direct Contracting
HSMSO	Health Source MSO Inc., a California corporation
IPA	Independent Practice Association
Jade	Jade Health Care Medical Group, Inc.
LMA	LaSalle Medical Associates
NGACO	Next Generation Accountable Care Organization
PMIOC	Pacific Medical Imaging and Oncology Center, Inc.
Sun Labs	Sun Clinical Labs
VIE	Variable Interest Entity

INTRODUCTORY NOTE

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

The following discussion and analysis provides information that management believes is relevant to an assessment and understanding of our results of operations and financial performance. This discussion should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere herein, and with our prior filings with the Securities and Exchange Commission (the "SEC").

The Centers for Medicare & Medicaid Services ("CMS") have not reviewed any statements contained in this Report, including statements describing the participation of APA ACO, Inc. ("APAACO") in the Global and Professional Direct Contracting Model ("GPDC Model") or the ACO Realizing Equity, Access, and Community Health Model ("ACO REACH Model").

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

NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical fact are "forward-looking statements" for purposes of federal and state securities laws, including, but not limited to, any statements about our business, financial condition, operating results, plans, objectives, expectations, and intentions; any projections of earnings, revenue, earnings before interest, taxes, depreciation, and amortization ("EBITDA"), Adjusted EBITDA, or other financial items, such as our projected capitation from CMS, our forward-looking guidance and our future liquidity; any statements of any plans, strategies, and objectives of management for future operations, such as the material opportunities that we believe exist for our Company; any statements concerning proposed services, developments, mergers, or acquisitions; any statements with respect to dividends or stock repurchases and timing, methods, and payment of same; any statements regarding the outlook of the GPDC Model, ACO REACH Model, 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; our ability to maintain effective internal control over financial reporting and disclosure controls and procedures; any statements regarding potential changes to our tax structure; any statements regarding future economic conditions or performance; any statements of belief; any statements of assumptions underlying any of the foregoing; and other statements that are not historical facts. Forward-looking statements may be identified by the use of forward-looking terms, such as "anticipate," "could," "can," "may," "might," "potential," "predict," "should," "estimate," "expect," "project," "believe," "think," "plan," "envision," "intend," "continue," "target," "seek," "contemplate," "budgeted," "will," or "would," and the negative of such terms, other variations on such terms or other similar or comparable words, phrases, or terminology.

Forward-looking statements involve risks and uncertainties, many of which are difficult to predict and are outside of our control, and are based on the current beliefs, expectations, and certain assumptions of management. Some or all of such beliefs, expectations, and assumptions may not materialize or may vary significantly from actual results. Such statements are qualified by important economic, competitive, governmental, and technological factors that could cause our business, strategy, or actual results or events to differ materially from those in our forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, those discussed in this Annual Report on Form 10-K, including the risk factors discussed under the heading "Risk Factors" in Part I, Item 1A below. 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. Any forward-looking statement made by the Company in this Form 10-K speaks only as of the date on which it is made. The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by any applicable securities laws.

PART I

Item 1. Business

Overview

On February 26, 2024, Apollo Medical Holdings, Inc. rebranded as Astrana Health, Inc. Astrana is a leading provider-centric, technology-powered, risk-bearing healthcare company. Leveraging its proprietary end-to-end technology solutions, Astrana operates an integrated healthcare delivery platform that enables providers to successfully participate in value-based care arrangements, thus empowering them to deliver accessible, high-quality care to patients in a cost-effective manner. We, together with our affiliated physician groups and consolidated entities, provide coordinated outcomes-based medical care serving patients in California, Nevada, and Texas, the majority of whom are covered by private or public insurance provided through Medicare, Medicaid, and health maintenance organizations ("HMOs"), with a small portion of our revenue coming from non-insured patients. We provide care coordination services to each major constituent of the healthcare delivery system, including patients, families, primary care physicians, specialists, acute care hospitals, alternative sites of inpatient care, physician groups, and health plans. Our physician network consists of primary care physicians, specialist physicians, physician and specialist extenders, and hospitalists. Astrana's common stock is listed on The Nasdaq Stock Market LLC ("Nasdaq") and trades under the symbol "ASTH".

Led by a management team with several decades of experience, we have built a company and culture that is focused on physicians providing high-quality medical care, population health management, and care coordination for patients. Through our integrated health network, with more than 10,000 contracted physicians, we are responsible for coordinating value-based care for approximately 0.9 million patients as of December 31, 2023. As a result, we believe we are well-positioned to take advantage of the shift in the U.S. healthcare industry toward providing value-based and results-oriented healthcare with a focus on patient satisfaction, high-quality care, and cost efficiency. We implement and operate different innovative healthcare models, primarily including the following three reportable segments:

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

Care Partners

Our Care Partners segment is focused on building and managing high-quality and high-performance provider networks by partnering with, empowering, and investing in strong provider partners aligned on a shared vision for coordinated care delivery. Astrana meets providers where they are and enables independent providers to remain independent while succeeding in value-based care. Astrana acts as "single payer" for our network of providers, enabling value-based care arrangements including hospital shared-risk contracts. By leveraging our unique care enablement platform and ability to recruit, empower, and incentivize physicians to effectively manage total cost of care, we are able to organize partnered providers into successful multi-payer risk-bearing organizations that take on varying levels of risk based on total cost of care across membership in all lines of business, including Medicare fee for service ("FFS"), Medicare Advantage, Medicaid, Commercial, and Exchange. Through our network of "independent practice associations" ("IPAs"), "accountable care organizations" ("ACOs"), and Restricted Knox-Keene ("RKK") licensed health plan, our healthcare delivery entities are responsible for coordinating and delivering high-quality care to our patients and ensuring continuity of care in Astrana's ecosystem across age, stage of life, or life circumstance.

An IPA is an association of independent physicians, or other organization that contracts with independent physicians, and provides services to HMOs, which are medical insurance groups that provide health services generally for a fixed annual fee, on a negotiated per capita rate, flat retainer fee, or negotiated FFS basis. Our affiliated IPAs comprise a network of independent primary care physicians and specialists who collectively care for patients. Our IPAs contract with various HMOs and other licensed healthcare service plans, as defined in the California Knox-Keene Health Care Service Plan Act of 1975, to provide physician services to their enrollees typically under capitated arrangements. Each HMO negotiates a fixed amount per member per month ("PMPM") that is to be paid to our IPAs. In return, the IPAs arrange for the delivery of healthcare services by contracting with physicians or professional medical corporations for primary care and specialty care services. Our IPAs assume the financial risk of the cost of delivering healthcare services in excess of the fixed amounts received. Some of the risk is transferred to the contracted physicians or professional corporations. The risk is subject to stop-loss provisions in contracts with HMOs.

An ACO participates in in one or more payment and delivery models sponsored by Centers for Medicare & Medicaid Services ("CMS") that provides high-quality and affordable care to Medicare FFS patients. The CMS programs allow provider groups to assume higher levels of financial risk and potentially achieve a higher reward from participation in the respective program's attribution-based risk-sharing model. For the year ended December 31, 2023, one of the Company's ACO participated in the ACO REACH Model.

Beginning in 2024, in addition to participating in the ACO REACH Model, our other ACO began participating in the Medicare Shared Savings Program ("MSSP"). The MSSP was created to promote accountability and improve coordination of care for Medicare beneficiaries. The MSSP has multiple risk tracks, and we are currently participating in the ENHANCED risk track. Much like the ACO REACH Model, under the MSSP Model, we recruit a group of Participant and Preferred (in-network) Providers. Based on the Participant Providers that join our ACO, CMS grants us a pool of Traditional Medicare patients (beneficiaries) to manage (the "MSSP Aligned Beneficiaries"). Our MSSP Aligned Beneficiaries will receive services from physicians and other medical service providers that are both in-network and out-of-network. Unlike the ACO REACH Program, CMS continues to pay participant and preferred providers on a FFS basis for Medicare-covered services provided to MSSP Aligned Beneficiaries. However, we continue to bear risk on all Medicare expenditures (both in-network and out-of-network), excluding drug expenditures covered by Medicare Part D, based on a budgetary benchmark established with CMS. Our shared savings or losses in managing our beneficiaries are generally determined on an annual basis after reconciliation with CMS.

With our Restricted Knox-Keene licensed health plan, we can assume full financial responsibility, including both professional and institutional risk, for the medical costs of our members under the plans, which allows our Care Partners to manage a full spectrum of care.

Care Delivery

Our Care Delivery segment is a patient-centric, data-driven care delivery organization focused on delivering high-quality and accessible care to all patients that sees over 800,000 patients annually. As medical care has increasingly been delivered in clinic settings, many integrated health networks also operate healthcare facilities primarily focused on the diagnosis and/or care of outpatients, including those with chronic conditions such as heart disease and diabetes, to cover the primary healthcare needs of local communities. Our Care Delivery organization spans approximately 60 locations across 3 states and includes:

- Primary care clinics, including post-acute care services;

- Multi-specialty care clinics and medical groups, including hospitalist, intensivist, and physician advisory services, cardiac care and diagnostic testing, and specialized care for women's health; and

- Ancillary service providers, such as urgent care centers, outpatient imaging centers, ambulatory surgery centers, and full-service labs.

We analyze our Care Partners networks by specialty and geography and then build or acquire practices and provider groups to fulfill network gaps in access to ensure patients have high-quality access to care. Our ability to build Care Delivery clinics tailor-made for specific markets helps us scale as we enter de novo into new markets.

Care Enablement

Our Care Enablement segment is an integrated, end-to-end clinical, operational, financial, and administrative platform powered by our proprietary technology suite and underpinned by 35+ years of real-world data, that enhances delivery of high-quality, value-based care to our patients and leading to superior clinical and financial outcomes. Our Care Enablement tools are leveraged across our Care Partners and Care Delivery lines of business as well as 3rd party providers outside of our Astrana ecosystem. Care Enablement provides solutions to providers, including independent physicians, provider and medical groups, ACOs, and payers, including health plans and other risk-bearing organizations. Our platform meets providers and payers where they are, with a wide spectrum of solutions across the total cost of care risk spectrum, ranging from solutions for FFS entities to full risk-bearing entities, and across patient types, including Medicare, Medicaid, Commercial, and Exchange-insured patients. By leveraging our care enablement platform, we believe that providers and payers can improve their ability to deliver high-quality care to their patients and achieve better patient outcomes.

Population health management ("PHM") is a central trend within healthcare delivery, which includes the aggregation of patient data across multiple health information technology resources, the analysis of that data into a single, actionable patient record, and the actions through which care providers can improve both clinical and financial outcomes. PHM seeks to improve health outcomes by monitoring and identifying individual patients, aggregating data, and providing a comprehensive clinical picture of each patient. Using that data, providers can track, and hopefully improve, clinical outcomes while lowering costs. A successful PHM platform requires a robust care and risk management infrastructure, a cohesive delivery system, and a well-managed partnership network.

Our Care Enablement segment includes management service organizations ("MSOs") that provide non-medical services, under management service agreements ("MSAs") to IPAs, ACOs, or clinics. Under these arrangements, the MSOs have authority over various non-medical decision-making related to ongoing business operations. These services include but are not limited to:

- Physician recruiting;
- Physician and health plan contracting;
- Care management, including utilization management, medical management, and quality management;
- Provider relations;
- Member services, including annual wellness evaluations;
- Claims processing;
- Pre-negotiating contracts with specialists, labs, imaging centers, nursing homes, and other vendors; and
- Revenue cycle management.

Integrated Health Network

An integrated health network that is able to pool a large number of patients, such as the Company and its affiliated physician groups, is positioned to take advantage of industry trends, meet patient and government demands, and benefit from cost advantages resulting from their scale of operation and integrated approach of care delivery. In addition, an integrated health network with years of managed care experience can leverage their expertise and sizeable medical data to identify specific treatment strategies and interventions, improve the quality of medical care and lower costs. Many integrated health networks, including the Company and its affiliated physician groups, have also established physician performance metrics that allow them to monitor quality and service outcomes achieved by participating physicians in order to reward efficient, high-quality care delivered to members and initiate improvement efforts for physicians whose performance can be enhanced.

Through our ACOs, network of IPAs and Restricted-Knox-Keene licensed health plan with approximately 10,000 contracted healthcare providers, which have agreements with various health plans, hospitals, and other HMOs, we are responsible for coordinating the care of approximately 0.9 million patients, as of December 31, 2023. These patients are comprised of managed care members whose health coverage is provided through their employers, or who have acquired health coverage directly from a health plan or as a result of their eligibility for Medicaid or Medicare benefits. Our managed patients benefit from an integrated approach that places physicians at the center of patient care and utilizes sophisticated risk management techniques and clinical protocols to provide high-quality, cost-effective care. To implement a patient-centered, physician-centric experience, we also have other integrated and synergistic operations, including (i) MSOs that provide management and other services to our affiliated IPAs, (ii) primary care clinics, (iii) multi-specialty care clinics and medical groups, and (iv) ancillary service providers.

Human Capital

As of December 31, 2023, Astrana, its subsidiaries, and consolidated VIEs had approximately 1,800 employees. None of our employees are members of a labor union, and we have not experienced any work stoppage.

We are committed to supporting the professional development of our employees, providing competitive compensation and benefits and a safe and inclusive workplace. We measure employee engagement on an ongoing basis to create a more innovative, productive, and profitable company. The results from engagement surveys are used to implement programs and processes designed to support employee retention and satisfaction. The Company believes a diverse workforce fosters innovation and cultivates an environment filled with unique perspectives and growth. Respect for human rights is fundamental to the Company's business and its commitment to ethical business conduct.

Our dedication to employee growth is reflected in the various learning and development programs offered at Astrana. We organize leadership programs, including a bi-annual summit, the Becoming Leaders program, individual coaching, and ad hoc training sessions, to support our employees in their professional advancement. Our professional development reimbursement program empowers employees to attend classes, seminars, or obtain certifications, enhancing their skill sets and opening up new opportunities for advancement within the Company.

We actively promote and support employees seeking to make a positive impact on their communities and charitable causes through the donation of time, talents, and resources. In 2023, Astrana contributed to several charitable organizations, including the Children's Hospital of Los Angeles, American Heart Association, American Red Cross, and a blanket drive dedicated to supporting residents in our nursing homes.

Organization

We operate through our wholly owned subsidiaries and their consolidated entities, including consolidated VIEs. Our wholly owned subsidiaries are MSOs and ACOs. Our MSOs operate within our Care Enablement segment and are in the business of providing management services. Our ACOs operate within our Care Partners segment and participate in CMS programs. The consolidated IPAs operate within our Care Partners segment and the clinics and ancillary service providers operate within our Care Delivery segment. Our IPAs, clinics and ancillary service businesses are consolidated by the Company as VIEs. We consolidate a VIE if we have both power and benefits – that is, (i) we have the power to direct the activities of a VIE that most significantly influence the VIE's economic performance, and (ii) we have the obligation to absorb losses of, or the right to receive benefits from, the VIE that could potentially be significant to the VIE.

Some states have laws that prohibit business entities with non-physician owners, such as Astrana and its subsidiaries, from practicing medicine, employing physicians to practice medicine, or exercising control over medical decisions by physicians. These laws are generally referred to as corporate practice of medicine laws. States that have corporate practice of medicine laws permit only physicians to practice medicine, exercise control over medical decisions, or engage in certain arrangements, such as fee-splitting, with physicians.

Due to these laws, we operate by maintaining long-term MSAs with our affiliated IPAs and medical groups, each of which is owned and operated by physicians only, and employs or contracts with additional physicians to provide medical services. Astrana Health Management, Inc. ("AHM"), formerly known as Network Medical Management Inc., is a wholly owned subsidiary of the Company and has entered into MSAs with several affiliated IPAs, including Allied Physicians of California IPA, a Professional Medical Corporation, d.b.a. Allied Pacific of California IPA ("APC"). APC contracts with various HMOs or licensed healthcare service plans, each of which pays a fixed payment ("capitation"). In return, APC arranges for the delivery of healthcare services by contracting with physicians or professional medical corporations for primary care and specialty care services. APC assumes the financial risk of the cost of delivering healthcare services in excess of the fixed amounts received. The risk is subject to stop-loss provisions in contracts with HMOs. Some risk is transferred to the contracted physicians or professional corporations. The physicians in the IPA are exclusively in control of, and responsible for, all aspects of the practice of medicine for enrolled patients. In accordance with relevant accounting guidance, APC has been determined to be a VIE of AHM, as AHM is its primary beneficiary with the ability, through majority representation on the APC Joint Planning Board and otherwise, to direct the activities (excluding clinical decisions) that most significantly affect APC's economic performance. Therefore, APC and its wholly owned subsidiaries and VIEs are consolidated in the accompanying financial statements.

Due to laws prohibiting a California professional corporation that has more than one shareholder, such as Astrana and APC, from being a shareholder in another California professional corporation, the Company cannot directly own shares in other professional corporations. However, an exception to this regulation permits a professional corporation that has only one shareholder to own shares in another professional corporation. In reliance on this exception, the Company will designate certain key personnel as a nominee shareholder of the professional corporation which holds controlling and non-controlling ownership interests in several medical corporations. Via a Physician Shareholder Agreement with the nominee shareholder, the Company has the ability to designate another person to be the equity holder of each professional corporation. In addition, these entities are managed by our wholly owned MSOs via MSAs. Under the MSAs, we provide and perform non-medical management and administrative services. In accordance with relevant accounting guidance, the professional corporations and their consolidated medical corporations are consolidated by the Company in the accompanying financial statements.

See Note 18 – "Variable Interest Entities (VIEs)" to our consolidated financial statements for information on our entities that qualify as consolidated VIEs.

Investments

We invested in several entities in the healthcare industry. Astrana holds a 30% interest in CAIPA MSO, LLC ("CAIPA MSO"). CAIPA MSO is a New York-based management services organization affiliated with Chinese-American IPA d.b.a. Coalition of Asian-American IPA ("CAIPA"), a leading independent practice association serving the greater New York City area. APC-LSMA, a consolidated VIE of APC, holds a 25% interest in the IPA line of business of LaSalle Medical Associates ("LMA") and a 40% interest in Pacific Medical Imaging and Oncology Center, Inc. ("PMIOC"). PMIOC provides comprehensive diagnostic imaging services using state-of-the-art technology. PMIOC offers high-quality diagnostic services, such as MRI/MRA, PET/CT, CT, nuclear medicine, ultrasound, digital X-rays, bone densitometry, and digital mammography, at its facilities. These investments are accounted for under the equity method as the Company has the ability to exercise significant influence, but not control over operations.

APC holds 2.8% membership interests of MediPortal LLC, a New York limited liability company, and AHM holds a 10% interest in AchievaMed, Inc., a California corporation. The Company also holds equity securities in Nutex Health Inc. ("Nutex"). As of December 31, 2023, the value of the equity securities was $0.3 million.

The Company entered into a Simple Agreement for Future Equity ("SAFE") with Third Way Health, Inc. ("Third Way Health") and Seen Health, Inc. ("Seen Health"). Based on certain triggering events defined in each SAFE agreement, the Company has rights to Third Way Health and Seen Health shares. The number of shares to be acquired will be calculated when the triggering event occurs. As of December 31, 2023, the related investment balance for Third Way Health SAFE and Seen Health SAFE was $3.5 million and $2.0 million, respectively.

Excluded Assets

In September 2019, the Company completed the following series of transactions with its affiliates, Astrana Health Medical Corporation ("Astrana Medical"), formerly known as AP-AMH Medical Corporation, a consolidated VIE of Astrana, and APC, a consolidated VIE of AHM:

1. A $545.0 million loan from the Company to Astrana Medical, pursuant to a 10-year secured loan agreement (the "Astrana Medical Loan"). The loan bears interest at a rate of 10% per annum simple interest, is not prepayable (except in certain limited circumstances), requires quarterly payments of interest only in arrears, and is secured by a first-priority security interest in all of Astrana Medical's assets. To the extent that Astrana Medical is unable to make any interest payment when due because it has received dividends on the APC Series A Preferred Stock insufficient to pay in full such interest payment, then the outstanding principal amount of the loan will be increased by the amount of any such accrued but unpaid interest, and any such increased principal amounts will bear interest at the rate of 10.75% per annum simple interest.

2. A $545.0 million private placement, where Astrana Medical purchased 1,000,000 shares of APC Series A Preferred Stock which entitles Astrana Medical to receive preferential, cumulative dividends that accrue on a daily basis. During the years ended December 31, 2023 and 2022, APC declared $58.0 million and $58.3 million, respectively, as preferred returns.

3. A $300.0 million private placement, where APC purchased 15,015,015 shares of the Company's common stock and in connection therewith, the Company granted APC certain registration rights with respect to the purchased shares.

4. Astrana licensed to Astrana Medical the right to use certain tradenames for specified purposes for a fee equal to a percentage of the aggregate gross revenues of Astrana Medical. The license fee is payable out of any Series A Preferred Stock dividends received by Astrana Medical from APC.

5. Through its subsidiary, AHM, the Company agreed to provide certain administrative services to Astrana Medical for a fee equal to a percentage of the aggregate gross revenues of Astrana Medical. The

administrative fee is also payable out of any APC Series A Preferred Stock dividends received by Astrana Medical from APC.

As part of the series of transactions, in September 2019, APC and Astrana Medical entered into a Second Amendment to the Series A Preferred Stock Purchase Agreement, clarifying the term excluded assets (“Excluded Assets”). Excluded Assets means (i) assets received from the sale of shares of the Series A Preferred equal to the Series A purchase price, (ii) the assets of APC that are not Healthcare Services Assets (as defined in the purchase agreement), including APC’s equity interests in Astrana Health, Inc., and any entity that is primarily engaged in the business of owning, leasing, developing, or otherwise operating real estate, (iii) any assets acquired with the proceeds of the sale, assignment, or other disposition of any of the assets described in clauses (i) or (ii), and (iv) any proceeds of the assets described in clauses (i), (ii), and (iii).

On December 26, 2023, APC completed a restructuring transaction to spin-off its real estate business and investments, a component of Excluded Assets (“the Spin-Off”). To effect the restructuring, APC contributed its real estate investments to a wholly owned subsidiary in exchange for 100% of the subsidiary’s membership interest units, which membership interests were then distributed to holders of APC’s outstanding common stock as a dividend, with each such stockholder receiving one membership interest unit for each share of outstanding APC common stock held. As a result of the distribution, the real estate investments are no longer included within our consolidated financial statements after December 26, 2023.

As of December 31, 2023, APC also held a 13.22% ownership interest in Astrana. APC’s ownership interest in Astrana is eliminated upon consolidation.

Our Industry

Industry Overview

U.S. healthcare spending has increased steadily over the past two decades. CMS estimates that total U.S. healthcare expenditures are expected to grow at an average annual rate of 5.4% from 2022 to 2031 and will reach $7.2 trillion by 2031. Health spending is projected to grow 0.8% faster than the U.S. gross domestic product per year on average over 2022-2031, and as a result, the healthcare share of gross domestic product is expected to grow from 18.3% in 2021 to 19.6% in 2031. Medicare spending increased by 5.9% to $944.3 billion and Medicaid spending increased by 9.6% to $805.7 billion in 2022, which accounted for 21% and 18% of total health expenditures, respectively. Private health insurance spending increased by 5.9% to $1.3 trillion in 2022, accounting for 29% of total health expenditures. Medicare spending is expected to have the fastest growth (7.5% per year for 2022-2031) primarily due to the projected enrollment growth.

Managed care health plans were developed in the U.S., primarily during the 1980s, in an attempt to mitigate the rising cost of providing healthcare to populations covered by health insurance. These managed care health plans enroll members through their employers in connection with federal Medicare benefits or state Medicaid programs. As a result of the prevalence of these health plans, many seniors now becoming eligible for Medicare have been interacting with managed care companies through their employers for the last 30 years. Individuals now turning 65 are likely more familiar with the managed care setting than previous Medicare populations. The healthcare industry, however, is highly regulated by various government agencies and heavily relies on reimbursement and payments from government-sponsored programs such as Medicare and Medicaid. Companies in the healthcare industry, therefore, have to organize, operate around, and face challenges from idiosyncratic laws and regulations.

Many health plans recognize both the opportunity for growth from adding members, as well as the potential risks and costs associated with managing additional members. In California, many health plans subcontract a significant portion of the responsibility for managing patient care to an integrated health network such as Astrana and our affiliated physician groups. These integrated healthcare systems offer a comprehensive medical delivery system, sophisticated care management know-how, and infrastructure to more efficiently provide for the healthcare needs of the population enrolled with that health plan. While reimbursement models for these arrangements vary around the U.S., health plans often prospectively pay the integrated healthcare system a fixed capitation payment, which is frequently based on a percentage of the amount received by the health plan. Capitation payments to integrated healthcare systems, in the aggregate, represent a prospective budget from which the system manages care-related expenses on behalf of the population enrolled with that system. To the extent that these systems manage such expenses under the capitated levels, the system realizes an operating profit. On the other hand, if the expenses exceed projected levels, the system will realize an operating deficit. Since premiums paid represent a substantial amount per person, there is a significant revenue opportunity for an integrated health network that is able to effectively manage healthcare costs for the capitated arrangements entered into by its affiliated physician groups.

Industry Trends and Demand Drivers

We believe that the healthcare industry is undergoing a significant transformation and the demand for our offerings is driven by the confluence of a number of fundamental healthcare industry trends, including:

Shift to Value-Based and Results-Oriented Models. According to the 2022 National Health Expenditure Historical Data prepared by CMS, healthcare spending in the U.S. increased by 4.1% to $4.5 trillion in 2022, representing 17.3% of the U.S. Gross Domestic Product. CMS projects healthcare spending in the U.S. to increase at an average rate of 5.4% for 2022-2031 and to reach approximately $7.2 trillion by 2031. To address this expected significant rise in healthcare costs, the U.S. healthcare market is seeking more efficient and effective methods of delivering care. The FFS reimbursement model has arguably played a major role in increasing the level and growth rate of healthcare spending. In response, both the public and private sectors are shifting away from the FFS reimbursement model toward value-based, capitated payment models that are designed to incentivize value and quality at an individual patient level. The number of Americans covered by capitated payment programs continues to increase, which drives more coordinated and outcomes-based patient care.

Increasingly Patient-Centered. More patients are becoming actively involved and taking an informed role in how their own healthcare is delivered, resulting in the healthcare marketplace becoming increasingly patient-centered, and thus requiring providers to deliver team-based, coordinated, and accessible care to stay competitive.

Added Complexity. In the healthcare space, more sophisticated technology has been employed, new diagnostics and treatments have been introduced, research and development have expanded, and regulations have multiplied. This expanding complexity drives a growing and continuous need for integrated care delivery systems.

Integration of Healthcare Information. Across the healthcare landscape, a significant amount of data is being created every day, driven by patient care, payment systems, regulatory compliance, and record keeping. As the amount of healthcare data continues to grow, it becomes increasingly important to connect disparate data and apply insights in a targeted manner in order to better achieve the goals of higher quality and more efficient care.

Our Revenue Streams

Our revenue reflected in the accompanying consolidated financial statements includes revenue generated by our subsidiaries and consolidated entities. Our revenue streams are diversified among our various operations and multi-year renewable contractual arrangements as follows:

- Capitation revenue;
- Risk pool settlements and incentives;
- ACO REACH capitation revenue;
- Management fee income; and
- FFS revenue.

Capitation Revenue

Our capitation revenue consists primarily of capitated fees for medical services we provide under capitated arrangements made directly with various managed care providers, including HMOs. Under the capitated model, an HMO pays the IPA a capitation payment and assigns it the responsibility for providing physician services required by patients. The IPA physicians are exclusively in control of, and responsible for, all aspects of the practice of medicine for enrolled patients. Capitation revenue for our Restricted Knox-Keene licensed health plan consists of "global" capitation arrangements whereby the Restricted Knox-Keene licensed health plan accepts financial risk for hospital and other institutional services in addition to professional medical services (whereas IPA capitation contracts are typically limited to accepting financial risk for professional medical services). Most of the HMO agreements have an initial term of two years, renewing automatically for successive one-year terms. The HMO agreements generally allow either party to terminate the HMO agreements without cause, typically with a four to six months advance notice and provide for a termination for cause by the HMO at any time.

Capitation revenue is 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 healthcare services, whereby the service providers are generally liable for excess medical costs. The actual amount paid is determined by the ranges of services provided, the number of patients enrolled, and the period of time during which the services are provided. Capitation rates are generally based on local costs and average utilization of services. Because Medicare pays capitation using a "Risk Adjustment" model, which compensates managed care providers based on the health status (acuity) of each individual enrollee, managed care providers with higher acuity enrollees receive more, and those with lower acuity enrollees receive less, capitation that can be allocated to service providers. Under the Risk Adjustment model, capitation is paid on an interim basis based on enrollee data submitted for the preceding year and is adjusted in subsequent periods after the final data is compiled.

PMPM managed care contracts generally have a term of one year or longer. All managed care contracts have a single performance obligation that constitutes a series for the provision of managed healthcare services for a population of enrolled members for the duration of the contract. The transaction price for PMPM contracts is variable, as it primarily includes PMPM fees associated with unspecified membership that fluctuates throughout the term of the contract. In certain contracts, PMPM fees also include adjustments for items such as performance incentives, performance guarantees, and risk shares.

Risk Pool Settlements and Incentives

Capitation arrangements are supplemented by risk-sharing arrangements. Our affiliated IPAs have two different types of capitation risk-sharing arrangements: hospital shared-risk and health plan shared-risk arrangements.

Our affiliated IPAs may enter into hospital shared-risk capitation arrangements with certain health plans and local hospitals, where the hospital is responsible for providing, arranging, and paying for institutional risk, and the IPA is responsible for providing, arranging, and paying for professional risk. Under a hospital shared-risk pool-sharing agreement, we generally receive a percentage of the net surplus from the affiliated hospital's risk pools with HMOs after deductions for the affiliated hospital's costs, whereas deficits, if any, are not payable until and unless (and only to the extent) risk-sharing surpluses are generated. At the termination of the hospital shared-risk pool-sharing agreement, any accumulated deficit will be extinguished. Advance settlement payments are typically made quarterly in arrears if there is a surplus. Risk pool settlements under arrangements with health plans and hospitals are recognized using the most likely amount methodology and amounts are only included in revenue to the extent that it is probable that a significant reversal of cumulative revenue will not occur once any uncertainty is resolved. Assumptions for medical loss ratios ("MLR"), incurred but not reported ("IBNR") completion factors and constraint percentages were used by management in applying the most likely amount methodology.

Under capitation arrangements with certain HMOs, our affiliated IPAs may participate in one or more health plan shared-risk arrangements relating to the provision of institutional services to enrollees (health plan shared-risk arrangements) and thus can earn additional revenue or incur losses based upon the enrollee utilization of institutional services. Health plan shared-risk capitation arrangements are entered into with certain health plans, which are administered by the health plan, where we are responsible for rendering professional services, but the health plan does not enter into a capitation arrangement with a hospital and therefore, the health plan retains the institutional risk. Health plan shared-risk deficits, if any, are not payable until and unless (and only to the extent of any) risk-sharing surpluses are generated. At the termination of the HMO contract, any accumulated deficit will be extinguished.

In addition to risk-sharing revenues, we also receive incentives under "pay-for-performance" programs for quality medical care, based on various criteria. As an incentive to promote quality care, certain HMOs have designed quality incentive programs and commercial generic pharmacy incentive programs to compensate us for our efforts to improve the quality of services and to promote the efficient and effective use of pharmacy supplemental benefits provided to HMO members. The incentive programs track specific performance measures and calculate payments to us based on the performance measures. Generally, for the foregoing arrangements, the final settlement is dependent on each distinct day's performance within the annual measurement period, but cannot be determined until the full measurement period has occurred and performance can be assessed.

ACO REACH Capitation Revenue

Through one of our ACOs, we participate in the Global Risk track with Total Care Capitation ("TCC") in the Accountable Care Organization Realizing Equity, Access, and Community Health ("ACO REACH") Model sponsored by CMS. Under the ACO REACH Model, we recruit a group of Participant and Preferred (in-network) Providers. Based on the Participant Providers that join our ACO, CMS grants us a pool of Traditional Medicare patients (beneficiaries) to manage (the "Aligned Beneficiaries"). Our Aligned Beneficiaries will receive services from physicians and other medical service providers that are both in-network and out-of-network. Under TCC, CMS estimates an average of in-network monthly expenditures for our ACO's Aligned Beneficiaries and pays that projected amount to us in monthly installments. We are then responsible for paying our in-network providers for all Medicare-covered services provided to our Aligned Beneficiaries by those providers. In addition, we bear risk on all Medicare expenditures (both in-network and out-of-network), excluding drug expenditures covered by Medicare Part D, based on a budgetary benchmark established with CMS. Claims from out-of-network providers are processed and paid by CMS. Our shared savings or losses in managing our beneficiaries are generally determined on an annual basis after reconciliation with CMS. Pursuant to our risk-share agreement with CMS, we are eligible to receive the surplus (shared savings) or are liable for the deficit (shared losses) according to the budgetary benchmark established by CMS based on our efficiency, or lack thereof, in managing the expenditures associated with our Aligned Beneficiaries. Using the most recent data from CMS, the Company estimates the potential savings or deficit for the performance year. We also recognize the budgetary benchmark established by CMS, net of any ACO REACH program discounts and adjustments, as revenue. Our maximum shared savings or losses are determined by the risk track we elect with CMS. Under the Global Risk track, we are responsible for 100% of shared savings or losses up to 25% of the total budgetary benchmark established by CMS, with adjusted risk corridors taking effect for any proportion of shared savings / losses exceeding 25% of the benchmark—for savings/losses of 25-35% of the benchmark, we assume 50% risk responsibility, for savings/losses 35%-50% of the benchmark we assume 25% of the risk responsibility, and for savings/losses exceeding 50% of the benchmark, we assume only 10% of the risk responsibility.

Management Fee Income

Management fee income encompasses fees paid for management, physician advisory, healthcare staffing, administrative, and other non-medical services provided by us to IPAs, hospitals, and other healthcare providers. Our MSOs enter into management service agreements with terms generally ranging from one to ten years, although they may be terminated earlier under the terms of the applicable contracts. Management fees may be in the form of billings at agreed-upon hourly rates, percentages of revenue, or fee collections, or amounts fixed on a monthly, quarterly, or annual basis. The revenue may include variable arrangements measuring factors such as hours staffed, patient visits, or collections per visit against benchmarks, and, in certain cases, may be subject to achieving quality metrics or fee collections.

Fee For Service ("FFS") Revenue

FFS revenue represents revenue earned under contracts in which we bill and collect the professional component of charges for medical services rendered by our contracted physicians and employed physicians. Under the FFS arrangements, we bill, and receive payments from, the hospitals and third-party payers for physician staffing and further bill patients or their third-party payers for patient care services provided.

Our Key Payers

A limited number of payers represent a significant portion of our net revenue. For the years ended December 31, 2023, 2022 and 2021, four payers accounted for an aggregate of 61.7%, 59.0%, and 49.6% of our total net revenue, respectively.

Our Strengths and Advantages

The following are some of the material opportunities that we believe exist for our company:

Combination of Clinical, Administrative and Technology Capabilities

We believe our key strength lies in our combined clinical, administrative, and technology capabilities. While many companies separately provide clinical, MSO, or technology support services, to our knowledge, there are currently very few organizations like ours that provide all three types of services to approximately 0.9 million patients as of December 31, 2023.

Diversification

Through our subsidiaries, consolidated affiliates, and invested entities, we have been able to reduce our business risk and increase revenue opportunities by diversifying our service offerings and expanding our ability to manage patient care across a horizontally integrated care network. Our revenue is spread across our operations. Additionally, with our ability to monitor and manage care within our wide network, we believe we are an attractive business partner to health plans, hospitals, IPAs, and other medical groups seeking to provide better care at lower costs.

Strong Management Team

Our management team has, collectively, several decades of experience managing physician practices, risk-based organizations, health plans, hospitals, and health systems, a deep understanding of the healthcare marketplace and emerging trends, and a vision for the future of healthcare delivery led by physician-driven healthcare networks.

A Robust Physician Network

As of December 31, 2023, our physician network consisted of approximately 10,000 contracted physicians, including primary care physicians, specialist physicians, and hospitalists, through our affiliated physician groups and ACOs.

Cultural Affinities with Patients

In addition to delivering premium healthcare, we believe in the importance of providing services that are sensitive to the needs of local communities, including their cultural affinities. This value is shared by physicians within our affiliated IPAs and medical groups, and promotes patient comfort in communicating with care providers.

Long-Standing Relationships with Partners

We have developed long-standing relationships with multiple health plans, hospitals, IPAs, and other medical groups that have helped to generate recurring contractual revenue for us.

Comprehensive and Effective Healthcare Management Programs

We offer comprehensive and effective healthcare management programs to patients. We have developed expertise in population health management and care coordination, and in proper medical coding, which results in improved Risk Adjustment Factor ("RAF") scores and higher payments from health plans, and in improved quality metrics in both inpatient and outpatient settings and thus patient satisfaction and CMS scores. Using our own proprietary risk assessment scoring tool, we have also developed our own protocol for identifying high-risk patients.

Competition

The healthcare industry is highly competitive and fragmented. We compete for customers across all of our services with other healthcare management companies, including MSOs and healthcare providers, such as local, regional, and national networks of physicians, medical groups, and hospitals, many of which are substantially larger than us and have significantly greater financial and other resources, including personnel, than we have.

IPAs

Our affiliated IPAs compete with other IPAs, medical groups, and hospitals, many of which have greater financial, personnel, and other resources available to them. In the greater Los Angeles area, such competitors include Regal Medical Group and Lakeside Medical Group, which are part of Heritage Provider Network ("Heritage"), as well as Optum (f/k/a HealthCare Partners), a subsidiary of UnitedHealth Group.

ACOs

Our ACOs competes with other sophisticated provider groups in the creation, administration, and management of ACOs, many of which have greater financial, personnel, and other resources available to them. Major competitors of APAACO include Privia Health and Aledade.

Outpatient Clinics

Our outpatient clinics compete with large ambulatory surgery centers and/or diagnostic centers such as RadNet and Envision Healthcare, many of which have greater financial, personnel, and other resources available to them, as well as smaller clinics that have ties to local communities. Optum (f/k/a HealthCare Partners) also has its own urgent care centers, clinics, and diagnostic centers.

MSOs

Our MSOs compete with other MSOs in providing management, administrative and other support services. Such competitors include Prospect Medical Systems and Conifer Health Solutions.

Regulatory Matters

As a healthcare company, our operations and relationships with healthcare providers, such as hospitals, other healthcare facilities, and healthcare professionals, are subject to extensive and increasing regulation by numerous federal, state, and local government agencies, including the Office of Inspector General, the Department of Justice, CMS, and various state authorities. These laws and regulations often are interpreted broadly and enforced aggressively. Imposition of liabilities associated with a violation of any of these healthcare laws and regulations could have a material adverse effect on our business, financial condition, or results of operations. We cannot guarantee that our practices will not be subject to government scrutiny or be found to violate certain healthcare laws. Government investigations and prosecutions, even if we are ultimately found to be without fault, can be costly and disruptive to our business. Moreover, changes in healthcare legislation or government regulation may restrict our existing operations, limit our expansion, or impose additional compliance requirements and costs, any of which could have a material adverse effect on our business, financial condition, or results of operations. Below are brief descriptions of some, but not all, of such laws and regulations that affect our business operations. There are many other laws and regulations that impact us; for instance, California has enacted new laws requiring additional disclosure with respect to certain climate-related risks and greenhouse gas emissions reduction claims. Non-compliance with these new laws may result in the imposition of substantial fines or penalties.

Corporate Practice of Medicine

Our consolidated financial statements include our subsidiaries and VIEs. Some states have laws that prohibit business entities with non-physician owners, such as Astrana and its subsidiaries, from practicing medicine, employing physicians to practice medicine, or exercising control over medical decisions by physicians. These laws are generally referred to as corporate practice of medicine laws. States that have corporate practice of medicine laws permit only physicians to practice medicine, exercise control over medical decisions, or engage in certain arrangements, such as fee-splitting, with physicians. In these states, a violation of the corporate practice of medicine prohibition constitutes the unlawful practice of medicine, which is a public offense punishable by fines and other criminal penalties. In addition, any physician who participates in a scheme that violates the state's corporate practice of medicine prohibition may be punished for aiding and abetting a lay entity in the unlawful practice of medicine.

California, Nevada and Texas are corporate practice of medicine states, and we operate by maintaining long-term MSAs with our affiliated IPAs and medical groups, each of which is owned and operated by physicians only, and employs or contracts with additional physicians to provide medical services. Under such MSAs, our wholly owned MSOs are contracted to provide non-medical management and administrative services, such as financial and risk management, as well as information systems, marketing, and administrative support to the IPAs and medical groups. The MSAs typically have an initial term of one to thirty years and are generally not terminable by our affiliated IPAs and medical groups except in the case of bankruptcy, gross negligence, fraud, or other illegal acts by the contracting MSO.

Through the MSAs and the relationship with the physician owners of our medical affiliates, we have exclusive authority over all non-medical decisions related to the ongoing business operations of those affiliates. Consequently, Astrana consolidates the revenue and expenses of such affiliates as their primary beneficiary from the date of execution of the applicable MSA. When necessary, our Vice Chairman of the Board, Dr. Thomas Lam, or a locally-licensed physician (where State laws require a physician licensed in that State) serves as nominee shareholder of affiliated medical practices on Astrana's behalf, in order to comply with corporate practice of medicine laws and certain accounting rules applicable to consolidated financial reporting by our affiliates as VIEs. In Texas, a nonprofit health organization meeting certain criteria and approved by the Texas Medical Board is an alternative structure for compliance with corporate practice of medicine laws.

Under these arrangements, our MSOs perform only non-medical functions, do not represent to offer medical services, and do not exercise influence or control over the practice of medicine by physicians. The California Medical Board, as well as other states' regulatory bodies, has taken the position that MSAs that confer too much control over a physician practice to MSOs may violate the prohibition against corporate practice of medicine. Some of the relevant laws, regulations, and agency interpretations in California and other states that have corporate practice prohibitions have been subject to limited judicial and regulatory interpretation. Moreover, state laws and regulatory interpretations are subject to change. Other parties, including our affiliated physicians, may assert that, despite these arrangements, Astrana and its subsidiaries are engaged in the prohibited corporate practice of medicine or that such arrangements constitute unlawful fee-splitting between physicians and non-physicians. If this occurred, we could be subject to civil or criminal penalties, our MSAs could be found legally invalid and unenforceable in whole or in part, and we could be required to restructure arrangements with our affiliated IPAs and medical groups. If we were required to change our operating structures due to determination that a corporate practice of medicine violation existed, such a restructuring might require revising our MSOs' management fees.

False Claims Acts

The False Claims Act imposes civil liability on individuals or entities that submit false or fraudulent claims for payment to the federal government. The False Claims Act provides, in part, that the federal government may bring a lawsuit against any person whom it believes has knowingly or recklessly presented, or caused to be presented, a false or fraudulent request for payment from the federal government, or who has made a false statement or used a false record to get a claim for payment approved. Private parties may initiate qui tam whistleblower lawsuits against any person or entity under the False Claims Act in the name of the federal government and may share in the proceeds of a successful suit. The federal government has used the False Claims Act to prosecute a wide variety of alleged false claims and fraud allegedly perpetrated against Medicare and state healthcare programs. By way of illustration, these prosecutions may be based upon alleged coding errors, billing for services not rendered, billing services at a higher payment rate than appropriate, and billing for care that is not considered medically necessary. The federal government and a number of courts have taken the position that claims presented in violation of certain other statutes, including the federal Anti-Kickback Statute or the Stark Law, can also be considered a violation of the False Claims Act based on the theory that a provider impliedly certifies compliance with all applicable laws, regulations, and other rules when submitting claims for reimbursement.

Penalties for False Claims Act violations include substantial fines for each false claim, plus up to three times the amount of damages sustained by the government. A False Claims Act violation may provide the basis for the imposition of administrative penalties as well as exclusion from participation in governmental healthcare programs, including Medicare and Medicaid. In addition to the provisions of the False Claims Act, which provide for civil enforcement, the federal government can also use several criminal statutes to prosecute persons who are alleged to have submitted false or fraudulent claims to the government for payments.

A number of states, including California, have enacted laws that are similar to the federal False Claims Act. Under Section 6031 of the Deficit Reduction Act of 2005 ("DRA"), as amended, if a state enacts a false claims act that is at least as stringent as the federal statute and that also meets certain other requirements, the state will be eligible to receive a greater share of any monetary recovery obtained pursuant to certain actions brought under the state's false claims act. As a result, a number of states have adopted, and more states are expected to enact laws that are similar to the federal False Claims Act, along with an expected corresponding increase in state false claims enforcement efforts. In addition, Section 6032 of the DRA requires entities that make or receive annual Medicaid payments of $5.0 million or more from any one state to provide their employees, contractors, and agents with written policies and employee handbook materials on federal and state false claims acts and related statues.

Anti-Kickback Statutes

The federal Anti-Kickback Statute is a provision of the Social Security Act of 1972 that prohibits as a felony offense the knowing and willful offer, payment, solicitation or receipt of any form of remuneration in return for, or to induce, (1) the referral of a patient for items or services for which payment may be made in whole or part under Medicare, Medicaid, or other federal healthcare programs, (2) the furnishing or arranging for the furnishing of items or services reimbursable under Medicare, Medicaid, or other federal healthcare programs or (3) the purchase, lease, or order or arranging or recommending the purchasing, leasing, or ordering of any item or service reimbursable under Medicare, Medicaid, or other federal healthcare programs. The Patient Protection and Affordable Care Act ("ACA") amended section 1128B of the Social Security Act to make it clear that a person need not have actual knowledge of the statute, or specific intent to violate the statute, as a predicate for a violation. The Office of Inspector General ("OIG"), which has the authority to impose administrative sanctions for violation of the statute, has adopted as its standard for review a judicial interpretation, which concludes that the statute prohibits any arrangement where even one purpose of the remuneration is to induce or reward referrals. A violation of the Anti-Kickback Statute is a felony punishable by imprisonment, criminal fines, civil fines, and three times the amount of the unlawful remuneration. A violation also can result in exclusion from Medicare, Medicaid, or other federal healthcare programs. In addition, pursuant to the changes of the ACA, a claim that includes items or services resulting from a violation of the Anti-Kickback Statute is a false claim for purposes of the False Claims Act.

Due to the breadth of the Anti-Kickback Statute's broad prohibitions, statutory exceptions exist that protect certain arrangements from prosecution. In addition, the OIG has published safe harbor regulations that specify arrangements that are deemed protected from prosecution under the Anti-Kickback Statute, provided all applicable criteria are met. The failure of an activity to meet all of the applicable safe harbor criteria does not necessarily mean that the particular arrangement violates the Anti-Kickback Statute, but these arrangements may be subject to scrutiny and prosecution by enforcement agencies. We may be less willing than some competitors to take action or enter into arrangements that do not clearly satisfy the OIG safe harbors and suffer a competitive disadvantage.

On December 2, 2020, in conjunction with the U.S. Department of Health and Human Services' ("HHS") Regulatory Sprint to Coordinated Care, the OIG finalized modifications to existing safe harbors to the Anti-Kickback Statute and added new safe harbors and a new exception to the civil monetary penalty provision prohibiting inducements to beneficiaries, the purpose of which was to remove potential barriers to more effective coordination and management of patient care and delivery of value-based care. The changes implemented by the final rules went into effect on January 19, 2021. These or other changes implemented by OIG in the future may impact our business, results of operations and financial condition.

Some states have enacted statutes and regulations similar to the Anti-Kickback Statute, but which may be applicable regardless of the payer source for the patient. These state laws may contain exceptions and safe harbors that are different from and/or more limited than those of the federal law and that may vary from state to state. For example, California has adopted the Physician Ownership and Referral Act of 1993 ("PORA"). PORA makes it unlawful for physicians, surgeons, and other licensed professionals to refer a person for certain healthcare services if they have a financial interest with the person or entity that receives the referral. While PORA also provides certain exemptions from this prohibition, failure to fit within an exemption in violation of PORA can lead to a misdemeanor offense that may subject a physician to civil penalties and disciplinary action by the Medical Board of California.

For example, Section 445 of the California Health and Safety Code provides that "no person, firm, partnership, association or corporation, or agent or employee thereof, shall for profit refer or recommend a person to a physician, hospital, health-related facility, or dispensary for any form of medical care or treatment of any ailment or physical condition. The imposition of a fee or charge of any such referral or recommendation creates a presumption that the referral or recommendation is for profit." A violation of Section 445 is a misdemeanor and may subject the offender to imprisonment and/or monetary fines. Further, a violation of Section 445 may be enjoined by the California Attorney General. Section 650 of the California Business and Professions Code contains prohibitions against self-referral and kickbacks. Business & Professions Code Section 650 makes it unlawful for a "licensee," including a physician, to pay or receive any compensation or inducement for referring patients, clients, or customers to any person or entity, irrespective of any membership or proprietary interest in or with the person or entity receiving the referral. Violation of the statute is a public offense punishable by imprisonment and/or monetary fines. Section 650 further provides that it is not unlawful for a physician to refer a patient to a healthcare facility solely because the physician has a proprietary interest or co-ownership in a healthcare facility, provided that (1) the physician's return on investment for that proprietary interest or co-ownership is based upon the amount of capital investment or proportional ownership of the physician; and (2) the ownership interest is not based on the number or value of any patients referred. A violation of Section 650 is a misdemeanor and may subject the offender to imprisonment and/or monetary fines.

We cannot assure that the applicable regulatory authorities will not determine that some of our arrangements with physicians violate the federal Anti-Kickback Statute or other applicable laws. An adverse determination could subject us to different liabilities, including criminal penalties, civil monetary penalties, and exclusion from participation in Medicare, Medicaid, or other healthcare programs, any of which could have a material adverse effect on our business, financial condition, or results of operations.

Antitrust Laws

The federal government and most states have enacted antitrust laws that prohibit certain types of conduct deemed to be anti-competitive. These laws prohibit price fixing, market allocation, concerted refusal to deal, market monopolization, price discrimination, tying arrangements, acquisitions of competitors and other practices that have, or may have, an adverse effect on competition. Violations of federal or state antitrust laws can result in various sanctions, including criminal and civil penalties. Antitrust enforcement in the health care industry is currently a priority of the Federal Trade Commission and the U.S. Department of Justice. A review or action by regulatory authorities or the courts that is negative in nature as to the relationship between us and the physician groups or IPAs that we manage or contract with, could force us to terminate those contractual relationships. We believe we are in compliance with such federal and state laws, but courts or regulatory authorities may reach a determination in the future that could adversely affect our operations.

Stark Laws

The federal Stark Law, also known as the physician self-referral law, generally prohibits a physician from referring Medicare and Medicaid patients to an entity (including hospitals) providing "designated health services" if the physician or a member of the physician's immediate family has a "financial relationship" with the entity, unless a specific exception applies. Designated health services include, among other services, inpatient hospital services, outpatient prescription drug services, clinical laboratory services, certain imaging services (e.g., MRI, CT, ultrasound), and other services that our affiliated physicians may order for their patients. The prohibition applies regardless of the reasons for the financial relationship and the referral, and therefore, unlike the federal Anti-Kickback Statute, intent to violate the law is not required. Like the Anti-Kickback Statute, the Stark Law contains statutory and regulatory exceptions intended to protect certain types of transactions and arrangements. Unlike safe harbors under the Anti-Kickback Statute, with which compliance is voluntary, an arrangement must comply with every requirement of a Stark Law exception or the arrangement is in violation of the Stark Law.

Because the Stark Law and implementing regulations continue to evolve and are detailed and complex, while we attempt to structure our relationships to meet an exception to the Stark Law, there can be no assurance that the arrangements entered into by us with affiliated physicians and facilities will be found to be in compliance with the Stark Law, as it ultimately may be implemented or interpreted. The penalties for violating the Stark Law can include the denial of payment for services ordered in violation of the statute, mandatory refunds of any sums paid for such services, and civil penalties for each violation, double damages, and possible exclusion from future participation in the governmental healthcare programs. A person who engages in a scheme to circumvent the Stark Law's prohibitions may face substantial fines for each applicable arrangement or scheme.

On December 2, 2020, in conjunction with HHS's Regulatory Sprint to Coordinated Care, CMS issued a final rule intended to address the regulatory impact and burden of the Stark Law that impeded the healthcare system's move toward value-based reimbursement. CMS added new exceptions to attempt to address potential barriers to coordinated care and value-based care. The changes implemented by the final rules went into effect on January 19, 2021. These or other changes implemented by CMS in the future may impact our business, results of operations, and financial condition.

Some states have enacted statutes and regulations against self-referral arrangements similar to the federal Stark Law, but which may be applicable to the referral of patients regardless of their payer source and which may apply to different types of services. These state laws may contain statutory and regulatory exceptions that are different from those of the federal law and that may vary from state to state. For example, California has adopted PORA, which makes it unlawful for physicians, surgeons, and other licensed professionals to refer a person for certain healthcare services if they have a financial interest with the person or entity that receives the referral. While PORA also provides certain exemptions from this prohibition, failure to fit within an exemption in violation of PORA can lead to a misdemeanor offense that may subject a physician to civil penalties and disciplinary action by the Medical Board of California.

An adverse determination under these state laws and/or the federal Stark Law could subject us to different liabilities, including criminal penalties, civil monetary penalties, and exclusion from participation in Medicare, Medicaid, or other healthcare programs, any of which could have a material adverse effect on our business, financial condition, or results of operations.

Health Information Privacy and Security Standards

The privacy regulations promulgated under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as amended, contain detailed requirements concerning the use and disclosure of individually identifiable patient health information ("PHI") by entities like our MSOs and affiliated IPAs and medical groups. HIPAA-covered entities must implement certain administrative, physical, and technical security standards to protect the integrity, confidentiality, and availability of certain electronic health information received, maintained, or transmitted. HIPAA also implemented standard transaction code sets and standard identifiers that covered entities must use when submitting or receiving certain electronic healthcare transactions, including billing and claim collection activities. New health information standards could have a significant effect on the manner in which we do business, and the cost of complying with new standards could be significant.

Violations of the HIPAA privacy and security rules may result in civil and criminal penalties, including a tiered system of civil money penalties. A HIPAA-covered entity must also promptly notify affected individuals where a breach affects more than 500 individuals and report annually any breaches affecting fewer than 500 individuals.

State attorneys general may bring civil actions on behalf of state residents for violations of the HIPAA privacy and security rules, obtain damages on behalf of state residents, and enjoin further violations. Many states also have laws that protect the privacy and security of confidential, personal information, which may be similar to or even more stringent than HIPAA. Where applicable state laws are more protective than HIPAA, we are required to comply with the stricter provisions. Some of these state laws may impose fines and penalties on violators and may afford private rights of action to individuals who believe their personal information has been misused. California's patient privacy laws, for example, provide for monetary penalties and permit injured parties to sue for damages. Both state and federal laws are subject to modification or enhancement of privacy protection at any time.

If we fail to comply with HIPAA or similar state laws, we could incur substantial civil monetary or criminal penalties. We expect increased federal and state privacy and security enforcement efforts.

Knox-Keene Act and State Insurance Laws

The Knox-Keene Health Care Service Plan Act of 1975, as amended (the "Knox-Keene Act"), is the California law that regulates managed care plans. Neither our MSOs nor their managed medical groups and IPAs hold a Knox-Keene license. Some of the medical groups and IPAs that have entered into MSAs with our MSOs have historically contracted with health plans and other payers to receive capitation payments and assumed the financial responsibility for professional services. In many of these cases, the health plans or other payers separately enter into contracts with hospitals that receive payments and assume some type of contractual financial responsibility for their institutional services. In some instances, our affiliated medical groups and IPAs have been paid by their contracting payers or hospitals for the financial outcome of managing the care costs associated with both the professional and institutional services received by patients, and have recognized a percentage of the surplus of institutional revenues less institutional expense as the medical groups' and IPAs' net revenues; and, under certain circumstances, may be responsible for a percentage of any shortfall in the event that institutional expenses exceed institutional revenues. While our MSOs and their managed medical groups and IPAs are not contractually obligated to pay claims to hospitals or other institutions under these arrangements, if it is determined that our MSOs or the medical groups and IPAs have been inappropriately taking financial risk for institutional and professional services without a Knox-Keene license or regulatory exemption as a result of their hospital and physician arrangements, we may be required to obtain a restricted Knox-Keene license to resolve such violations and we could be subject to civil and criminal liability, any of which could have a material adverse effect on our business, financial condition, or results of operations.

In addition, some states require ACOs to be registered or otherwise comply with state insurance laws. Our ACOs are not registered with any state insurance agency. If it is determined that we have been inappropriately operating an ACO without state registration or licensure, we may be required to obtain such registration or licensure to resolve such violations and we could be subject to liability, which could have a material adverse effect on our business, financial condition, or results of operations.

Environmental and Occupational Safety and Health Administration Regulations

We are subject to federal, state, and local regulations governing the storage, use, and disposal of waste materials and products. Although we believe that our safety procedures for storing, handling, and disposing of these materials and products comply with the standards prescribed by law and regulation, we cannot eliminate the risk of accidental contamination or injury from those hazardous materials. In the event of an accident, we could be held liable for any damages that result and any liability could exceed the limits or fall outside the coverage of our insurance policies, which we may not be able to maintain on acceptable terms, or at all. We could incur significant costs and the attention of our management could be diverted to comply with current or future environmental laws and regulations. Federal regulations promulgated by the Occupational Safety and Health Administration impose additional requirements on us, including those protecting employees from exposure to elements such as blood-borne pathogens. We cannot predict the frequency of compliance, monitoring, or enforcement actions to which we may be subject as those regulations are being implemented, which could adversely affect our operations.

Other Federal and State Healthcare Laws

We are also subject to other federal and state healthcare laws that could have a material adverse effect on our business, financial condition, or results of operations. The Health Care Fraud Statute prohibits any person from knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, which can be either a government or private payer plan. Violation of this statute, even in the absence of actual knowledge of or specific intent to violate the statute, may be charged as a felony offense and may result in fines, imprisonment, or both. The Health Care False Statement Statute prohibits, in any matter involving a federal healthcare program, anyone from knowingly and willfully falsifying, concealing, or covering up, by any trick, scheme, or device, a material fact, or making any materially false, fictitious, or fraudulent statement or representation, or making or using any materially false writing or document knowing that it contains a materially false or fraudulent statement. A violation of this statute may be charged as a felony offense and may result in fines, imprisonment, or both. Under the Civil Monetary Penalties Law of the Social Security Act, a person (including an organization) is prohibited from knowingly presenting or causing to be presented to any United States officer, employee, agent, or department, or any state agency a claim for payment for medical or other items or services where the person knows or should know (a) the items or services were not provided as described in the coding of the claim, (b) the claim is a false or fraudulent claim, (c) the claim is for a service furnished by an unlicensed physician, (d) the claim is for medical or other items or service furnished by a person or an entity that is in a period of exclusion from the program, or (e) the items or services are medically unnecessary items or services. Violations of the law may result in substantial penalties, treble damages, and exclusion from federal healthcare programs. In addition, the OIG may impose civil monetary penalties against any physician who knowingly accepts payment from a hospital (as well as against the hospital making the payment) as an inducement to reduce or limit medically necessary services provided to Medicare or Medicaid program beneficiaries. Further, except as permitted under the Civil Monetary Penalties Law, a person who offers or transfers to a Medicare or Medicaid beneficiary any remuneration that the person knows or should know is likely to influence the beneficiary's selection of a particular provider of Medicare or Medicaid payable items or services may be liable for civil money penalties for each wrongful act.

In addition to the state laws previously described, we may also be subject to other state fraud and abuse statutes and regulations as we expand our operations beyond California, including into Nevada and Texas. Many states, such as California, Nevada and Texas, have adopted a form of anti-kickback law, self-referral prohibition, and false claims and insurance fraud prohibition. Many states have adopted a form of anti-kickback law, self-referral prohibition, and false claims and insurance fraud prohibition. The scope and interpretations of these laws vary from state to state and are enforced by state courts and regulatory authorities, each with broad discretion. Generally, state laws reach all healthcare services and not just those covered under a governmental healthcare program. A determination of liability under any of these laws could result in fines, penalties, and restrictions on our ability to operate in these states. We cannot assure that our arrangements or business practices will not be subject to government scrutiny or be found to violate applicable fraud and abuse laws.

Licensure, Certification, Accreditation, and Related Laws and Guidelines

Our clinical personnel are subject to numerous federal, state, and local licensing laws and regulations relating to, among other things, professional credentialing and professional ethics. Clinical professionals are also subject to state and federal regulations regarding prescribing medication and controlled substances. Our affiliated physicians and hospitalists must satisfy and maintain their individual professional licensing in each state where they practice medicine, including California, and many states require that nurse practitioners and physician assistants work in collaboration with or under the supervision of a physician. Each state defines the scope of practice of clinical professionals through legislation and through the respective Boards of Medicine and Nursing. Activities that qualify as professional misconduct under state law may subject our clinical personnel to sanctions, or to even lose their license and could potentially subject us to sanctions as well. Some state boards of medicine impose reciprocal discipline—that is, if a physician is disciplined for having committed professional misconduct in one state where they are licensed, another state where they are also licensed may impose the same discipline even though the conduct occurred in another state. Since we and our affiliated medical groups perform services at hospitals and other healthcare facilities, we may indirectly be subject to laws, ethical guidelines, and operating standards of professional trade associations and private accreditation commissions (such as the American Medical Association and The Joint Commission) applicable to those entities. Penalties for non-compliance with these laws and standards include loss of professional license, civil or criminal fines and penalties, loss of hospital admitting privileges, and exclusion from participation in various governmental and other third-party healthcare programs. In addition, our affiliated facilities are subject to state and local licensing regulations ranging from the adequacy of medical care to compliance with building codes and environmental protection laws. Our ability to operate profitably will depend, in part, upon our ability, and the ability of our affiliated physicians and facilities, to obtain and maintain all necessary licenses and other approvals and operate in compliance with applicable healthcare and other laws and regulations that evolve rapidly. We provide home health, hospice, and palliative care, which require compliance with additional regulatory requirements. Reimbursement for palliative care and house call services is generally conditioned on clinical professionals providing the correct procedure and diagnosis codes and properly documenting both the service and the medical necessity for the service. Incorrect or incomplete documentation and billing information, or the incorrect selection of codes for the level and type of service provided, could result in non-payment for services rendered or lead to allegations of billing fraud. We must also comply with laws relating to hospice care eligibility, development, and maintenance of care plans and coordination with nursing homes or assisted living facilities where patients live.

Professional Liability and Other Insurance Coverage

Our business has an inherent and significant risk of claims of medical malpractice against us and our affiliated physicians. We and our affiliated physician groups pay premiums for third-party professional liability insurance that provides indemnification on a claims-made basis for losses incurred related to medical malpractice litigation in order to carry out our operations. Our physicians are required to carry first-dollar coverage with limits of liability equal to not less than $1.0 million for claims based on occurrence up to an aggregate of $3.0 million per year. Our IPAs purchase stop-loss insurance, which will reimburse them for claims from service providers on a per-enrollee basis. The specific retention amount per enrollee per policy period is $45,000 to $90,000 for professional coverage. We also maintain workers' compensation, director and officer, and other third-party insurance coverage subject to deductibles and other restrictions that we believe are in accordance with industry standards. While we believe that our insurance coverage is adequate based upon claims experience and the nature and risks of our business, we cannot be certain that our insurance coverage will be adequate to cover liabilities arising out of pending or future claims asserted against us or our affiliated physician groups in the future where the outcomes of such claims are unfavorable. The ultimate resolution of pending and future claims in excess of our insurance coverage may have a material adverse effect on our business, financial position, results of operations, or cash flows.

Available Information

We maintain a website at www.astranahealth.com and make available there, free of charge, our periodic reports filed with the SEC, and any amendments to such reports, as soon as is reasonably practicable after filing. Information contained on or accessible through, including any reports available on, our website is not a part of, and is not incorporated by reference into, this Annual Report on Form 10-K or any other report or document we file with the SEC. Any reference to our website in this Annual Report on Form 10-K is intended to be an inactive textual reference only. The SEC maintains a website at http://www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers such as us that file electronically with the SEC.

Item 1A. Risk Factors

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7, and our consolidated financial statements and related notes, before making a decision to invest in our common stock. Disclosures of risks should not be interpreted to imply that the risks have not already materialized, and the risks and uncertainties described below may not be the only ones we face. If any of the risks actually occur, our business, financial condition, operating results, and prospects could be materially and adversely affected. In that event, the market price of our common stock could decline, and you could lose part or all of your investment.

Summary of Risk Factors

Our business is subject to numerous risks and uncertainties, discussed in more detail in the following section. These include, among others, the following key risks:

- We may need to raise additional capital to grow, which might not be available.
- We could be negatively impacted by uncertain or adverse economic conditions and/or public health crises.
- Potential changes in laws, accounting principles, and regulations related to VIEs could impact our consolidation of total revenues derived from our affiliated physician groups.
- The arrangements we have with our VIEs are not as secure as direct ownership of such entities.
- We currently derive a substantial portion of our revenues in California and are vulnerable to changes in that state.
- Our business strategy involves acquisitions and strategic partnerships, which can be costly, risky, and complex.
- The Company's complex legal structure may cause tax authorities to question our tax filing status. The Company can be adversely impacted if a tax authority does not agree with our position.
- We may encounter difficulties in managing our growth, and the nature of our business and rapid changes in the healthcare industry make it difficult to reliably predict future growth and operating results.
- We could experience significant losses under capitation contracts if our expenses exceed revenues.

- If our agreements with affiliated physician groups are deemed invalid or are terminated under applicable law, our results of operations and financial condition will be materially impaired.
- Our revenues and operations are dependent on a limited number of key payers.
- We may be impacted by a shift in payer mix, including eligibility changes to government and private insurance programs.
- Many of our agreements with hospitals and medical groups have limited durations, may be terminated without cause by them, and prohibit us from acquiring physicians or patients from or competing with them.
- Changes to federal, state, and local healthcare law, including the ACA and/or the adoption of a primarily publicly funded healthcare system, may negatively impact our business.
- The success of our emphasis on the ACO REACH Model is not guaranteed, due to political risks, uncertainties of ACO REACH administration, program economics, the requirement of the Company to maintain significant capital reserves, and the possibility that the ACO REACH Program will not be expanded beyond 2025.
- Laws regulating the corporate practice of medicine could restrict the manner in which we are permitted to conduct our business and the failure to comply with such laws could subject us to penalties and restructuring.
- The healthcare industry is intensely regulated at the federal, state, and local levels, and government authorities may determine that we fail to comply with applicable laws or regulations and take action against us.
- Controls imposed by Medicare, Medicaid, and private payers designed to reduce inpatient services and associated costs may reduce our revenues.
- If our affiliated physician groups are not able to satisfy California regulations related to financial solvency and operational performance, they could become subject to sanctions and their ability to do business in California could be limited or terminated.
- Our current principal stockholders, executive officers, and directors have significant influence over our operations and strategic direction, and they could cause us to take actions with which other stockholders might not agree and could delay, deter, or prevent a change of control or a business combination with respect to us.

Risks Relating to Our General Business and Operations.

In 2019, the Company, Astrana Medical, and APC consummated a series of interrelated transactions that may expose the Company and its subsidiaries and VIEs to additional risks, including the inability to repay a significant loan made in connection with such transactions.

On September 11, 2019, the Company, Astrana Medical, and APC concurrently consummated a series of interrelated transactions (collectively, the "APC Transactions"), which included a $545.0 million ten-year secured loan made by the Company to Astrana Medical, which Astrana Medical used to purchase 1,000,000 shares of Series A Preferred Stock of APC. The Company obtained the funds to make the loan to Astrana Medical (i) by entering into a credit agreement with Truist Bank, in its capacity as administrative agent for various lenders, and the lenders from time to time party thereto, for a $290.0 million senior secured credit facility (the "Credit Agreement" and the credit facility thereunder, the "Credit Facility"), and then immediately drawing down $250.0 million in cash, and (ii) by selling $300.0 million of shares of the Company's common stock to APC, the purchase price of which was offset against $300.0 million of Astrana Medical's purchase price for its APC Series A Preferred Stock. AHM guaranteed the obligations of the Company under the Credit Facility, and both the Company and AHM have granted the lenders a security interest in all of their assets, including, without limitation, in all stock and other equity issued by their subsidiaries (including the shares of AHM) and all rights with respect to the loan to Astrana Medical. The Credit Agreement was amended and restated on June 16, 2021 and was most recently amended on November 3, 2023 to, among other things, provide a new term loan to the Company in an aggregate amount of up to $300.0 million (as amended, the "Amended Credit Agreement" and the credit facility thereunder, the "Amended Credit Facility").

The APC Transactions may expose the Company, its subsidiaries and its VIEs to additional risks, including without limitation, the following: Astrana Medical may never be able to repay the loan from the Company; even if Astrana Medical does not, or cannot repay the loan, the Company will be obligated to pay principal and interest on the Amended Credit Facility; in connection with the Credit Facility, the lenders were granted a first priority perfected security interest over all of the assets of the Company and its subsidiaries, and such lenders have the right to foreclose on those assets if the Company defaults on its obligations under the Amended Credit Facility; a disconnect could arise between APC achieving net income, declaring and paying dividends to Astrana Medical, and Astrana Medical making its required payments to the Company, which disconnect could materially negatively impact the Company's financial results and its ability to make its required payments under the Amended Credit Facility; APC may be prohibited from paying, or may otherwise be unable to pay, the dividends on its Series A Preferred Stock, including under the California Corporations Code; regulators could determine that the current, post-APC Transactions consolidated structure amounts to the Company violating California's corporate practice of medicine doctrine; and the Company may be deemed an investment company, which could impose burdensome compliance requirements on the Company and restrict its future activities.

Our failure to raise additional capital or generate cash flows necessary to expand our operations and invest in new technologies in the future could reduce our ability to compete successfully and harm our results of operations.

We may, in the future, require additional capital to grow our business and may have to raise additional funds by selling equity, issuing debt, borrowing, refinancing our existing debt, or selling assets or subsidiaries. We may not be able to obtain additional debt or equity financing on favorable terms, in a timely manner, or at all. If we raise additional equity financing, our security holders may experience significant dilution of their ownership interests. If we engage in additional debt financing, we may be required to accept terms that restrict our ability to incur additional indebtedness, force us to maintain specified liquidity or other ratios or restrict our ability to pay dividends or make acquisitions. In addition, the covenants in our Amended Credit Agreement may limit our ability to obtain additional debt or issue additional equity securities, and any failure to adhere to these covenants could result in penalties or defaults that could further restrict our liquidity or limit our ability to obtain financing. In addition, our ability to obtain additional capital may be adversely impacted by factors beyond our control, such as the market demand for our securities, the state of financial markets generally and other relevant factors, including potential worsening global economic conditions resulting from increasing inflation and interest rates, ongoing supply chain disruptions and shortages, labor shortages and geopolitical conditions, and any disruptions to, or volatility in, the credit and financial markets in the United States and worldwide that arise from any economic downturn or recession. If we need additional capital and cannot raise it on acceptable terms, or at all, we may not be able to, among other things, develop and enhance our patient services; continue to expand our organization; hire, train and retain employees; respond to competitive pressures or unanticipated working capital requirements; or pursue acquisition opportunities.

The Company has a complex legal structure, and tax regulatory authorities may disagree with our positions and conclusions regarding certain tax positions, resulting in unanticipated costs or non-realization of expected benefits.

The Company has a complex legal structure, and a tax authority may disagree with tax positions that we have taken. For example, the Internal Revenue Service or another tax authority could challenge our allocation of income by tax jurisdiction and the amounts paid between our affiliated companies pursuant to our intercompany arrangements and transfer pricing policies, including amounts paid with respect to our legal structure. A tax authority may take the position that material income tax liabilities, interest, and penalties are payable by us, in which case, we expect that we might contest such assessment. Contesting such an assessment may be lengthy and costly, and if we were unsuccessful in disputing the assessment, the implications could be materially adverse to us and affect our anticipated effective tax rate or operating income, and we could be required to pay substantial penalties and interest where applicable. The Company is currently under examination by the Internal Revenue Service for our 2019-2021 tax returns.

Our net operating loss carryforwards and certain other tax attributes will be subject to limitations.

If a corporation undergoes an "ownership change" within the meaning of Section 382 of the Internal Revenue Code of 1986, as amended, its net operating loss carryforwards and certain other tax attributes arising from before the ownership change are subject to limitations on use after the ownership change. In general, an ownership change occurs if there is a cumulative change in the corporation's equity ownership by certain stockholders that exceeds 50 percentage points over a rolling three-year period. Similar rules may apply under state tax laws. Ownership changes in the future could result in additional limitations on our net operating loss carryforwards. Consequently, we may not be able to utilize a material portion of our net operating loss carryforwards and other tax attributes to offset our tax liabilities, which could have a material adverse effect on our cash flows and results of operations.

Uncertain or adverse economic conditions could adversely impact us.

The U.S. and global economy, as well as our business and results of operations, may be negatively impacted by a variety of factors, including inflation, interest rate increases, supply chain and labor disruptions, decreased consumer spending, unemployment rates, banking instability, geopolitical events and uncertainty, such as the Ukraine-Russia conflict and Israel-Hamas war, any U.S. government shutdown, any downgrades in the U.S. government's sovereign credit rating, public health crises and an economic downturn or recession. A downturn in economic conditions could have a material adverse effect on our results of operations, financial condition, business prospects, and stock price. Historically, government budget limitations have resulted in reduced spending. Given that Medicaid is a significant component of state budgets, an economic downturn would put continued cost containment pressures on Medicaid outlays for healthcare services, including in California and other states in which we operate. The existing federal deficit and continued deficit spending by the federal government could lead to reduced government expenditures, including for government-funded programs in which we participate, such as Medicare. An economic downturn and sustained unemployment may also impact the number of enrollees in managed care programs and the profitability of managed care companies, which could result in reduced reimbursement rates. Although we attempt to stay informed, any sustained failure to identify and respond to these trends could have a material adverse effect on our results of operations, financial condition, business, and prospects.

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

The Company may be forced to write-down or write-off assets in the future, restructure its operations, or incur impairment or other charges that could result in losses. Even though these charges may not have an immediate impact on our liquidity, the fact that we report charges of this nature could contribute to negative market perceptions about us or our securities and may make our future financing difficult to obtain on favorable terms or at all.

From time to time, our intangible assets are subject to impairment testing. Under current accounting standards, our goodwill, including acquired goodwill, is tested for impairment on an annual basis and may be subject to impairment losses as circumstances change (e.g., after an acquisition). If we record an impairment loss, it could have a material adverse effect on our results of operations for the year in which the impairment is recorded.

A prolonged disruption of or any actual or perceived difficulties in the capital and credit markets may adversely affect our future access to capital, our cost of capital, and our ability to continue operations.

Our operations and performance depend primarily on California and U.S. economic conditions and their impact on purchases of, or capitated rates for, our healthcare services, and our business is significantly exposed to risks associated with government spending and private payer reimbursement rates. A number of factors have negatively impacted the economy in recent years, including inflation, increased interest rates, supply chain and labor disruptions, geopolitical events and uncertainty, and declines in consumer and business confidence, as well as private and government spending, together with significant reductions in the availability of and increases in the cost of credit and volatility in the capital and credit markets. Such factors have adversely affected the business and economic environment in which we operate and our profitability and could, in the future, adversely affect our patients' spending habits, private payers' access to capital, and governmental budgetary processes, which, in turn, could result in reduced revenue for us. The continuation or recurrence of any of these conditions may adversely affect our cash flows, results of operations, and financial condition. As economic uncertainty may continue in future periods, our patients, private payers, and government payers may alter their purchasing activities of healthcare services. Our patients may scale back healthcare spending, and private and government payers may reduce reimbursement rates, which may also cause delay or cancellation of consumer spending for discretionary and non-reimbursed healthcare. This uncertainty may also affect our ability to prepare accurate financial forecasts or meet specific forecasted results, and we may be unable to adequately respond to or forecast further changes in demand for healthcare services. Volatility and disruption of capital and credit markets may adversely affect our access to capital and increase our cost of capital. Should current economic and market conditions deteriorate, our ability to finance ongoing operations and our expansion may be adversely affected, we may be unable to raise necessary funds, our cost of debt or equity capital may increase significantly, and future access to capital markets may be adversely affected.

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

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

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

Breaches or compromises of our information security systems or our information technology systems or infrastructure could result in exposure of private information, disruption of our business, and damage to our reputation, which could harm our business, results of operation, and financial condition.

In the ordinary course of our business, we create, receive, maintain, transmit, collect, store, use, disclose, share and process sensitive data, including PHI and other types of personal data or personally identifiable information (collectively, "PII" and, together with PHI, "PHI/PII") relating to our patients, employees, vendors, and others. We also contract with third-party service providers to process sensitive information, including PHI/PII, confidential information and other proprietary business information. We are highly dependent on information technology networks and systems, including the internet, to securely process PHI/PII and other sensitive data and information. Security breaches of this infrastructure, whether ours or of our third-party service providers, including physical or electronic break-ins, employee or service provider error, third-party action, including actions of foreign actors, insider attacks, phishing or denial-of-service attacks, computer viruses, ransomware or other malware, social engineering, malfeasance, other unauthorized physical or electronic access, or other vulnerabilities, could create system disruptions, shutdowns or unauthorized access, acquisition, use, disclosure or modifications of such data or information, and could cause PHI/PII to be accessed, acquired, used, disclosed or modified without authorization, to be made publicly available, or to be further accessed, acquired, used or disclosed. To our knowledge, we have not experienced any material breach of our cybersecurity systems.

We use third-party service providers for important aspects of the processing of employee and patient PHI/PII and other confidential and sensitive data and information, and therefore rely on third parties to manage functions that have material cybersecurity risks. Because of the sensitivity of the PHI/PII and other sensitive data and information that we and our service providers process, the security of our technology platform and other aspects of our services, including those provided or facilitated by our third-party service providers, are important to our operations and business strategy. We have implemented certain administrative, physical and technological safeguards to address these risks; however, such policies and procedures may not address certain HIPAA requirements or address situations that could lead to increased privacy or security risks. We may be required to expend significant capital and other resources to protect against security breaches, to safeguard the privacy, security, and confidentiality of PHI/PII and other sensitive data and information, to investigate, contain, remediate, and mitigate actual or potential security breaches, and/or to report security breaches to patients, employees, regulators, media, credit bureaus, and other third parties in accordance with applicable law and to offer complimentary credit monitoring, identity theft protection, and similar services to patients and/or employees where required by law or otherwise appropriate. Cyber-attacks are becoming more sophisticated and frequent, and we or our third-party service providers may be unable to anticipate these techniques or implement adequate protective measures against them or to prevent future attacks, and future cyber-attacks could go undetected and persist for an extended period of time. Furthermore, to the extent artificial intelligence capabilities improve and are increasingly adopted, they may be used to identify vulnerabilities and craft increasingly sophisticated cybersecurity attacks, and vulnerabilities may be introduced from the use of artificial intelligence by us and our third-party service providers.

Our third-party service providers and others to whom we entrust confidential data, and on whom we rely to provide products and services, face similar threats and growing requirements. We depend on such parties to implement adequate controls and safeguards to protect against and report cyber incidents. If such parties fail to deter, detect or report cyber incidents in a timely manner, we may suffer from financial and other harm, including to our information, operations, performance, employees and reputation.

A security breach, security incident, or privacy violation that leads to unauthorized use, disclosure, access, acquisition, loss or modification of, or that prevents access to or otherwise impacts the confidentiality, security, or integrity of, patient or employee information, including PHI/PII that we or our third-party service providers process, or other confidential information could harm our reputation and business, compel us to comply with breach notification laws, cause us to incur significant costs for investigation, containment, remediation, mitigation, fines, penalties, settlements, notification to individuals, regulators, media, credit bureaus, and other third parties, complimentary credit monitoring, identity theft protection, training and similar services to participants and/or employees where required by law or otherwise appropriate, for measures intended to repair or replace systems or technology and to prevent future occurrences. We may also be subject to potential increases in insurance premiums, resulting in increased costs or loss of revenue.

If we or our third-party service providers are unable to prevent or mitigate security breaches, security incidents or privacy violations in the future, or if we or our third-party service providers are unable to implement satisfactory remedial measures with respect to known or future security incidents, or if it is perceived that we have been unable to do so, our operations could be disrupted, we may be unable to provide access to our systems, and we could suffer a loss of patients, loss of reputation, adverse impacts on patient and investor confidence, financial loss, litigation, governmental investigations or other actions, regulatory or contractual penalties, and other claims and liability. In addition, security breaches and incidents and other compromises or inappropriate access to, or acquisition or processing of, PHI/PII or other sensitive data or information can be difficult to detect, and any delay in identifying such breaches or incidents or in providing timely notification of such incidents may lead to increased harm and increased penalties. While we carry cyber insurance, we cannot be certain that our coverage will be adequate for liabilities actually incurred, that insurance will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim.

We rely on complex software systems and hosted applications to operate our business, and our business may be disrupted if we are unable to successfully or efficiently update these systems or convert to new systems.

We are increasingly dependent on technology systems to operate our business, reduce costs, and enhance customer service. These systems include complex software systems and hosted applications that are provided by third parties. Software systems need to be updated on a regular basis with patches, bug fixes, and other modifications. Hosted applications are subject to service availability and reliability of hosting environments. We also migrate from legacy systems to new systems from time to time. Maintaining existing software systems, implementing upgrades, and converting to new systems are costly and require personnel and other resources. The implementation of these systems upgrades and conversions is a complex and time-consuming project involving substantial expenditures for implementation activities, consultants, system hardware and software, so it often requires transforming our current business and processes to conform to new systems, and therefore, may take longer, be more disruptive, and cost more than forecast and may not be successful. If the implementation is delayed or otherwise is not successful, it may hinder our business operations and negatively affect our financial condition and results of operations. There are many factors that may materially and adversely affect the schedule, cost, and execution of the implementation process, including, without limitation, problems in the design and testing of new systems; system delays and malfunctions; the deviation by suppliers and contractors from the required performance under their contracts with us; the diversion of management attention from our daily operations to the implementation project; reworks due to unanticipated changes in business processes; difficulty in training employees in the operation of new systems and maintaining internal control while converting from legacy systems to new systems; and integration with our existing systems. Some of such factors may not be reasonably anticipated or may be beyond our control.

If our internal control over financial reporting is not considered effective, our business and stock price could be adversely affected.

Section 404 of the Sarbanes-Oxley Act of 2002 requires us to evaluate the effectiveness of our internal control over financial reporting as of the end of each fiscal year, and to include a management report assessing the effectiveness of our internal control over financial reporting in our Annual Report on Form 10-K for that fiscal year. Section 404 also requires our independent registered public accounting firm to attest to, and report on, management's assessment of our internal control over financial reporting. Our management, including our principal executive officer and principal financial officer, does not expect that our internal control over financial reporting will prevent all errors and fraud. A control system, no matter how well-designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud involving a company have been, or will be, detected. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and we cannot assure you that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become ineffective because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected, such as those that resulted in the restatement of certain of our previously issued consolidated financial statements and related material weakness in August 2023. We identified a material weakness in our internal control over financial reporting in connection with the restatement, and we cannot assure you that we or our independent registered public accounting firm will not identify a material weakness in our internal controls in the future. A material weakness in our internal control over financial reporting would require management and our independent registered public accounting firm to consider our internal controls as ineffective. While we continue to take meaningful steps to enhance our disclosure controls and procedures and our internal control over financial reporting by strengthening our financial reporting and accounting functions, we cannot provide any assurance that we will be able to maintain adequate controls over our financial processes and reporting in the future or that we will not identify additional significant deficiencies and material weaknesses in our internal control over financial reporting in the future. Any failure of our internal controls could result in material misstatements in our consolidated financial statements, significant deficiencies, material weaknesses, costs, failure to timely meet our periodic reporting obligations and erosion of investor confidence. Such failure could also negatively affect the market price and trading liquidity of our common stock, subject us to civil and criminal investigations and penalties and could have a material adverse effect on our business, financial condition, results of operations or cash flow.

We may be unable to renew our leases on favorable terms or at all as our leases expire, which could adversely affect our business, financial condition, and results of operations.

We operate several leased premises. There is no assurance that we will be able to continue to occupy such premises in the future. For example, we currently rent our corporate headquarters on a month-to-month basis. We could thus spend substantial resources to meet the current landlords' demands or look for other premises. We may be unable to timely renew such leases or renew them on favorable terms, if at all. If any current lease is terminated or not renewed, we may be required to relocate our operations at substantial costs or incur increased rental expenses, which could adversely affect our business, financial condition, and results of operations.

We currently derive a substantial portion of our revenues in California and are vulnerable to changes in that state.

We primarily operate in California. Any material changes with respect to consumer preferences, taxation, reimbursements, financial requirements, or other aspects of healthcare delivery in California or the state's economic conditions could have an adverse effect on our business, results of operations, and financial condition.

Our success depends, to a significant degree, upon our ability to adapt to the ever-changing healthcare industry and continued development of additional services.

Although we expect to provide a broad and competitive range of services, there can be no assurance of acceptance of current services by the marketplace. Our ability to procure new contracts may be dependent upon the continuing results achieved at the current facilities, upon pricing and operational considerations, and the potential need for continuing improvement to our existing services. Moreover, the markets for our new services may not develop as expected nor can there be any assurance that we will be successful in marketing any such services.

Our reputation could be adversely impacted by environmental, social and governance ("ESG"), policies and practices.

The increasing focus by stakeholders on our ESG policies and practices, including corporate citizenship and sustainability, could result in additional costs, and could adversely impact our reputation, consumer perception, employee retention, and willingness of third parties to do business with us. Additionally, public interest and legislative pressure related to public companies' ESG practices continues to grow. If our ESG policies and practices fail to meet regulatory requirements or stakeholders' evolving expectations and standards for responsible corporate citizenship, our reputation and employee retention may be negatively impacted. We could also incur additional costs and require additional resources to monitor, report and comply with various ESG practices, laws and regulations, as well as any initiatives or goals we may establish or announce. If we do establish such initiatives or goals, there can be no assurance that our stakeholders will agree with our strategy or that we will be successful in achieving such initiatives or goals. Moreover, we may determine that it is in the best interest of our Company and our stockholders to prioritize other business, social, governance or sustainability investments over the achievement of any such initiatives or goals based on economic, regulatory and social factors, business strategy or pressure from investors, activist groups or other stakeholders. Inconsistency of legislation and regulations among jurisdictions, including anti-ESG policies or legislation, and expected additional regulations may also affect the costs of compliance with such laws and regulations. If we fail to adopt ESG standards or practices as quickly as stakeholders desire, fail, or are perceived to fail, in our achievement of any initiatives or goals, or fail in fully and accurately reporting our progress on any such initiatives and goals, our reputation, business, financial performance and growth may be adversely impacted. Any such matters, or related corporate citizenship and sustainability matters, could have a material adverse effect on our business.

Risks Relating to Our Growth Strategy and Business Model.

Our growth strategy may not prove viable and we may not realize expected results.

Our business strategy is to grow rapidly by building a network of medical groups and integrated physician networks and is significantly dependent on locating and acquiring, partnering or contracting with medical practices to provide healthcare delivery services. We seek growth opportunities both organically and through acquisitions of or alliances with other medical service providers. As part of our growth strategy, we regularly review potential strategic opportunities, including acquisitions, partnerships, investments and divestitures. Identifying and establishing suitable strategic relationships is time-consuming and costly. There can be no assurance that we will be successful. We cannot guarantee that we will be successful in pursuing such strategic opportunities or assure the consequences of any strategic transactions. If we fail to evaluate and execute strategic transactions properly, we may not achieve anticipated benefits and may incur increased costs.

Our strategic transactions involve a number of risks and uncertainties, including:

- We may not be able to successfully identify suitable strategic opportunities, complete desired strategic transactions, or realize their expected benefits. In addition, we compete for strategic transactions with other potential players, some of whom may have greater resources than we do. This competition may intensify due to the ongoing consolidation in the healthcare industry, which may increase our costs to pursue such opportunities.

- We may not be able to establish suitable strategic relationships and may fail to integrate them into our business. We cannot be certain of the extent of any unknown, undisclosed or contingent liabilities of any acquired business, including liabilities for failure to comply with applicable laws. We may incur material liabilities for past activities from strategic relationships. Also, depending on the location of the strategic transactions, we may be required to comply with laws and regulations that may differ from those of California, the state in which we currently operate.

- We may form strategic relationships with medical practices that operate with lower profit margins as compared with ours or that have a different payer mix than our other practice groups, which would reduce our overall profit margin. Depending upon the nature of the local market, we may not be able to implement our business model in every local market that we enter, which could negatively impact our revenues and financial condition.

- We may incur substantial costs to complete strategic transactions, integrate strategic relationships into our business, or expand our operations, including hiring more employees and engaging other personnel, to provide services to additional patients that we are responsible for managing pursuant to the new relationships. If such relationships terminate or diminish before we can realize their expected benefits, any costs that we have already incurred may not be recovered.

- If we finance strategic transactions by issuing our equity securities or securities convertible thereto, our existing stockholders could be diluted. If we finance strategic transactions with debt, it could result in higher leverage and interest costs for us.

- If we are not successful in our efforts to identify and execute strategic transactions on beneficial terms, our ability to implement our business plan and achieve our targets could be adversely affected.

The process of integrating strategic relationships also involves significant risks, including:

- difficulties in coping with demands on management related to the increased size of our business;

- difficulties resulting from the diversion of management's attention from our daily operations;

- difficulties in assimilating different corporate cultures and business practices;

- difficulties in converting other entities' books and records and conforming their practices to ours;

- difficulties in integrating operating, accounting, and information technology systems of other entities with ours and in maintaining uniform procedures, policies, and standards such as internal accounting controls;

- difficulties in retaining employees who may be vital to the integration of the acquired entities; and

- difficulties in maintaining contracts and relationships with payers of other entities.

We may be required to make certain contingent payments in connection with strategic transactions from time to time. The fair value of such payments is reevaluated periodically based on changes in our estimate of future operating results and changes in market discount rates. Any changes in our estimated fair value are recognized in our results of operations. The actual payments, however, may exceed our estimated fair value. Increases in actual contingent payments compared to the amounts recognized may have an adverse effect on our financial condition.

There can be no assurance that we will be able to effectively integrate strategic relationships into our business, which may negatively impact our business model, revenues, results of operations, and financial condition. In addition, strategic transactions are time-intensive, requiring significant commitment of our management's focus. If our management spends too much time assessing potential opportunities, completing strategic transactions, and integrating strategic relationships, our management may not have sufficient time to focus on our existing operations. This diversion of attention could have material and adverse consequences on our operations and profitability.

Obligations in our credit or loan documents could restrict our operations, particularly our ability to respond to changes in our business or to take specified actions. An event of default could harm our business, and creditors having security interests over our assets would be able to foreclose on our assets.

The terms of our Amended Credit Agreement and other indebtedness we may incur from time to time require us to comply with a number of financial and other obligations, which may include maintaining debt service coverage and leverage ratios and maintaining insurance coverage, that impose significant operating and financial restrictions on us, including restrictions on our ability to take actions that may be in our interests. These obligations may limit our flexibility in our operations, and breaches of these obligations could result in defaults under the agreements or instruments governing the indebtedness, even if we had satisfied our payment obligations. Moreover, if we defaulted on these obligations, creditors having security interests over our assets could exercise various remedies, including foreclosing on and selling our assets. Unless waived by creditors, for which no assurance can be given, defaulting on these obligations could result in a material adverse effect on our financial condition and ability to continue our operations.

We may encounter difficulties in managing our growth, and the nature of our business and rapid changes in the healthcare industry make it difficult to reliably predict future growth and operating results.

We may not be able to successfully grow and expand. Successful implementation of our business plan will require management of growth, including potentially rapid and substantial growth, which could result in an increase in the level of responsibility for management personnel and strain on our human and capital resources. To manage growth effectively, we will be required, among other things, to continue to implement and improve our operating and financial systems, procedures, and controls and to expand, train, and manage our employee base. If we are unable to implement and scale improvements to our existing systems and controls in an efficient and timely manner or if we encounter deficiencies, we will not be able to successfully execute our business plans. Failure to attract and retain sufficient numbers of qualified personnel could also impede our growth. If we are unable to manage our growth effectively, it will have a material adverse effect on our business, results of operations, and financial condition.

The evolving nature of our business and rapid changes in the healthcare industry make it difficult to anticipate the nature and amount of medical reimbursements, third-party private payments, and participation in certain government programs and thus to reliably predict our future growth and operating results.

We could experience significant losses under capitation contracts if our expenses exceed revenues.

Under a capitation contract, a health plan typically prospectively pays an IPA periodic capitation payments based on a percentage of the amount received by the health plan. Capitation payments, in the aggregate, represent a prospective budget from which an IPA manages care-related expenses on behalf of the population enrolled with that IPA. If our affiliated IPAs are able to manage care-related expenses under the capitated levels, we realize operating profits from capitation contracts. However, if care-related expenses exceed projected levels, our affiliated IPAs may realize substantial operating deficits, which are not capped and could lead to substantial losses. For example, the State of California's Budget Act of 2023 (AB 118) mandated a "targeted rate increase" in reimbursement rates under the Medi-Cal program for providers of primary care and obstetric care services commencing January 1, 2024, including where applicable, an equivalent adjustment to capitation rates for those providers reimbursed on a capitated basis. If the required capitation rate adjustments payable to such primary care and obstetric care providers exceed the corresponding capitation rate increase received by us from our contracted Medi-Cal health plans, substantial losses could result.

Additionally, factors beyond our control, such as natural disasters, the potential effects of climate change, and major epidemics, pandemics, or newly emergent viruses (such as COVID-19), could reduce our ability to effectively manage the costs of providing healthcare.

Following the acquisition of our Restricted Knox-Keene licensed health plan (For Your Benefit Inc., "FYB"), we may expand the use of "global" capitation arrangements whereby FYB accepts financial risk for hospital and other institutional services in addition to professional medical services (whereas IPA capitation contracts are typically limited to accepting financial risk for professional medical services). However, if care-related expenses under these global capitation arrangements exceed projected levels, our Restricted Knox-Keene licensed health plan may realize substantial operating deficits, which are not capped and could lead to substantial losses. Expansion of global capitation arrangements may also require the funding of additional capital to our Restricted Knox-Keene licensed health plan in order to comply with DMHC regulations relating to tangible net equity which could result in having less cash available for other parts of our operations.

If our agreements with affiliated physician groups are deemed invalid or are terminated under applicable law, our results of operations and financial condition will be materially impaired.

There are various state laws, including laws in California and other states in which we operate, regulating the corporate practice of medicine, which prohibit us from directly owning medical professional entities. These prohibitions are intended to prevent unlicensed persons from interfering with or inappropriately influencing a physician's professional judgment. These and other laws may also prevent fee-splitting, which is the sharing of professional service income with non-professional or business interests. The interpretation and enforcement of these laws vary significantly from state to state. We currently derive revenues from MSAs or similar arrangements with our affiliated IPAs, whereby we provide management and administrative services to them. If these agreements and arrangements are held to be invalid under laws prohibiting the corporate practice of medicine and other laws or new laws are adopted that prohibit such agreements or arrangements, a significant portion of our revenues would be lost, resulting in a material adverse effect on our results of operations and financial condition.

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

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

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

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

Our revenues and operations are dependent on a limited number of key payers.

Our operations are dependent on a concentrated number of payers. Four payers accounted for an aggregate of 61.7% and 59.0% of our total net revenue for the years ended December 31, 2023 and 2022, respectively. We believe that a majority of our revenues will continue to be derived from a limited number of key payers, which may terminate their contracts with us, or our physicians credentialed by them, upon the occurrence of certain events. They may also amend the material terms of the contracts under certain circumstances. Failure to maintain such contracts on favorable terms, or at all, would materially and adversely affect our results of operations and financial condition.

An exodus of our patients could have a material adverse effect on our results of operations. We may also be impacted by a shift in payer mix, including eligibility changes to government and private insurance programs.

A material decline in the number of patients that we and our affiliated physician groups serve, whether a government or a private entity is paying for their healthcare, could have a material adverse effect on our results of operations and financial condition, which could result from increased competition, new developments in the healthcare industry, or regulatory overhauls. In light of the repeal of the individual mandate requirement under the ACA via the Tax Cuts and Jobs Act of 2017, some people are expected to lose their health insurance and thus may not continue to afford services by our managed medical groups. In addition, due to potential decreased availability of healthcare through private employers, the number of patients who are uninsured or participate in governmental programs may increase. A shift in payer mix from managed care and other private payers to government payers or the uninsured may result in a reduction in our rates of reimbursement or an increase in our uncollectible receivables or uncompensated care, with a corresponding decrease in our net revenue. Changes in the eligibility requirements for governmental programs could also change the number of patients who participate in such programs or the number of uninsured patients. For those patients who remain with private insurance, changes in those programs could increase patient responsibility amounts, resulting in a greater risk for uncollectible receivables. Such events could have a material adverse effect on our business, results of operations and financial condition.

Our future growth could be harmed if we lose the services of our key management personnel.

Our success depends to a significant extent on the continued contributions of our key management personnel, particularly our Chief Executive Officer and President Brandon K. Sim, M.S. for the management of our business and implementation of our business strategy. The loss of his services, or services of other key members of management, could have a material adverse effect on our business, financial condition, and results of operations.

If having our key personnel serving as nominee equity holders of our VIEs is deemed invalid under applicable laws, or if we lose the services of key personnel for any reason, it could have a material adverse impact on our results of operations and financial condition.

There are various state laws, including laws in California and other states in which we operate, regulating the corporate practice of medicine, which prohibit us from owning various healthcare entities. These corporate practice of medicine prohibitions are intended to prevent unlicensed persons from interfering with or inappropriately influencing a physician's professional judgment. The interpretation and enforcement of these laws vary significantly from state to state. As a result, many of our affiliated physician practice groups are either wholly owned or primarily owned by key personnel as the nominee shareholder for our benefit. If these arrangements were held to be invalid under applicable laws, which may change from time to time, a significant portion of our consolidated revenues would be affected, which may result in a material adverse effect on our results of operations and financial condition. Similarly, if such key personnel die, become incapacitated, or otherwise are no longer affiliated with us, our relationships and arrangements with those VIEs could be in jeopardy, and our business could be adversely affected.

We are dependent in part on referrals from third parties and preferred provider status with payers.

Our business relies in part on referrals from third parties for our services. We receive referrals from community medical providers, emergency departments, payers, and hospitals in the same manner as other medical professionals receive patient referrals. We do not provide compensation or other remuneration to referral sources for referring patients to us. A decrease in these referrals due to competition, concerns about our services and other factors could result in a significant decrease in our revenues and adversely impact our financial condition. Similarly, we cannot assure that we will be able to obtain or maintain preferred provider status with significant third-party payers in the communities where we operate. If we are unable to maintain our referral base or our preferred provider status with significant third-party payers, it may negatively impact our revenues and financial performance.

Partner facilities may terminate agreements with our affiliated physician groups or reduce their fees.

Our hospitalist physician services net revenue is derived from contracts directly with hospitals and other inpatient and post-acute care facilities. Our current partner facilities may decide not to renew contracts with, impose unfavorable terms on, or reduce fees paid to our affiliated physician groups. Any of these events may impact the ability of our affiliated physician groups to operate at such facilities, which would negatively impact our revenues, results of operations, and financial condition.

Many of our agreements with hospitals and medical groups have limited durations, may be terminated without cause by them, and prohibit us from acquiring physicians or patients from or competing with them.

Many of our agreements with hospitals and medical groups are limited in their terms or may be terminated without cause by providing advance notice. If such agreements are not renewed or terminated, we would lose the revenue generated by them. Any such events could have a material adverse effect on our results of operations, financial condition, and future business plans. Because many of such agreements with hospitals and medical groups prohibit us from acquiring physicians or patients from or competing with them, our ability to hire physicians, attract patients, or conduct business in certain areas may be limited in some cases.

Our business model depends on numerous complex management information systems, and any failure to successfully maintain these systems or implement new systems could undermine our ability to receive payments and otherwise materially harm our operations and may result in violations of healthcare laws and regulations.

We depend on a complex, specialized, integrated management information system and standardized procedures for operational and financial information, as well as for our billing operations. We may be unable to enhance existing management information systems or implement new management information systems when necessary. We may experience unanticipated delays, complications, or expenses in implementing, integrating, and operating our systems. Our management information systems may require modifications, improvements, or replacements that may require both substantial expenditures, as well as interruptions in operations. Our ability to create and implement these systems depends on the availability of technology and skilled personnel. Our failure to successfully implement and maintain all of our systems could undermine our ability to receive payments and otherwise have a material adverse effect on our business, results of operations, and financial condition. Our failure to successfully operate our billing systems could also lead to potential violations of healthcare laws and regulations.

We currently, and may in the future, have assets held at financial institutions that exceed the insurance coverage offered by the Federal Deposit Insurance Corporation ("FDIC"); the loss of such assets would have a severe negative affect on our operations and liquidity.

We maintain our cash assets at certain financial institutions in the U.S. in amounts that are significantly in excess of the FDIC insurance limit of $250,000. As of December 31, 2023, our deposit accounts with banks exceeded the FDIC's insured limit by approximately $318.9 million. In the event of a failure of any financial institutions where we maintain our deposits or other assets, we may incur a significant loss to the extent such loss exceeds the FDIC insurance limitation, which could have a material adverse effect on our liquidity, financial condition and our results of operations.

Risks Relating to the Healthcare Industry.

The healthcare industry is highly competitive.

We compete directly with national, regional, and local providers of inpatient healthcare for patients and physicians. There are many other companies and individuals currently providing healthcare services, many of which have been in business longer and/or have substantially more resources. Since there are virtually no substantial capital expenditures required for providing healthcare services, there are few financial barriers to entry into the healthcare industry. Other companies could enter the healthcare industry in the future and divert some or all of our business. On a national basis, our competitors include, but are not limited to, Optum, Heritage, Privia Health, and Aledade, each of which has greater financial and other resources available to them. We also compete with physician groups and privately-owned healthcare companies in local markets. In addition, our relationships with governmental and private third-party payers are not exclusive and our competitors have established or could seek to establish relationships with such payers to serve their covered patients. Competitors may also seek to compete with us for acquisitions, which could have the effect of increasing the price and reducing the number of suitable acquisitions, which would have an adverse impact on our growth strategy. Individual physicians, physician groups, and companies in other healthcare industry segments, including those with which we have contracts, and some of which have greater financial, marketing, and staffing resources, may become competitors in providing healthcare services, and this competition may have a material adverse effect on our business operations and financial position. We therefore may be unable to compete successfully and even after we expend significant resources.

Hospitals where our affiliated physicians provide services may deny privileges to our physicians.

In general, our affiliated physicians may only provide services in a hospital where they have maintained certain credentials, also known as privileges, which are granted by the medical staff according to the bylaws of the hospital. The medical staff could decide that our affiliated physicians can no longer receive privileges to practice there. Such a decision would limit our ability to furnish services at the hospital, decrease the number of our affiliated physicians, or preclude us from entering new hospitals. In addition, hospitals may attempt to enter into exclusive contracts for certain physician services, which would reduce our access to patient populations within the hospital.

Changes associated with reimbursements by third-party payers or decreases in payer rates may adversely affect our operations.

The medical services industry is undergoing significant changes with government and other third-party payers that are taking measures to reduce reimbursement rates or, in some cases, denying reimbursement altogether. There is no assurance that government or other third-party payers will continue to pay for the services provided by our affiliated medical groups. Furthermore, there has been, and continues to be, a great deal of discussion and debate about the repeal and replacement of existing government reimbursement programs, such as the ACA. As a result, the future of healthcare reimbursement programs is uncertain, making long-term business planning difficult and imprecise. In addition, decreases in payer rates, either prospectively or retroactively, could have a significant adverse effect on our revenues, cash flows, and results of operations. The failure of government or other third-party payers to adequately cover the medical services provided by us could have a material adverse effect on our business, results of operations, and financial condition.

Our business may be significantly and adversely affected by legislative initiatives aimed at or having the effect of reducing healthcare costs associated with Medicare and other government healthcare programs and changes in reimbursement policies. In order to participate in the Medicare program, our affiliated provider groups must comply with stringent and often complex enrollment and reimbursement requirements; failure to do so could result in the provider group's participation in the federal health care programs being terminated, or civil and/or criminal penalties being imposed. These programs generally provide for reimbursement on a fee-schedule basis rather than on a charge-related basis. As a result, we cannot increase our revenue by increasing the amount that we and our affiliates charge for services. To the extent that our costs increase, we may not be able to recover the increased costs from these programs. In addition, cost containment measures in non-governmental insurance plans have generally restricted our ability to recover, or shift to non-governmental payers, these increased costs. In attempts to limit federal and state spending, there have been, and we expect that there will continue to be, a number of proposals to limit or reduce Medicare reimbursement for various services. For example, the Medicare Access and CHIP Reauthorization Act of 2015 made numerous changes to Medicare, Medicaid, and other healthcare-related programs, including new systems for establishing annual updates to Medicare rates for physicians' services.

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

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

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

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

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

We establish reserves for estimated IBNR claims. IBNR estimates are developed using actuarial methods and are based on many variables, including the utilization of healthcare services, historical payment patterns, cost trends, product mix, seasonality, changes in membership, and other factors. The estimation methods and the resulting reserves are periodically reviewed and updated.

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

Competition for qualified physicians, employees, and management personnel is intense in the healthcare industry, and we may not be able to hire and retain or contract with qualified physicians and other personnel.

We depend on our affiliated physicians to provide services and generate revenue. We compete with many types of healthcare providers, including teaching, research and government institutions, hospitals, and other practice groups, for the services of clinicians and management personnel. The limited number of residents and other licensed providers on the job market with the expertise necessary to provide services within our business makes it challenging to meet our hiring needs and may require us to train new employees, contract temporary physicians, or offer more attractive wage and benefit packages to experienced professionals, which could decrease our profit margins. The limited number of available residents and other licensed providers also impacts our ability to renew contracts with existing physicians on acceptable terms or replace physicians as they retire from practice. As a result, our ability to provide services could be adversely affected. In some markets, the lack of availability of clinical personnel, such as physicians and allied health professionals, has become a significant operating issue facing all healthcare providers. This shortage has required us to enhance wages and benefits to recruit and retain qualified personnel or to contract for more expensive temporary personnel. In addition, our labor costs have increased due to higher wage rates associated with the increased competitive labor market. Because the majority of our revenue consists of prospective monthly capitated, or fixed, payments per patient, our ability to pass along increased labor costs is limited. In particular, if labor costs rise at an annual rate greater than our net annual consumer price index basket update from Medicare, our results of operations and cash flows will likely be adversely affected. Any failure to recruit and retain or contract with qualified management and medical personnel, or to control our labor costs, could have a material adverse effect on our business, prospects, results of operations and financial condition. Even though our physician turnover rate has remained stable over the last three years, if the turnover rate were to increase significantly, our growth could be adversely affected. Moreover, unlike some of our competitors who sometimes pay additional compensation to physicians who agree to provide services exclusively to that competitor, our affiliated IPAs have historically not entered into such exclusivity agreements and have allowed our affiliated physicians to affiliate with multiple IPAs. This practice may place us at a competitive disadvantage regarding the hiring and retention of physicians relative to those competitors who do enter into such exclusivity agreements.

If we are unable to effectively adapt to changes in the healthcare industry, including changes to laws and regulations regarding or affecting U.S. healthcare reform, our business may be harmed.

Due to the importance of the healthcare industry in the lives of all Americans, federal, state, and local legislative bodies frequently pass legislation and promulgate regulations relating to healthcare reform or that affect the healthcare industry. As has been the trend in recent years, it is reasonable to assume that there will continue to be increased government oversight and regulation of the healthcare industry in the future. We cannot assure our stockholders as to the ultimate content, timing, or effect of any new healthcare legislation or regulations, nor is it possible at this time to estimate the impact of potential new legislation or regulations on our business. It is possible that future legislation enacted by Congress or state legislatures, or regulations promulgated by regulatory authorities at the federal or state level, could adversely affect our business or could change the operating environment of the hospitals and other facilities where our affiliated physicians provide services. It is possible that the changes to Medicare, Medicaid, or other governmental healthcare program reimbursements may serve as precedent to possible changes in other payers' reimbursement policies in a manner adverse to us. Similarly, changes in private payer reimbursements could lead to adverse changes in Medicare, Medicaid, and other governmental healthcare programs, which could have a material adverse effect on our business, financial condition, and results of operations.

Although we do not anticipate that a single-payer national health insurance system will be enacted by the current Congress, several legislative initiatives have been proposed by members of Congress and presidential candidates that would establish some form of a single public or quasi-public agency that organizes healthcare financing, but under which healthcare delivery would remain private. If enacted, such a system could adversely affect our business.

Consolidation in the healthcare industry could have a material adverse effect on our business, financial condition, and results of operations.

Many healthcare industry participants and payers are consolidating to create larger and more integrated healthcare delivery systems with greater market power. We expect regulatory and economic conditions to result in additional consolidation in the healthcare industry in the future. As consolidation accelerates, the economies of scale of our partners' organizations may grow. If a partner experiences sizable growth following consolidation, it may determine that it no longer needs to rely on us and may reduce its demand for our products and services. In addition, as healthcare providers consolidate to create larger and more integrated healthcare delivery systems with greater market power, these providers may try to use their market power to negotiate fee reductions for our products and services. Finally, consolidation may also result in the acquisition or future development by our partners of products and services that compete with our products and services. Any of these potential results of consolidation could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to ACO REACH.

There are uncertainties regarding the design and administration of the ACO REACH Model and CMS' financial reports to ACO REACH participants, which could negatively impact our results of operations.

Due to the novelty of the ACO REACH Model, we are subject to program challenges, including, but not limited to, process design, data, and other related aspects. We rely on CMS for the design, oversight, and governance of the ACO REACH Model. If CMS cannot provide accurate data, guidance on claims processing, claims benchmarking and calculations, make timely payments, and conduct periodic process reviews, our results of operations and financial condition could be materially and adversely affected. CMS relies on various third parties to effect the ACO REACH program, including other departments of the U.S. government, such as Centers for Medicare & Medicaid Services Innovation Center ("CMMI"). CMS also relies on multiple third-party contractors to manage the ACO REACH Model program, including claims and auditing. As a result, there is the potential for errors, delays, and poor communication among the differing entities involved, which are beyond our control. As CMS is implementing extensive reporting protocols for the ACO REACH Model, CMS has indicated that because of inherent biases in reporting the results, its initial financial reports under the ACO REACH Model may not be indicative of final results of actual risk sharing and revenues that we receive. Were that to be the case, we might not report accurately our revenues for relevant periods, which could result in adjustments in a later period when we receive final results from CMS.

We chose to participate in the TCC mechanism and Global risk tracks of ACO REACH, which entails certain special risks.

Under the TCC mechanism, CMS estimates the total annual Part A and Part B Medicare expenditures of our assigned Medicare beneficiaries and pays us that projected amount in per beneficiary per month payments. We chose the Global risk track, under which we assume 100% risk for Part A and Part B Medicare expenditures where shared savings and losses are less than 25% of the benchmark, with adjusted risk corridors taking effect for any portion of shared savings/losses equaling or exceeding 25% of the benchmark—for savings/losses of 25-35%, we assume 50% risk, for savings/losses 35%-50% we assume 25% of the risk, and for savings/losses exceeding 50% of the benchmark, we assume only 10% of the risk. Under the Global risk track of the TCC mechanism, we could have profits or be liable for losses of up to 100% of the first 25% of such benchmarked expenditures, with adjusted risk corridors taking effect afterward. While performance can be monitored throughout the year, end results for any given performance year will not be known until the third quarter of the subsequent year.

Shared savings retained by our ACO are impacted by the amount of the Quality Withhold earned back.

Throughout the ACO REACH programs, a substantial portion of our ACO's spending benchmark is held at-risk by CMS, subject to our ACO meeting certain quality measures as determined by CMS. In the ACO REACH program, the portion of the benchmark held at-risk by CMS for quality is 2% of the benchmark. Failing to earn back all or part of the portion of our ACO's spending benchmark held at-risk by CMS for quality metrics could materially affect our financial performance in the ACO REACH programs.

We may suffer losses and may not generate savings through our participation in the ACO REACHModel.

Through the ACO REACH Model, CMS provides an opportunity to provider groups that are willing to assume higher levels of financial risk and reward to participate in this relatively new attribution-based risk-sharing model. The ACO REACH Model uses a prospectively set preliminary benchmark that is retrospectively adjusted throughout and at the end of the performance year. The preliminary benchmark is based on baseline historical expenditures by Participant Providers in the benchmark years trended forward using the US Per Capita Cost ("USPCC") growth trend, and subsequently blended with regional expenditure rates, which are contained in the ACO REACH / Kidney Care Choices ("KCC") Rate Book. The benchmark years are set at CY2017-2019 for the duration of the model. In PY2024, historical baseline expenditures are weighted at 55%, regional expenditures are weighted at 45%, and historical expenditures will be weighted less in future performance years. Throughout the performance year and after the performance year concludes, the preliminary benchmark is adjusted for numerous factors, such as the ACO's developing risk and quality scores and beneficiaries who became ineligible for the program over the course of the performance year. If necessary, a Retrospective Trend Adjustment ("RTA") may be applied as well. An RTA is applied if the USPCC trend differs by at least 1% from the observed expenditure trend in the National Reference Population. It adjusts the benchmark by the difference between the observed expenditure trend and the predicted USPCC trend. Once all adjustments are made to the benchmark, our ACO's expenditures will be compared to a final benchmark to calculate shared savings or shared losses. Under the ACO REACH Model, we are responsible for savings and losses related to care received by assigned patients by covering claims from physicians, nurses, and other medical professionals. If claim costs exceed the benchmarked expenditures, or the baseline years used in benchmark calculations are statistical anomalies, we could experience losses, which could be significant. Among other things, this could result from factors beyond our control, such as inflation, natural disasters, the potential effects of climate change, and major epidemics, pandemics, or newly emergent viruses (such as COVID-19). As we are providing care coordination through our ACO, but do not provide direct patient care, our influence could be limited. Because of our limited influence, it is possible that we may not be able to control care providers' behavior, utilization, and costs. As a result, we may not be able to generate savings through our participation in the ACO REACH Model to cover our administrative and care coordination operating costs, and any savings generated, if at all, will be earned in arrears and uncertain in both timing and amount. Furthermore, the process by which the final benchmark is calculated from the preliminary benchmark is complex, and we may have limited ability to understand what the final benchmark may be before the value is reported to us by CMS. Due to this dynamic, we may have limited ability to predict our final performance and shared savings/losses amount prior to receiving a final report from CMS in the third quarter of the year following any given performance year.

We do not control, but are responsible for savings and losses related to, care received by assigned patients at out-of-network providers, which could negatively impact our ability to control claim costs.

Medicare beneficiaries in the ACO REACH Model are not required to receive care from a specified network of contracted providers and facilities, which could make it difficult for us to control the financial risks of those beneficiaries. While we are not responsible for directly paying claims for out-of-network providers, we may have difficulty managing patient care and costs in relation to such out-of-network providers as compared to contracted, in-network providers, which could adversely impact our financial results as we are responsible for savings and losses of assigned beneficiaries, irrespective of whether they are using in-network or out-of-network providers. In addition, even if we are successful in encouraging more assigned patients to receive care from our contracted, in-network providers, there is the possibility that the monthly TCC from CMS will be insufficient to cover our expenditures, since the TCC is generally based on historical in-network/out-of-network ratios. If CMS fails to monitor the in-network/out-of-network provider ratio for our assigned patients on a frequent basis, or CMS's reconciliation payments to us are not timely made, this could result in negative cash flows for us, especially if increased payments will need to be made to our contracted, in-network providers.

Our continued participation in other CMS Advanced Alternative Payment Models, such as the ACO REACH, cannot be guaranteed.

Our ACO participated in the GPDC Model in 2022, the ACO Reach Model in 2023 and has an active participation agreement with CMS for 2024. However, the Participation Agreement for the ACO REACH Model may be terminated sooner by CMS as specified therein and CMS has the flexibility to alter or change the program over time. Among many requirements to be eligible to participate in the ACO REACH Model, we must have at least 5,000 aligned Medicare beneficiaries and must maintain that number throughout each performance year. If that number were not maintained, we would become ineligible for the ACO REACH Model. In addition, we are required to comply with all applicable laws and regulations regarding provider-based risk-bearing entities. We could be terminated from the ACO REACH Model at any time if we do not continue to comply with the ACO REACH participation requirements. If future compliance or performance issues arise, we may lose our current eligibility and may be subject to CMS's enforcement or contract actions, including our potential inability to participate in the TCC mechanism (where the payment mechanism would default to traditional FFS) or dismissal from the ACO REACH Model, which would have a material adverse effect on our revenues and cash flows. In addition, the payments from CMS to us will decrease if the number of beneficiaries assigned to our ACO declines or if the contracted providers terminate their relationships with us, which could have a material adverse effect on our results of operations on a consolidated basis.

Risks Relating to MSSP Participation Beginning in 2024.

We may be unable to generate revenue under the MSSP or continue to participate in the MSSP.

The MSSP is consistently being updated by CMS. Beginning in 2024, the calculation of the benchmark is being adjusted to address prior performance, to incorporate a prospective administrative growth factor, and to attempt to reduce the cap on negative regional adjustments. These changes will impact how savings under the model are calculated and may impact our ability to generate revenue under the model. In addition, our participation in the MSSP requires our participant providers maintain at least 5,000 MSSP Aligned Beneficiaries. If we fail to meet the threshold, we will not be eligible to participate for the applicable year.

We may suffer losses and may not generate savings through our participation in the MSSP.

We are participating in the MSSP Level ENHANCED, pursuant to which we may be responsible for 1st dollar losses at a rate determined using a sliding scale based on the ACO's health equity adjusted quality performance score, if an applicable quality performance standard established by CMS is met with a minimum shared loss rate of 40% and a maximum of 75%. If an applicable quality performance standard is not met, we are responsible for 1st dollar losses at a rate of 75%. Total losses for which we are responsible are not to exceed 15% of the updated benchmark. We are responsible for savings and losses related to care received by patients by covering claims from physicians, nurses, and other medical professionals. If claim costs exceed the benchmarked expenditures, we could experience losses, which could be significant. Among other things, this could result from factors beyond our control, such as inflation, natural disasters, the potential effects of climate change, and major epidemics, pandemics, or newly emergent viruses (such as COVID-19). As we are providing care coordination through our ACO, but do not provide direct patient care, our influence could be limited. Because of our limited influence, it is possible that we may not be able to control care providers' behavior, utilization, and costs. As a result, we may not be able to generate savings through our participation in the MSSP to cover our administrative and care coordination operating costs, and any savings generated, if at all, will be earned in arrears and uncertain in both timing and amount.

We do not control, but are responsible for savings and losses related to, care received by assigned patients at out-of-network providers, which could negatively impact our ability to control claim costs.

Medicare beneficiaries in the MSSP Model are not required to receive care from a specified network of contracted providers and facilities, which could make it difficult for us to control the financial risks of those beneficiaries. While we are not responsible for directly paying claims for out-of-network providers, we may have difficulty managing patient care and costs in relation to such out-of-network providers as compared to contracted, in-network providers, which could adversely impact our financial results as we are responsible for savings and losses of assigned beneficiaries, irrespective of whether they are using in-network or out-of-network providers.

Risks Relating to Regulatory Compliance.

Laws regulating the corporate practice of medicine could restrict the manner in which we are permitted to conduct our business and the failure to comply with such laws could subject us to penalties and restructuring.

Some states have laws that prohibit business entities from practicing medicine, employing physicians to practice medicine, exercising control over medical decisions by physicians (also known collectively as the corporate practice of medicine) or engaging in some arrangements, such as fee-splitting, with physicians. In some states, these prohibitions are expressly stated in a statute or regulation, while in other states, the prohibition is a matter of judicial or regulatory interpretation. California, where a substantial amount of our operations are located, is one of the states that prohibit the corporate practice of medicine.

In California, Nevada, and Texas, we operate by maintaining contracts with our affiliated physician groups, which are each owned and operated by physicians, and which employ or contract with additional physicians to provide physician services. Under these arrangements, we or our subsidiaries provide management services, receive a management fee for providing management services, do not represent to offer medical services, and do not exercise influence or control over the practice of medicine by the physicians or the affiliated physician groups.

In addition to the above management arrangements, in certain instances, we have contractual rights relating to the transfer of equity interests in our affiliated physician groups under physician shareholder agreements that we entered into with the controlling equity holder of such affiliated physician groups. However, even in such instances, such equity interests cannot be transferred to or held by us or by any non-professional organization. Accordingly, we do not directly own any equity interests in any affiliated physician groups in California, Nevada, and Texas. In the event that any of these affiliated physician groups or their equity holders fail to comply with these management or ownership transfer arrangements, these arrangements are terminated, we are unable to enforce such arrangements, or these arrangements are invalidated under applicable laws, there could be a material adverse effect on our business, results of operations, and financial condition and we may have to restructure our organization and change our arrangements with our affiliated physician groups, which may not be successful.

The healthcare industry is intensely regulated at the federal, state, and local levels, and government authorities may determine that we fail to comply with applicable laws or regulations and take action against us.

As a company involved in providing healthcare services, we are subject to numerous federal, state, and local laws and regulations. There are significant costs involved in complying with these laws and regulations. If we are found to have violated any applicable laws or regulations, we could be subject to civil and/or criminal damages, fines, sanctions, or penalties, including exclusion from participation in governmental healthcare programs, such as Medicare and Medicaid, and we may be required to change our method of operations and business strategy. These consequences could be the result of our current conduct or even conduct that occurred a number of years ago. We could incur significant costs to defend ourselves if we become the subject of an investigation or legal proceeding alleging a violation of these laws and regulations. We cannot predict whether a federal, state, or local government will determine that we are not operating in accordance with the law, or whether, when or how the laws will change in the future and impact our business. The following is a non-exhaustive list of some of the more significant healthcare laws and regulations that could affect us:

- The False Claims Act, which provides for penalties against entities and individuals who knowingly or recklessly make claims to Medicare, Medicaid, and other governmental healthcare programs, as well as third-party payers, that contain or are based upon false or fraudulent information;

- A provision of the Social Security Act, commonly referred to as the "Anti-Kickback Statute," that prohibits the knowing and willful offering, payment, solicitation, or receipt of any bribe, kickback, rebate, or other remuneration, in cash or in kind, in return for the referral or recommendation of patients for items and services covered, in or in part, by federal healthcare programs such as Medicare and Medicaid;

- A provision of the Social Security Act, commonly referred to as the Stark Law or physician self-referral law (subject to limited exceptions), prohibits physicians from referring Medicare patients to an entity for the provision of specific "designated health services" if the physician or a member of such physician's immediate family has a direct or indirect financial relationship with the entity, and prohibits the entity from billing for services arising out of such prohibited referrals;

- A provision of the Social Security Act that provides for criminal penalties on healthcare providers who fail to disclose known overpayments;

- A provision of the Social Security Act that provides for civil monetary penalties on healthcare providers who fail to repay known overpayments within 60 days of identification or the date any corresponding cost report was due, if applicable, and also allows improper retention of known overpayments to serve as a basis for False Claims Act violations;

- Provisions of the Social Security Act (emanating from the DRA) require entities that make or receive annual Medicaid payments of $5 million or more from a single Medicaid program to provide its employees, contractors, and agents with written policies and employee handbook materials on federal and state false claims acts and related statutes, that establish a Medicaid Integrity Program designed to enhance federal and state efforts to detect Medicaid fraud, waste, and abuse, and that increase financial incentives for both states and individuals to bring fraud and abuse claims against healthcare companies;

- State law provisions pertaining to anti-kickback, self-referral, and false claims issues;

- Provisions of, and regulations relating to, HIPAA that provide penalties for knowingly and willfully executing a scheme or artifice to defraud a healthcare benefit program or falsifying, concealing, or covering up a material fact or making any materially false, fictitious, or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items, or services;

- Provisions of HIPAA and the Health Information Technology for Economic and Clinical Health Act of 2009 ("HITECH") limiting how covered entities, business associates, and business associate sub-contractors may use and disclose PHI and the security measures that must be taken in connection with protecting that information and related systems, as well as similar or more stringent state laws;

- Federal and state laws provide penalties for providers for billing and receiving payments from a governmental healthcare program for services unless the services are medically necessary and reasonable, adequately and accurately documented, and billed using codes that accurately reflect the type and level of services rendered;

- State laws that provide for financial solvency requirements relating to risk-bearing organizations ("RBOs"), plan operations, plan-affiliate operations and transactions, plan-provider contractual relationships, and provider-affiliate operations and transactions, such as California Business & Professions Code Section 1375.4;

- Federal laws that provide for administrative sanctions, including civil monetary penalties for, among other violations, inappropriate billing of services to federal healthcare programs, payments by hospitals to physicians for reducing or limiting services to Medicare or Medicaid patients, or employing or contracting with individuals or entities who/which are excluded from participation in federal healthcare programs;

- Federal and state laws and policies require healthcare providers to enroll in the Medicare and Medicaid programs before submitting any claims for services, to promptly report certain changes in their operations to the agencies that administer these programs, and to re-enroll in these programs when changes in direct or indirect ownership occur or in response to revalidation requests from Medicare and Medicaid;

- State laws that prohibit general business entities from practicing medicine, controlling physicians' medical decisions or engaging in certain practices, such as splitting fees with physicians;

- State laws that require timely payment of claims, including §1371.38, et al., of the California Health & Safety Code, which imposes time limits for the payment of uncontested covered claims and requires healthcare service plans to pay interest on uncontested claims not paid promptly within the required time period;

- Laws in some states that prohibit non-domiciled entities from owning and operating medical practices in such states;

- Federal and state laws and regulations restricting the techniques that may be used to collect past due accounts from consumers, such as our patients, for services provided to the consumer; and

- State laws that require healthcare providers that assume professional and institutional risk (i.e., full risk) to either obtain a license under the Knox-Keene Health Care Service Plan Act of 1975 or receive an exemption from the California Department of Managed Healthcare ("DMHC") for the contract(s) under which the entity assumes full risk.

Any violation or alleged violation of any of these laws or regulations by us or our affiliates could have a material adverse effect on our business, financial condition and results of operations.

Changes in healthcare laws could create an uncertain environment and materially impact us. We cannot predict the effect that the ACA (also known as Obamacare) and its implementation, amendment, or repeal and replacement, may have on our business, results of operations, or financial condition.

Any changes in healthcare laws or regulations that reduce, curtail, or eliminate payments, government-subsidized programs, government-sponsored programs, and/or the expansion of Medicare or Medicaid, among other actions, could have a material adverse effect on our business, results of operations, and financial condition.

For example, the ACA dramatically changed how healthcare services are covered, delivered, and reimbursed. The ACA requires insurers to accept all applicants, regardless of pre-existing conditions, cover an extensive list of conditions and treatments, and charge the same rates, regardless of pre-existing conditions or gender. The ACA and the Health Care and Education Reconciliation Act of 2010 (collectively, the "Health Care Reform Acts") also mandated changes specific to home health and hospice benefits under Medicare. In 2012, the U.S. Supreme Court upheld the constitutionality of the ACA, including the "individual mandate" provisions of the ACA that generally require all individuals to obtain healthcare insurance or pay a penalty. However, the U.S. Supreme Court also held that the provision of the ACA that authorized the Secretary of the U.S. Department of Health and Human Services ("HHS") to penalize states that choose not to participate in the expansion of the Medicaid program by removing all of its existing Medicaid funding was unconstitutional. In response to the ruling, a number of state governors opposed their state's participation in the expanded Medicaid program, which resulted in the ACA not providing coverage to some low-income persons in those states. In addition, several bills have been, and are continuing to be, introduced in U.S. Congress to amend all or significant provisions of the ACA, or repeal and replace the ACA with another law. In December 2017, the individual mandate was repealed via the Tax Cuts and Jobs Act of 2017. Afterward, legal and political challenges as to the constitutionality of the remaining provisions of the ACA resumed. Just as the fate of the ACA is uncertain, so is the future of care organizations established under the ACA, such as ACOs and ACO REACH. Under its ACO REACH Participation Agreement with CMS, our operations are always subject to the nation's healthcare laws, as amended, repealed, or replaced from time to time.

The net effect of the ACA on our business is subject to numerous variables, including the law's complexity, lack of complete implementing regulations and interpretive guidance, gradual and potentially delayed implementation, or possible amendment, as well as the uncertainty as to the extent to which states will choose to participate in the expanded Medicaid program. The continued implementation of provisions of the ACA, the adoption of new regulations thereunder and ongoing challenges thereto, also add uncertainty about the current state of U.S. healthcare laws and could negatively impact our business, results of operations, and financial condition.

Healthcare providers could be subject to federal and state investigations and payer audits.

Due to our and our affiliates' participation in government and private healthcare programs, we are from time to time involved in inquiries, reviews, audits, and investigations by governmental agencies and private payers of our business practices, including assessments of our compliance with coding, billing, and documentation requirements. Federal and state government agencies have active civil and criminal enforcement efforts against healthcare companies and their executives and managers. The DRA, provides a financial incentive to states to enact their own false claims acts, and similar laws encourage investigations against healthcare companies by different agencies. These investigations could also be initiated by private whistleblowers. Responding to audit and investigative activities are costly and disruptive to our business operations, even when the allegations are without merit. If we are subject to an audit or investigation, a finding could be made that we or our affiliates erroneously billed or were incorrectly reimbursed, and we may be required to repay such agencies or payers, may be subjected to pre-payment reviews, which can be time-consuming and result in non-payment or delayed payments for the services we or our affiliates provide, and may be subject to financial sanctions or required to modify our operations.

Controls imposed by Medicare, Medicaid, and private payers designed to reduce inpatient services and associated costs may reduce our revenues.

Controls imposed by Medicare, Medicaid, and private payers designed to reduce admissions and lengths of stay, commonly referred to as "utilization review," have affected and are expected to continue to affect our operations. Federal law contains numerous provisions designed to ensure that services rendered by hospitals and other care providers to Medicare and Medicaid patients meet professionally recognized standards and are medically necessary and that claims for reimbursement are properly filed. These provisions include a requirement that a sampling of admissions of Medicare and Medicaid patients must be reviewed by quality improvement organizations, which review the appropriateness of Medicare and Medicaid patient admissions and discharges, the quality of care provided, and the appropriateness of cases of extraordinary length of stay or cost on a post-discharge basis. Quality improvement organizations may deny payment for services or assess fines and also have the authority to recommend to the HHS that a provider is in substantial non-compliance with the standards of the quality improvement organization and should be excluded from participation in the Medicare program. The ACA potentially expands the use of prepayment review by Medicare contractors by eliminating statutory restrictions on its use, and, as a result, efforts to impose more stringent cost controls are expected to continue. Utilization review is also a requirement of most non-governmental managed care organizations and other third-party payers. Inpatient utilization, average lengths of stay and occupancy rates continue to be negatively affected by payer-required pre-admission authorization and utilization review and by third-party payer pressure to maximize outpatient and alternative healthcare delivery services for less acutely ill patients. Although we are unable to predict the effect these controls and any changes thereto may have on our operations, significant limits on the scope of our services reimbursed and on reimbursement rates and fees could have a material, adverse effect on our business, financial position, and results of operations.

We do not have a Knox-Keene license covering all of our lines of business.

The Knox-Keene Health Care Service Plan Act of 1975 was passed by the California State Legislature to regulate California managed care plans and is currently administered by the DMHC. A Knox-Keene Act license is required to operate a healthcare service plan, e.g., an HMO, or an organization that accepts full risk, i.e., accepts full risk for a patient population, including risk related to institutional services, e.g., hospital and professional services. Applying for and obtaining such a license is a time-consuming and detail-oriented undertaking. Although FYB is licensed by the DMHC as a full-service Restricted Knox-Keene licensed health plan, its license is limited to its Medicare Advantage line of business in designated California counties only and does not extend to all of our lines of business, such as Medi-Cal and commercial lines of business.

As such, for those lines of business not covered by our Restricted Knox-Keene license, if the DMHC were to determine that we have been inappropriately taking risk for institutional and professional services as a result of our various hospital and physician arrangements without having any Knox-Keene license or applicable regulatory exemption, we may be required to obtain a Knox-Keene license and could be subject to civil and criminal liability, any of which could have a material adverse effect on our business, results of operations, and financial condition.

If our affiliated physician groups and Restricted Knox-Keene licensed health plan are not able to satisfy California regulations related to financial solvency and operational performance, they could become subject to sanctions and their ability to do business in California could be limited or terminated.

The DMHC has instituted regulations that are intended to provide a formal mechanism for monitoring the financial solvency and operational performance of RBOs (including capitated physician groups) and Restricted Knox-Keene licensed health plans in California. Under current DMHC regulations, our affiliated physician groups, as applicable, are required to, among other things:

- Maintain, at all times, a minimum “cash-to-claims ratio” (which means the organization’s cash, marketable securities, and certain qualified receivables, divided by the organization’s total unpaid claims liability) of 0.75; and

- Submit periodic reports to the DMHC containing various data and attestations regarding their performance and financial solvency, including IBNR calculations, documentation, and attestations as to whether or not the organization (i) was in compliance with the “Knox-Keene Act” requirements related to claims payment timeliness, and (ii) had maintained compliance with minimum “cash-to-claims ratio”, tangible net equity, and positive working capital requirements.

In the event that a physician group is not in compliance with any of the above criteria, it would be required to describe in a report submitted to the DMHC the reasons for non-compliance and actions to be taken to bring it into compliance. Under such regulations, the DMHC can also make some of the information contained in the reports public, including, but not limited to, whether or not a particular physician organization met each of the criteria.

In the event that a physician group is not in compliance with any of the above criteria, it would be required to describe in a report submitted to the DMHC the reasons for non-compliance and actions to be taken to bring it into compliance. Under such regulations, the DMHC can also make some of the information contained in the reports public, including, but not limited to, whether or not a particular physician organization met each of the criteria.

Our revenue will be negatively impacted if our physicians fail to appropriately document their services.

We rely upon our affiliated physicians to appropriately and accurately complete necessary medical record documentation and assign appropriate reimbursement codes for their services. Reimbursement is conditioned upon, in part, our affiliated physicians providing the correct procedure and diagnosis codes and properly documenting the services themselves, including the level of service provided and the medical necessity for the services. If our affiliated physicians have provided incorrect or incomplete documentation or selected inaccurate reimbursement codes, this could result in non-payment for services rendered or lead to allegations of billing fraud. This could subsequently lead to civil and criminal penalties, including exclusion from government healthcare programs, such as Medicare and Medicaid. In addition, third-party payers may disallow, in whole or in part, requests for reimbursement based on determinations that certain amounts are not covered, services provided were not medically necessary, or supporting documentation was not adequate. Retroactive adjustments may change amounts realized from third-party payers and result in recoupments or refund demands, affecting revenue already received.

Primary care physicians may seek to affiliate with our competitors' IPAs.

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

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

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

Compliance with federal and state privacy and data security laws is expensive, and we may be subject to government or private actions due to privacy and security breaches.

We must comply with various federal and state laws and regulations governing the collection, dissemination, access, use, security, and confidentiality of PHI, including HIPAA and HITECH. As part of our medical record keeping, third-party billing, and other services, we collect and maintain PHI in paper and electronic format. Privacy and data security laws and regulations thus could have a significant effect on the manner in which we handle healthcare-related data and communicate with payers. In addition, compliance with these standards could limit our ability to offer services, thereby negatively impacting the business opportunities available to us. Despite our efforts to prevent privacy and security breaches, they may still occur. If any non-compliance with such laws and regulations results in privacy or security breaches, we could be subject to monetary fines, suits, penalties, or sanctions. As a result of the expanded scope of HIPAA through HITECH, we may incur significant costs in order to minimize the amount of "unsecured PHI" that we handle and retain, and/or to implement improved administrative, technical, or physical safeguards to protect PHI. We may have to demonstrate and document our compliance efforts, even if there is a low probability that PHI has been compromised, in order to overcome the presumption that an impermissible use or disclosure of PHI results in a reportable breach. We may incur significant costs to notify the relevant individuals, government entities and, in some cases, the media, in the event of a breach and to provide appropriate remediation and monitoring to mitigate any potential damage.

We may be subject to liability for failure to fully comply with applicable corporate and securities laws.

We are subject to various corporate and securities laws. Any failure to comply with such laws could cause government agencies to take action against us, which could restrict our ability to issue securities and result in fines or penalties. Any claim brought by such an agency could also cause us to expend resources to defend ourselves, divert the attention of our management from our business and could significantly harm our business, operating results, and financial condition, even if the claim is resolved in our favor.

We may face lawsuits not covered by insurance and related expenses may be material. Our failure to avoid, defend, and accrue for claims and litigation could negatively impact our results of operations or cash flows.

We are exposed to and become involved in various litigation matters arising out of our business, including from time to time, actual or threatened lawsuits. Malpractice lawsuits are common in the healthcare industry. The medical malpractice legal environment varies greatly by state. The status of tort reform, availability of non-economic damages, or the presence or absence of other statutes, such as elder abuse or vulnerable adult statutes, influence the incidence and severity of malpractice litigation. We may also be subject to other types of lawsuits, such as those initiated by our competitors, stockholders, employees, service providers, contractors, or by government agencies, including when we terminate relationships with them, which may involve large claims and significant defense costs. Many states have joint and several liabilities for providers who deliver care to a patient and are at least partially liable. As a result, if one provider is found liable for medical malpractice for the provision of care to a particular patient, all other providers who furnished care to that same patient, which could potentially include us and our affiliated physicians, may also share in the liability, which could be substantial individually or in aggregate.

The defense of litigation, including fees of legal counsel, expert witnesses, and related costs, is expensive and difficult to forecast accurately. Such costs may be unrecoverable even if we ultimately prevail in litigation and could consume a significant portion of our limited capital resources. To defend lawsuits, it may also be necessary for us to divert officers and other employees from our normal business functions to gather evidence, give testimony, and otherwise support litigation efforts. If we lose any material litigation, we could face material judgments or awards against them. An unfavorable resolution of one or more of the proceedings in which we are involved now or in the future could have a material adverse effect on our business, cash flows, and financial condition. We may also in the future find it necessary to file lawsuits to recover damages or protect our interests. The cost of such litigation could also be significant and unrecoverable, which may also deter us from aggressively pursuing even legitimate claims.

We currently maintain malpractice liability insurance coverage to cover professional liability and other claims for certain hospitalists and clinic physicians. All of our affiliated physicians are required to carry first-dollar coverage with limits of coverage equal to $1.0 million for all claims based on occurrence up to an aggregate of $3.0 million per year. We cannot be certain that our insurance coverage will be adequate to cover liabilities arising out of claims asserted against us, our affiliated professional organizations, or our affiliated physicians. Liabilities incurred by us or our affiliates in excess of our insurance coverage, including coverage for professional liability and other claims, could have a material adverse effect on our business, financial condition, and results of operations. Our professional liability insurance coverage generally must be renewed annually and may not continue to be available to us in future years at acceptable costs and on favorable terms, which could increase our exposure to litigation.

We may also be subject to laws and regulations not specifically targeting the healthcare industry.

Certain regulations not specifically targeting the healthcare industry could also have material effects on our operations. For example, the California Finance Lenders Law (the “CFLL”) could be applied to us as a result of our various affiliate and subsidiary loans and similar arrangements. If a regulator were to take the position that such loans were covered by the CFLL, we could be subject to regulatory action that could impair our ability to continue to operate and may have a material adverse effect on our profitability and business as we currently do not hold a CFLL licensure. Pursuant to an exemption under the CFLL, a person may make five or fewer commercial loans in a 12-month period without a CFLL licensure if the loans are “incidental” to the business of the person. This exemption, however, creates some uncertainty as to which loans could be deemed as incidental to our business. In addition, a person without a CFLL licensure may also make a single commercial loan in a 12-month period without the loan being “incidental” to such person’s business.

<u>Risks Relating to the Ownership of Astrana’s Common Stock.</u>

We have to meet certain requirements in order to remain as a Nasdaq-listed public company.

As a public company, Astrana is required to comply with various regulatory and reporting requirements, including those required by the SEC. Astrana is also subject to Nasdaq listing rules. Complying with these requirements is time-consuming and expensive. No assurance can be given that Astrana can continue to meet the SEC reporting and Nasdaq listing requirements.

Astrana’s common stock may be thinly traded and its market price may be subject to fluctuations and volatility. Stockholders may be unable to sell their shares at a profit and might incur losses.

The trading price of Astrana’s common stock has been volatile in the past and may continue to be so from time to time in the future. The price at which Astrana’s common stock trades could be subject to significant fluctuation and may be affected by a variety of factors, including the trading volume, our results of operations, the announcement and consummation of certain transactions, and our ability or inability to raise additional capital and the terms thereof, and therefore could fluctuate, and potentially decline, significantly. Other factors that may cause the market price of Astrana’s common stock to fluctuate include:

- Variations in our operating results, such as actual or anticipated quarterly and annual increases or decreases in revenue, gross margin or earnings;
- Changes in our business, operations, or prospects, including announcements relating to strategic relationships, mergers, acquisitions, partnerships, collaborations, joint ventures, dispositions, other corporate transactions, financings, capital commitments, or other events by us or our competitors;
- Developments, conditions, or trends in the healthcare industry;
- Changes in the economic performance or market valuations of other healthcare-related companies;
- General market conditions or domestic or international macroeconomic and geopolitical factors unrelated to our performance or financial condition, including economic or political instability, inflation, wars, civil unrest, terrorism, public health crises, and natural disasters;
- Sales of stock by Astrana’s stockholders generally and Astrana’s larger stockholders, including insiders, in particular, including sale or distributions of large blocks of common stock by our executives and directors or large stockholders;
- Volatility and limitations in trading volumes of Astrana’s common stock and the stock market;
- Approval, maintenance, and withdrawal of our and our affiliates’ certificates, permits, registration, licensure, certification, and accreditation by the applicable regulatory or other oversight bodies;
- Our financing activities, including our ability to obtain financings and prices at which we sell our equity securities, including securities convertible to or exercisable for shares of Astrana’s common stock;
- Failures to meet external expectations or management guidance;
- Changes in our capital structure and cash position;
- Analyst research reports on Astrana’s common stock, including analysts’ recommendations and changes in recommendations, price targets, and withdrawals of coverage;
- Departures and additions of our key personnel, including our officers or directors;
- Disputes and litigations related to intellectual properties, proprietary rights, and contractual obligations;
- Changes in applicable laws, rules, regulations, or accounting practices and other dynamics; and
- Other events or factors, many of which may be out of our control.

There may be a limited trading market for Astrana’s common stock. A lack of an active market may contribute to stock price volatility or supply/demand imbalances, make an investment in Astrana’s common stock less attractive to certain investors, and/or impair the ability of Astrana’s stockholders to sell shares at the time they desire or at a price that they consider favorable. The lack of an active market may also reduce the fair market value of Astrana’s common stock, impair our ability to raise capital by selling shares of Astrana’s common stock, or use such stock as consideration to attract and retain talent or engage in business transactions.

If analysts do not report about us, or negatively evaluate us, Astrana’s stock price could decline.

The trading market for Astrana's common stock will rely in part on the availability of research and reports that third-party analysts publish about us. There are many large companies active in the healthcare industry, which makes it more difficult for us to receive widespread coverage. Furthermore, if one or more of the analysts who do cover us downgrade Astrana's common stock, its price would likely decline. If one or more of these analysts cease coverage of us, we could lose market visibility, which in turn could cause Astrana's stock price to decline.

Because we have no current plans to pay regular cash dividends on our common stock, you may not receive any return on investment unless you sell your common stock for a price greater than that which you paid for it.

We do not anticipate paying any regular cash dividends on our common stock. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions and other factors that our board of directors may deem relevant. In addition, our ability to pay dividends is, and may be, limited by covenants of existing and any future outstanding indebtedness we or our subsidiaries incur. Similarly, we may not repurchase any shares through our public repurchase program or otherwise return capital to our stockholders. Therefore, any return on investment in our common stock is dependent upon the appreciation of the price of our common stock on the open market, which may not occur.

Our current principal stockholders, executive officers, and directors have significant influence over our operations and strategic direction and they could cause us to take actions with which other stockholders might not agree and could delay, deter, or prevent a change of control or a business combination with respect to us.

As of December 31, 2023, our executive officers, directors, five percent or greater stockholders, and their respective affiliated entities in the aggregate own approximately 44.1% of our outstanding common stock (including restricted stock awards held by them, but excluding stock options). As a result, these stockholders, who are entitled to vote their shares in their own interests, acting together, exert a significant degree of influence over our management and affairs and over matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. This concentration of ownership may have the effect of delaying or preventing a change of control, merger, consolidation, sale of all or substantially all of our assets or other corporate transactions that other stockholders may view as beneficial, or conversely, this concentrated control could result in the consummation of a transaction that other stockholders may not support. This may harm the value of our shares and discourage investors from investing in us.

Provisions under Delaware law and Astrana's charter and bylaws could deter takeover attempts or attempts to remove its board members or management that might otherwise be beneficial to its stockholders.

Astrana is subject to Section 203 of the Delaware General Corporation Law, which generally provides that a corporation may not engage in any business combination with any interested stockholder during the three-year period following the time that such stockholder becomes an interested stockholder unless certain approval requirements are met. This provision, and others that could be adopted in the future, could make the acquisition of Astrana and the removal of its incumbent officers and directors more difficult for potential acquirers, deter unsolicited takeovers or delay or prevent changes in Astrana's control or management, including transactions in which Astrana's stockholders might otherwise receive a premium for their shares over then current market prices. These provisions may also limit the ability of Astrana's stockholders to approve transactions that they may deem to be in their best interests.

Additionally, Astrana's charter and bylaws contain additional provisions, such as the authorization for its board of directors to issue one or more classes of preferred stock and determine the rights, preferences, and privileges of the preferred stock, which could cause substantial dilution to a person or group that attempts to acquire Astrana on terms not approved by the board, and the ownership requirement for Astrana's stockholders to call special meetings, that could deter, discourage, or make it more difficult for a change in control of Astrana or for a third party to acquire Astrana, even if such a change in control could be deemed in the interest of Astrana's stockholders, or if such an acquisition would provide Astrana's stockholders with a substantial premium for their shares over the market price of Astrana's common stock.

As such, these provisions could discourage a potential acquirer from acquiring us or otherwise attempting to obtain control of us and increase the likelihood that our incumbent directors and officers will retain their positions.

We may issue additional equity securities in the future, which may result in dilution to existing investors.

If Astrana issues additional equity securities, its existing stockholders may experience substantial dilution. Astrana may sell equity securities and may issue securities convertible into or exercisable for common stock in one or more transactions at prices and manners as we may determine from time to time, including at prices (or conversion or exercise prices) below the market price of Astrana's common stock, for capital-raising purposes, including in any debt financing, registered offering, or private placement, and new investors could have superior rights such as liquidation and other preferences. To attract and retain the right talent, Astrana also issues equity awards under its equity compensation plans to its officers, other employees, directors, and consultants from time to time. Astrana may also issue additional shares of its common stock or other securities that are convertible into or exercisable for common stock in connection with future acquisitions or for other business purposes. In addition, the exercise or conversion of outstanding options or warrants to purchase shares of Astrana's stock may result in dilution to its existing stockholders upon any such exercise or conversion.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Astrana, like the rest of the healthcare industry, continues to innovate and rely on digital technology, further increasing the importance of cybersecurity to the business. The world is seeing an increase in cyberattacks by nation-states, hacktivists, organized cybercriminal groups, and insider threat actors, all of which may, among other avenues of attack, be using artificial intelligence ("AI") and distributed hosted environments across different geographies to attack their victims. These threat actors may be individuals or part of a cyber organized crime group that leverages large-scale Cybercrime-as-a-Service ("CaaS") subscriptions to quickly scale the impact of attacks and avoid disruption to their operations.

The Company's digital systems are distributed across various architectures, including on-premises, hosted, Software-as-a-Service ("SaaS"), and other architectures operated by third-party service providers. If these architectures and third-party environments fail to operate as contracted, Astrana's systems could stop functioning for some time, placing Astrana's strategy, data, clients, and users at risk.

As noted in Item 1 and Item 1A of Part I of this report, a breach of Astrana's network, hosted service providers, or vendor systems may expose Astrana to a risk of loss or misuse of information, litigation, and potential liability. Therefore, the Company has a team of experienced professionals with expertise in cybersecurity leadership, risk management, incident response, and security operations overseeing Astrana's program. This team is responsible for developing and implementing our cybersecurity strategy, identifying and mitigating risks, and responding to incidents. Astrana utilizes external resources from reputable cybersecurity firms to supplement certain Chief Information Security Officer ("CISO") functions, including risk assessments, strategy, and security, while integrating these activities with Astrana's risk management processes. Astrana assesses third-party cybersecurity controls through cybersecurity questionnaires and includes security and privacy addendums to our contracts, where applicable.

To address cybersecurity, privacy, and overall business risk adequately, Astrana employs a consistent risk management process that assigns risks to functional owners. Risks can be strategic (e.g., loss of market share, technology shifts), reputational (e.g., loss of trust, revenue decline), regulatory (e.g., regulatory fines, business restrictions), or operational (e.g., operational downtime, productivity loss) in nature.

The cybersecurity team collaborates with leaders in management to assess materiality, align on a remediation roadmap, and comply with disclosure requirements. On an ongoing basis, the board of directors and the audit committee oversee Astrana's cybersecurity risks and remediation strategies to prevent and mitigate cyberattacks.

As of the date of this report, the Company is not aware of any risks from cybersecurity threats that have materially affected or are reasonably likely to materially affect the Company, including its business strategy, results of operations, or financial condition.

Item 2. Properties

Our corporate headquarters are located in Alhambra, California, where we lease approximately 35,000 square feet of office space in two adjacent buildings from a related party. We also lease approximately 47,500 square feet of office space in Monterey Park, California, from a related party.

We lease other offices and medical spaces located in Los Angeles, Riverside, and San Mateo County in California. We also maintain offices and medical spaces in Nevada, Texas and New York. Monthly rental payments range from approximately $1,000 to $42,000 and have terms that expire between January 2024 and, subject to options to extend provided thereunder, January 2041.

We believe our existing facilities are in good condition and are suitable and adequate for our current requirements. Based on current information and subject to future events and circumstances, we anticipate that we may extend leases on our various facilities as necessary, as they expire, and lease additional facilities to accommodate possible future growth.

Item 3. Legal Proceedings

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

Certain of the pending or threatened legal proceedings or claims in which we are involved are discussed under Note 14 - “Commitments and Contingencies,” to our consolidated financial statements in this Annual Report on Form 10-K, which disclosure is incorporated by reference herein.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

Market Information

Astrana's common stock is listed on Nasdaq under the symbol "ASTH." Prior to the Company's rebranding in February 2024, the Company's common stock was listed on Nasdaq under the symbol "AMEH."

Record Holders

As of February 22, 2024, there were approximately 599 holders of record of Astrana's common stock based on our transfer agent's report. Because many shares of Astrana's common stock are held by brokers and other nominees on behalf of stockholders, including in trust, we are unable to estimate the total number of stockholders represented by these record-holders.

Dividends

To date, we have not paid any cash dividends on Astrana's common stock, and we do not contemplate the payment of cash dividends thereon in the foreseeable future. Our future dividend policy will depend on our earnings, capital requirements, financial condition, and other factors relevant to our ability to pay dividends, including any contractual restrictions contained in our Amended Credit Agreement.

Recent Sales of Unregistered Securities

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

During the three months ended December 31, 2023, no shares were repurchased under the Company's share repurchase plan. In December 2022, Astrana's Board of Directors approved a share repurchase plan authorizing the Company to repurchase up to $50.0 million of its shares of common stock on the open market and through privately negotiated transactions. This share repurchase plan does not have an expiration date. The Board may suspend or discontinue the repurchase program at any time. This repurchase program does not obligate the Company to make additional repurchases at any specific time or in any specific situation. As of December 31, 2023, $40.5 million remained available for repurchase under the repurchase plan.

The following table provides information about purchases made by the Company of shares of the Company's common stock during the three months ended December 31, 2023.

Period	Total Number of Shares Purchased [1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Program (in thousands)
October 1- October 31	1,375	$ 32.20	—	$ 40,461
November 1 - November 30	3,170,770 [2]	$ 31.58	—	$ 40,461
December 1 - December 31	15,993 [3]	$ 33.51	—	$ 40,461
Total	3,188,138	$ 33.51	—	$ 40,461

[1] Includes shares repurchased to satisfy tax withholding obligations due upon the vesting of restricted stock held by certain employees. We did not pay cash to repurchase these shares, nor were these repurchases part of a publicly announced plan or program.

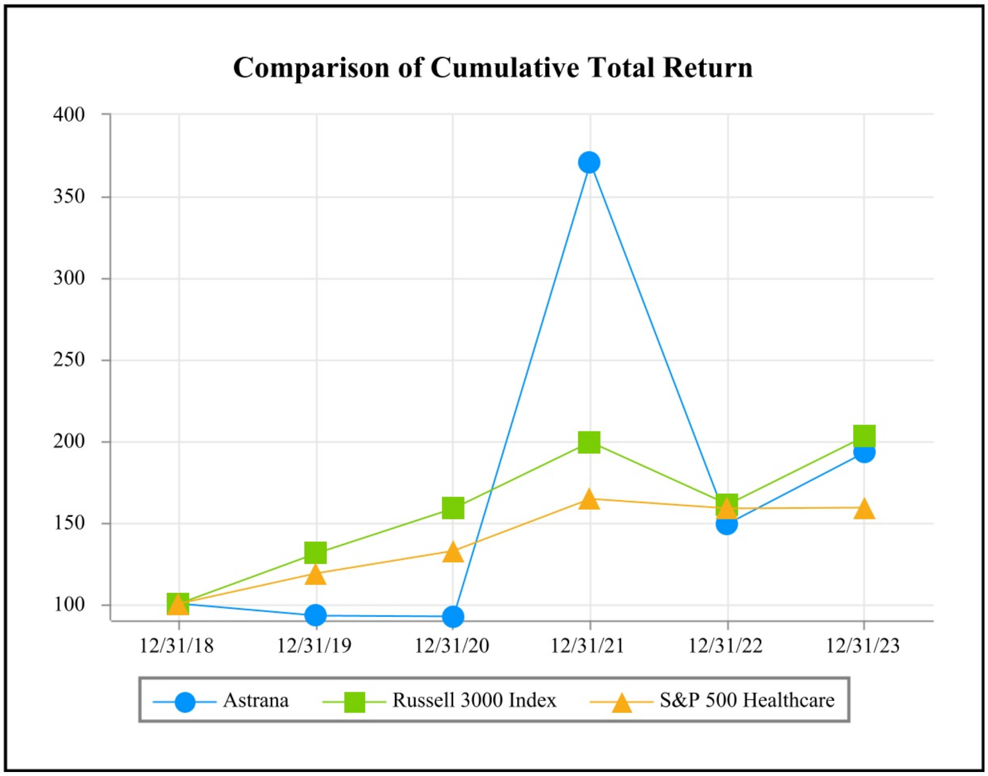
(2) Includes 3,166,561 shares of common stock repurchased from APC on November 14, 2023, pursuant to a stock repurchase agreement with APC entered into on November 6, 2023. The Company's Board of Directors and the Audit Committee of the Board of Directors approved the repurchase.

(3) Includes 15,000 shares of common stock repurchased from two members of the Board of Directors on December 6, 2023.

Performance Measurement Comparison

The following chart compares the cumulative total return of our common stock with the cumulative total return of the Russell 3000 Index and the S&P 500 Healthcare Index from December 31, 2018 to December 31, 2023. The annual changes for the five-year period shown in the graph are based on the assumption that $100 was invested in our common stock and each index on December 31, 2018, and that all dividends were reinvested. The stock price performance included in the line graph below is not necessarily indicative of future stock price performance.

We believe the Russell 3000 Index is an appropriate independent broad market index because it measures the performance of similar-sized companies in numerous sectors. In addition, we believe the S&P 500 Health Care Index is an appropriate third-party published industry index because it measures the performance of healthcare companies.



	Indexed Returns for the Years Ended					
Company/Index	Base Period 12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023
Astrana	$ 100.00	$ 92.75	$ 92.04	$ 370.18	$ 149.07	$ 192.95
Russell 3000 Index	100.00	131.02	158.39	199.03	160.80	202.54
S&P 500 Healthcare	100.00	118.68	132.24	164.20	158.37	158.85

Item 6. [Reserved]

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

The following management's discussion and analysis should be read in conjunction with the audited consolidated financial statements and the notes thereto included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

In this section, "we," "our," "ours," and "us" refer to Astrana Health, Inc. ("Astrana") and its consolidated subsidiaries and affiliated entities, as appropriate, including its consolidated variable interest entities ("VIEs").

Overview

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

Through our accountable care organization and our network of IPAs we were responsible for coordinating the care for approximately 0.9 million patients, primarily in California, as of December 31, 2023. These covered patients are comprised of managed care members whose health coverage is provided either through their employers, acquired directly from a health plan, or as a result of their eligibility for Medicaid or Medicare benefits. Our managed patients benefit from an integrated approach that places physicians at the center of patient care and utilizes sophisticated risk management techniques and clinical protocols to provide high-quality, cost-effective care.

2023 Highlights

Company's Credit Facility Increased to $700.0 million

On November 3, 2023, the Company entered into a Third Amendment to the Amended Credit Agreement (as amended, the "Amended Credit Agreement") with the banks and other financial institutions party thereto and Truist Bank, as administrative agent, which provided a term loan to the Company in an aggregate amount of up to $300.0 million. This increased the Company's facility (the "Amended Credit Facility") to $700.0 million with our existing $400.0 million revolver.

Distribution of APC Excluded Assets

On December 26, 2023, APC completed a restructuring transaction to spin-off its real estate investments, a component of Excluded Assets ("the Spin-Off"). To effect the restructuring, APC contributed its real estate investments to a wholly owned subsidiary in exchange for 100% of the subsidiary's membership interest units, which membership interests were then distributed to holders of APC's outstanding common stock as a dividend, with each such stockholder receiving one membership interest unit for each share of outstanding APC common stock held. As a result of the distribution, the real estate investments are no longer included within our consolidated financial statements after December 26, 2023.

In connection with the restructuring, APC amended certain provisions of the Certificate of Determination of Preferences of Series A Preferred Stock relating to dividend restrictions and liquidation rights. Astrana Medical, a consolidated VIE of Astrana holds all of APC's outstanding Series A Preferred Stock.

Share Repurchase

On November 6, 2023, the Company entered into a stock repurchase agreement with APC to repurchase approximately $100.0 million, or 3,166,561 shares, of the Company's common stock from APC. The Company repurchased the shares on November 14, 2023. The Company financed the share repurchase with borrowings under its Amended and Restated Credit Agreement.

Business and Asset Acquisitions and Partnerships

Texas Independent Providers, LLC

On September 1, 2023, the Company acquired certain assets relating to Texas Independent Providers, LLC ("TIP"). The acquired assets allow the Company to provide high-quality care services to Medicare Advantage patients in Texas. The purchase price consisted of cash funded on September 1, 2023.

IntraCare

In July 27, 2023, the Company announced an agreement to partner with IntraCare, an operator of a value-based primary care provider network and primary care clinics located predominantly in Texas with a growing presence in Oklahoma. On July 27, 2023, the Company entered into a 5-year convertible promissory note with IntraCare as the borrower. The principal on the note is $25.0 million with interest on the outstanding principal amount and unpaid interest at a rate per annum equal to 8.81%, compounded annually.

FYB

On May 1, 2023, the Company acquired 100% of the equity interest in FYB. FYB is licensed by the California Department of Managed Health Care as a full-service Restricted Knox-Keene licensed health plan, which enables FYB to assume full financial responsibility, including both professional and institutional risk, for the medical costs of its members under the Knox-Keene Health Care Service Plan Act of 1975.

Chinese Community Health Care Association ("CCHCA")

On March 1, 2023, the Company acquired certain healthcare assets from CCHCA. The acquired assets allow the Company to provide high-quality care to more patients in the San Francisco Community. The purchase price consisted of cash funded on May 1, 2023.

Recent Developments

Corporate Name Change

Effective February 26, 2024, the Company changed its name to Astrana Health, Inc.. Alongside the corporate name change, the Company's common stock is trading under the new symbol "ASTH" on Nasdaq.

Closing of Acquiring Community Family Care Medical Group IPA, Inc. Assets

In November 2023, the Company entered into an Asset and Equity Purchase Agreement (the "Purchase Agreement") to acquire the partnership interests of Advanced Health Management Systems, L.P. ("AHMS") and certain assets of Community Family Care Medical Group IPA, Inc. ("CFC"), which acquisitions the Company expected would occur in two separate closings. In November 2023, AHM also entered into a Stock Purchase Agreement (the "I Health Purchase Agreement") to purchase 25% of the outstanding shares of common stock of I Health, Inc. ("I Health"). On January 31, 2024, the first closing under the Purchase Agreement occurred, and the Company completed its acquisition of CFC's assets. CFC IPA manages the healthcare of over 200,000 members in the Los Angeles, California area, serving patients across Medicare, Medicaid, and Commercial payers. The Company expects to complete the second closing under the Purchase Agreement and acquire the outstanding general and limited partnership interests of AHMS during the first quarter of 2024, subject to obtaining required regulatory approvals. It is currently expected that the I Health Purchase Agreement closing will occur during the first quarter of 2024.

BASS Medical Group

On January 29, 2024, the Company announced its strategic long-term partnership with BASS Medical Group, one of the largest multi-specialty medical groups in the Greater San Francisco Bay Area. Together, the two organizations will aim to bring high-quality care via value-based arrangements to patients of all insurance types, including Medicare, Medicaid, ACA Marketplace, and Commercial. Astrana has provided BASS Medical Group with a $20 million senior secured promissory note ("BASS secured promissory note"), which is intended to be used, in partnership with Astrana, to continue to grow their footprint and invest in high-quality, high-value, and accessible primary and multi-specialty care for communities across California. The BASS secured promissory note matures on January 11, 2031 and has an interest rate per annum equal to 2.9% plus the Secured Overnight Financing Rate as administered by the Federal Reserve Bank of New York (or a successor administrator) compounded annually.

Leadership Transitions

On January 24, 2024, the Company announced the following executive appointments effective January 19, 2024:

- Thomas S. Lam, M.D., M.P.H., previously Co-Chief Executive Officer and President and a director, was appointed Vice Chairman of the Board;
- Brandon K. Sim, M.S., previously Co-Chief Executive Officer, was appointed Chief Executive Officer and President; and
- Chandan Basho, previously Chief Financial Officer and Chief Strategy Officer, was appointed Chief Financial Officer and Chief Operating Officer.

In addition, Dinesh Kumar, M.D., was appointed Chief Medical Officer effective January 23, 2024.

Employee Stock Purchase Plan ("ESPP")

On January 1, 2024, the Company's ESPP came into effect. The Company's ESPP allows eligible employees to contribute a portion of their eligible earnings toward the semi-annual purchase of the Company's common stock at a discounted price, subject to an annual maximum dollar amount.

Medicare Shared Savings Program ("MSSP")

On January 1, 2024, in addition to participating in the ACO REACH Model, one of our other ACOs will participate in the Medicare Shared Savings Program ("MSSP"). The MSSP was created to promote accountability and improve coordination of care for Medicare beneficiaries. Unlike the ACO REACH Program, CMS continues to pay participant and preferred providers on a fee-for-service basis for Medicare-covered services provided to MSSP Aligned Beneficiaries. Our shared savings or losses in managing our beneficiaries are generally determined on an annual basis after reconciliation with CMS.

Key Financial Measures and Indicators

Operating Revenues

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

Operating Expenses

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

Adjusted EBITDA and Adjusted EBITDA Margin

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

Results of Operations

2023 Compared to 2022

Our consolidated operating results for the year ended December 31, 2023, as compared to the year ended December 31, 2022 were as follows:

Astrana Health, Inc.
Consolidated Statements of Income (in thousands)

	Years Ended December 31, 2023	Years Ended December 31, 2022	$ Change	% Change
Revenue				
Capitation, net	$ 1,215,614	$ 930,131	$ 285,483	31 %
Risk pool settlements and incentives	63,468	117,254	(53,786)	(46) %
Management fee income	38,677	41,094	(2,417)	(6) %
Fee-for-service, net	59,658	49,517	10,141	20 %
Other revenue	9,244	6,167	3,077	50 %
Total revenue	1,386,661	1,144,163	242,498	21 %
Operating expenses				
Cost of services, excluding depreciation and amortization	1,171,703	944,685	227,018	24 %
General and administrative expenses	112,597	77,670	34,927	45 %
Depreciation and amortization	17,748	17,543	205	1 %
Total expenses	1,302,048	1,039,898	262,150	25 %
Income from operations	84,613	104,265	(19,652)	(19) %
Other income (expense)				
Income from equity method investments	5,579	5,622	(43)	(1) %
Interest expense	(16,102)	(7,920)	(8,182)	103 %
Interest income	14,208	1,976	12,232	*
Unrealized loss on investments	(4,581)	(21,271)	16,690	(78) %
Other income	6,121	3,944	2,177	55 %
Total other income (expense), net	5,225	(17,649)	22,874	(130) %
Income before provision for income taxes	89,838	86,616	3,222	4 %
Provision for income taxes	31,989	40,875	(8,886)	(22) %
Net income	$ 57,849	$ 45,741	$ 12,108	26 %
Net (loss) income attributable to noncontrolling interests	(2,868)	570	(3,438)	*
Net income attributable to Astrana Health, Inc.	$ 60,717	$ 45,171	$ 15,546	34 %

* Percentage change of over 500%

Physician Groups and Patients

As of December 31, 2023 and 2022, the total number of affiliated physician groups we managed were 15 groups and 14 groups, respectively, and the total number of patients for whom we managed the delivery of healthcare services was approximately 0.9 million and 1.3 million, respectively. The decrease in membership is primarily due to an IPA ending its MSA with the Company. This was partially offset by managing 2 new physician groups in 2023.

Revenue

Our total revenue in 2023 was $1,386.7 million, as compared to $1,144.2 million in 2022, an increase of $242.5 million or 21%. The increase in total revenue was primarily attributable to the following:

(i) An overall increase of $285.5 million in capitation revenue primarily driven by membership growth in our ACO participating in a value-based Medicare FFS model and our acquisition of a Restricted Knox-Keene licensed health plan in 2023.

(ii) An overall decrease of $53.8 million in risk pool settlements and incentive revenue due to the Company recognizing the shared savings from the NGACO program in 2022 for the 2021 performance year. With the end of the NGACO program ending on December 31, 2021, the Company began participating in the ACO REACH model.

(iii) An increase of $10.1 million in FFS revenue attributable to fees generated from Astrana primary, multi-specialty, and ancillary care delivery entities and expanding our locations.

Cost of Services, Excluding Depreciation and Amortization

Expenses related to the cost of services, excluding depreciation and amortization, in 2023 were $1,171.7 million, as compared to $944.7 million in 2022, an increase of $227.0 million or 24%. The overall increase was primarily due to increased participation in a value-based Medicare FFS model, medical costs associated with both professional and institutional risk of our Restricted Knox-Keene licensed health plan, and increased patient visits, which were commensurate to our increase in revenue.

General and Administrative Expenses

General and administrative expenses in 2023 were $112.6 million, as compared to $77.7 million in 2022, an increase of $34.9 million or 45%. This increase was primarily due to an increase in headcount and personnel-related costs to support the continued growth in the depth and breadth of our operations and nonrecurring costs related to acquisitions, tax restructuring fees, and an excise tax related to the repurchase of the Company's stock from APC.

Depreciation and Amortization

Depreciation and amortization expense were $17.7 million and $17.5 million for the years ended December 31, 2023 and 2022, respectively. This amount includes depreciation of property and equipment and the amortization of intangible assets.

Income From Equity Method Investments

Income from equity method investments in 2023 was $5.6 million, as compared to income of $5.6 million in 2022. This amount includes the Company's portion of the equity method investment's net earnings or losses.

Interest Expense

Interest expense in 2023 was $16.1 million, as compared to $7.9 million in 2022, an increase of $8.2 million. The increase in interest expense for the year was primarily due to higher interest rates and an increase in amounts borrowed under the Amended Credit Facility. On December 31, 2023, the outstanding principal and interest rate on the Amended Credit Agreement was $280.0 million and 7.69% compared to $180.0 million and 5.92% on December 31, 2022.

Interest Income

Interest income in 2023 was $14.2 million, as compared to $2.0 million in 2022, an increase of $12.2 million. The increase in interest income was due to more bank accounts becoming interest-bearing and interest income from the IntraCare convertible promissory note. On July 27, 2023, the Company entered into a 5-year convertible promissory note with IntraCare as the borrower. The principal on the note is $25.0 million with interest on the outstanding principal amount and unpaid interest at a rate per annum equal to 8.81%, compounded annually.

Unrealized Loss on Investments

Unrealized loss on investments in 2023 was $4.6 million, as compared to an unrealized loss on investments of $21.3 million in 2022, a decrease of $16.7 million. The decrease in unrealized loss on investments was primarily driven by a $21.2 million decrease as a result of APC selling all of its equity securities in a payer partner and the change in the share price of our remaining equity securities held. This was offset by a $4.3 million increase in unrealized loss as a result of the change in the fair value of our interest rate swaps and collar arrangements.

Other Income

Other income in 2023 was $6.1 million, as compared to other income of $3.9 million in 2022, an increase of $2.2 million primarily due to an increase in rental income.

Provision for Income Taxes

Provision for income taxes was $32.0 million in 2023, as compared to $40.9 million in 2022, a decrease of $8.9 million or 22%. This was primarily attributable to changes to our tax structure resulting in a decreased tax rate.

Net (Loss) Income Attributable to Noncontrolling Interests

Net loss attributable to non-controlling interests was $2.9 million in 2023, as compared to net income of $0.6 million in 2022, a decrease of $3.4 million. The decrease was primarily attributable to more expenses incurred by APC's Excluded Assets. Operations from Excluded Assets are for the benefit of APC and its common shareholders. As such, any income pertaining to APC's interests in Excluded Assets do not affect net income attributable to Astrana.

Net Income Attributable to Astrana Health, Inc.

Net income attributable to Astrana Health, Inc. was $60.7 million in 2023, as compared to net income of $45.2 million in 2022, an increase of $15.5 million. The increase was primarily due to a decrease in the provision for income taxes and an increase in interest income.

2022 Compared to 2021

Our consolidated operating results for the year ended December 31, 2022, as compared to the year ended December 31, 2021, were as follows:

Astrana Health, Inc.
Consolidated Statements of Income (in thousands)

	Years Ended December 31, 2022	Years Ended December 31, 2021	$ Change	% Change
Revenue				
Capitation, net	$ 930,131	$ 593,224	$ 336,907	57 %
Risk pool settlements and incentives	117,254	111,627	5,627	5 %
Management fee income	41,094	35,959	5,135	14 %
Fee-for-service, net	49,517	26,564	22,953	86 %
Other revenue	6,167	6,541	(374)	(6)%
Total revenue	1,144,163	773,915	370,248	48 %
Operating expenses				
Cost of services, excluding depreciation and amortization	944,685	596,142	348,543	58 %
General and administrative expenses	77,670	62,077	15,593	25 %
Depreciation and amortization	17,543	17,517	26	0 %
Total expenses	1,039,898	675,736	364,162	54 %
Income from operations	104,265	98,179	6,086	6 %
Other income (expense)				
Income (loss) from equity method investments	5,622	(4,306)	9,928	(231)%
Gain on sale of equity method investment	—	2,193	(2,193)	(100)%
Interest expense	(7,920)	(5,394)	(2,526)	47 %
Interest income	1,976	1,571	405	26 %
Unrealized loss on investments	(21,271)	(10,745)	(10,526)	98 %
Other income (expense)	3,944	(3,750)	7,694	(205)%
Total other expense, net	(17,649)	(20,431)	2,782	(14)%
Income before provision for income taxes	86,616	77,748	8,868	11 %
Provision for income taxes	40,875	31,693	9,182	29 %
Net income	$ 45,741	$ 46,055	$ (314)	(1)%
Net income (loss) attributable to noncontrolling interests	570	(22,868)	23,438	(102)%
Net income attributable to Astrana Health, Inc.	$ 45,171	$ 68,923	$ (23,752)	(34)%

Physician Groups and Patients

As of December 31, 2022 and 2021, the total number of affiliated physician groups we managed were 14 groups and 12 groups, respectively, and the total number of patients for whom we managed the delivery of healthcare services was approximately 1.3 million and 1.2 million, respectively.

Revenue

Our total revenue in 2022 was $1,144.2 million, as compared to $773.9 million in 2021, an increase of $370.2 million or 48%. The increase in total revenue was primarily attributable to the following:

(i) An overall increase of $336.9 million in capitation revenue primarily driven by organic membership growth in our core IPAs and participation in a value-based Medicare FFS model.

(ii) An increase of $23.0 million in FFS revenue attributable to fees generated from Astrana primary, multi-specialty, and ancillary care delivery entities.

Cost of Services, Excluding Depreciation and Amortization

Expenses related to the cost of services, excluding depreciation and amortization, in 2022 were $944.7 million, as compared to $596.1 million in 2021, an increase of $348.5 million or 58%. The overall increase was primarily due to the expected return to pre-COVID-19 medical expense run rates, participation in a value-based Medicare FFS model and growth in membership, which was commensurate to our increase in revenue.

General and Administrative Expenses

General and administrative expenses in 2022 were $77.7 million, as compared to $62.1 million in 2021, an increase of $15.6 million or 25%. This increase was primarily due to a $14.8 million increase in personnel-related costs to support the continued growth in the depth and breadth of our operations.

Depreciation and Amortization

Depreciation and amortization expense were $17.5 million and $17.5 million for the years ended December 31, 2022 and 2021, respectively. These amounts included depreciation of property and equipment and the amortization of intangible assets.

Income (Loss) From Equity Method Investments

Income from equity method investments in 2022 was $5.6 million, as compared to a loss of $4.3 million in 2021, an increase of $9.9 million. The increase in income from equity method investments was primarily due to our investment partner having a favorable contract change, including rate and division of financial responsibility on certain claims.

Gain on Sale of Equity Method Investment

Gain on sale of equity method investment in 2022 was $0, as compared to $2.2 million in 2021, a decrease of $2.2 million. The decrease in gain on the sale of equity method investment is due to APC selling 21.25% of its interest in one if its equity method investments back to Dr. Arteaga for the year ended December 31, 2021. There was no sale of our equity method investment for the year ended December 31, 2022.

Interest Expense

Interest expense in 2022 was $7.9 million, as compared to $5.4 million in 2021, an increase of $2.5 million. The increase in interest expense for the year was primarily due to higher interest rates. On December 31, 2022, the interest rate on the Amended Credit Agreement was 5.92% compared to 1.71% on December 31, 2021.

Interest Income

Interest income in 2022 was $2.0 million, as compared to $1.6 million in 2021, an increase of $0.4 million. Interest income reflects interest earned on cash held in money market and certificate of deposit accounts and the interest from notes receivable.

Unrealized Loss on Investments

Unrealized loss on investments in 2022 was $21.3 million, as compared to an unrealized loss on investments of $10.7 million in 2021, an increase of $10.5 million. The increase in unrealized loss on investments was primarily driven by a decrease in the stock price of a payer partner in which we hold shares and Nutex.

Other Income (Expense)

Other income in 2022 was $3.9 million, as compared to other expenses of $3.8 million in 2021, an increase of $7.7 million. The increase was primarily due to the write-off of certain beneficial interest related to the disposition of ownership interest in one of APC's equity method investments totaling $15.7 million for the year ended December 31, 2021. The beneficial interest was an Excluded Assets that was deemed solely for the benefit of APC and its common shareholders. As such, the write-off did not result in any impact on net income attributable to Astrana Health, Inc. This was partially offset by non-recurring income recognized for the year ended December 31, 2021 relating to $2.8 million income from consolidating an equity method investment, $5.3 million income from the stock purchase agreement with Nutex, and $1.7 million income in stimulus checks. In addition, the Company recognized a $2.3 million gain on sale of equity securities for the year ended December 31, 2022.

Provision for Income Taxes

Provision for income taxes was $40.9 million in 2022, as compared to $31.7 million in 2021, an increase of $9.2 million or 29%. This was primarily attributable to an increase in pre-tax income in 2022, as compared to 2021, due to the factors described above.

Net Income (Loss) Attributable to Noncontrolling Interests

Net income attributable to non-controlling interests was $0.6 million in 2022, as compared to a net loss of $22.9 million in 2021, an increase of $23.4 million. The increase in net income attributable to noncontrolling interest was primarily due to non-recurring write-offs recognized for the year ended December 31, 2021 related to certain beneficial interest totaling $15.7 million.

Segment Financial Performance

Beginning in the first quarter of 2023, the Company began providing reporting for three reportable segments consisting of Care Partners, Care Delivery and Care Enablement. The Company evaluates the performance of its operating segments based on segment revenue growth as well as operating income. Management uses revenue growth and total segment operating income as a measure of the performance of operating businesses separate from non-operating factors. For more information about our segments, refer to Note 1 — "Description of Business" and Note 20 - "Segments" to our consolidated financial statements under Item 8 in this Annual Report on Form 10-K for additional information.

2023 Segments Compared to 2022 Segments

The following table sets forth our revenue and operating income by segment for the year ended December 31, 2023, as compared to the year ended December 31, 2022:

	Years Ended December 31,			
Segment Revenue (in thousands)	**2023**	**2022**	**$ Change**	**% Change**
Care Partners	$ 1,300,112	$ 1,051,521	$ 248,591	24 %
Care Delivery	$ 119,904	$ 96,132	$ 23,772	25 %
Care Enablement	$ 135,824	$ 120,200	$ 15,624	13 %

	Years Ended December 31,			
Segment Operating Income (in thousands)	**2023**	**2022**	**$ Change**	**% Change**
Care Partners	$ 91,721	$ 85,222	$ 6,499	8 %
Care Delivery	$ 5,873	$ 8,971	$ (3,098)	(35) %
Care Enablement	$ 19,077	$ 27,041	$ (7,964)	(29) %

Care Partners Segment

Revenue was $1,300.1 million in 2023, as compared to $1,051.5 million in 2022, an increase of $248.6 million. Operating income was $91.7 million in 2023, as compared to $85.2 million in 2022, an increase of $6.5 million. The increase in revenue and operating income was primarily driven by membership growth in our ACO participating in a value-based Medicare FFS model and our acquisition of a Restricted Knox-Keene licensed health plan in 2023. The increase in revenue was partially offset by a decrease in incentive revenue due to the Company recognizing the shared savings from the NGACO program in 2022 for the 2021 performance year.

Care Delivery Segment

Revenue was $119.9 million in 2023, as compared to $96.1 million in 2022, an increase of $23.8 million. Operating income was $5.9 million in 2023, as compared to income of $9.0 million in 2022, a decrease in operating income of $3.1 million. The increase in revenue was primarily due to more clinic locations opening during 2023 from our primary, multi-specialty, and ancillary care delivery entities. The decrease in operating income was due to more costs incurred for expanding to new locations.

Care Enablement Segment

Revenue was $135.8 million in 2023, as compared to $120.2 million in 2022, an increase of $15.6 million. Operating income was $19.1 million in 2023, as compared to $27.0 million in 2022, a decrease of $8.0 million. The increase in revenue was due to more managed independent physician groups. As of December 31, 2023 and 2022, the total number of affiliated physician groups we managed were 15 groups and 14 groups, respectively. The decrease in operating income was due to an increase in personnel-related costs to support the increase in our managed independent physician groups.

2022 Segments Compared to 2021 Segments

The following table sets forth our revenue and operating income by segment for the year ended December 31, 2022, as compared to the year ended December 31, 2021:

Segment Revenue (in thousands)	**Years Ended December 31, 2022**	**2021**	**$ Change**	**% Change**
Care Partners	$ 1,051,521	$ 709,714	$ 341,807	48 %
Care Delivery	$ 96,132	$ 46,691	$ 49,441	106 %
Care Enablement	$ 120,200	$ 107,693	$ 12,507	12 %

Segment Operating Income (Loss) (in thousands)	**Years Ended December 31, 2022**	**2021**	**$ Change**	**% Change**
Care Partners	$ 85,222	$ 72,578	$ 12,644	17 %
Care Delivery	$ 8,971	$ (540)	$ 9,511	*
Care Enablement	$ 27,041	$ 37,499	$ (10,458)	(28) %

* Percentage change of over 500%

Care Partners Segment

Revenue was $1,051.5 million in 2022, as compared to $709.7 million in 2021, an increase of $341.8 million. Operating income was $85.2 million in 2022, as compared to $72.6 million in 2021, an increase of $12.6 million. The increase in revenue and operating income was primarily driven by organic membership growth in our core IPAs and participation in a value-based Medicare FFS model.

Care Delivery Segment

Revenue was $96.1 million in 2022, as compared to $46.7 million in 2021, an increase of $49.4 million. Operating income was $9.0 million in 2022, as compared to a loss of $0.5 million in 2021, an increase of $9.5 million. The increase in revenue and operating income was primarily due to increased visits from our primary, multi-specialty, and ancillary care delivery entities.

Care Enablement Segment

Revenue was $120.2 million in 2022, as compared to $107.7 million in 2021, an increase of $12.5 million. Operating income was $27.0 million in 2022, as compared to $37.5 million in 2021, a decrease of $10.5 million. The increase in revenue was due to more managed independent physician groups. As of December 31, 2022 and 2021, the total number of affiliated physician groups we managed were 14 groups and 12 groups, respectively. The decrease in operating income was due to an increase in personnel-related costs to support the increase in our managed independent physician groups.

2024 Guidance

Astrana is providing the following guidance for total revenue, net income attributable to Astrana, Adjusted EBITDA, and EPS — diluted. These guidance assumptions are based on the Company's existing business, current view of existing market conditions and assumptions for the year ending December 31, 2024.

($ in millions, except per share amounts)	2024 Guidance Range	
	Low	**High**
Total revenue	$ 1,650.0	$ 1,850.0
Net income attributable to Astrana Health, Inc.	$ 61.0	$ 73.0
Adjusted EBITDA	$ 165.0	$ 185.0
EPS – diluted	$ 1.28	$ 1.52

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

Guidance Reconciliation of Net Income to EBITDA and Adjusted EBITDA

(in thousands)	2024 Guidance Range	
	Low	**High**
Net income	$ 71,500	$ 85,500
Interest expense, net	14,500	12,500
Provision for income taxes	36,500	44,500
Depreciation and amortization	14,500	14,500
EBITDA	137,000	157,000
Loss (income) from equity method investments	(5,000)	(5,000)
Other, net	6,000	6,000
Stock-based compensation	27,000	27,000
Adjusted EBITDA	$ 165,000	$ 185,000

Set forth below are reconciliations of Net Income to EBITDA and Adjusted EBITDA for the years ended December 31, 2023 and 2022:

Reconciliation of Net Income to EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin[1]

(in thousands)	Year Ended December 31, 2023		2022	
Net income	$ 57,849		$ 45,741	
Interest expense	16,102		7,920	
Interest income	(14,208)		(1,976)	
Provision for income taxes	31,989		40,875	
Depreciation and amortization	17,748		17,543	
EBITDA	$ 109,480		$ 110,103	
Income from equity method investments	(5,149)		(5,680)	(2)
Other, net	6,228	(3)	3,309	(4)
Stock-based compensation	22,040		16,101	
APC excluded assets costs	13,988		16,193	(2)
Adjusted EBITDA	$ 146,587		$ 140,026	
Total Revenue	$ 1,386,661		$ 1,144,163	
Adjusted EBITDA margin	11 %		12 %	

(1) The Company defines Adjusted EBITDA margin as Adjusted EBITDA over total revenue.

(2) Certain APC minority interests where APC owns the asset but not the right to the dividends are reclassified from APC excluded asset costs to income from equity method investments.

(3) Other, net for the year ended December 31, 2023 consists of nonrecurring transaction costs and tax restructuring fees incurred, non-cash gains and losses related to the changes in the fair value of our financing obligation to purchase the remaining equity interests, contingent liabilities, and the Company's collar agreement relating to interest on the Revolver Loan, and excise tax related to a nonrecurring buyback of the Company's stock from APC.

(4) Other, net for the year ended December 31, 2022 consists of one-time transaction costs incurred and non-cash gains and losses related to the changes in the fair value of our financing obligation to purchase the remaining equity interests and contingent considerations.

Use of Non-GAAP Financial Measures

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

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

Liquidity and Capital Resources

Cash, cash equivalents, and investments in marketable securities at December 31, 2023 totaled $296.3 million. Working capital totaled $242.8 million at December 31, 2023, compared to $279.5 million at December 31, 2022, a decrease of $36.7 million.

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

Cash Flow Activities

Our cash flows for the years ended December 31, 2023 and 2022 are summarized as follows (in thousands):

	Twelve Months Ended December 31, 2023	Twelve Months Ended December 31, 2022	$ Change	% Change
Net cash provided by operating activities	$ 68,227	$ 82,128	$ (13,901)	(17) %
Net cash used in investing activities	(65,523)	(7,113)	(58,410)	*
Net cash provided by (used in) financing activities	3,421	(20,085)	23,506	(117) %
Net increase in cash, cash equivalents, and restricted cash	$ 6,125	$ 54,930	$ (48,805)	(89) %

* Percentage change of over 500%

Our cash, cash equivalents, and restricted cash increased by $6.1 million from $288.0 million at December 31, 2022, to $294.2 million at December 31, 2023. Cash provided by operating activities during the year ended December 31, 2023 was $68.2 million, as compared to $82.1 million during the year ended December 31, 2022. The decrease in cash provided by operating activities was primarily driven by changes in net income and working capital. For the year ended December 31, 2023, net income exclusive of depreciation and amortization, amortization of debt issuance costs, share-based compensation, non-cash lease expense, income from equity method investments, gains or losses on investments and contingent liabilities, deferred tax, and gains or losses from distribution or consolidation of investments was $91.6 million compared to $84.1 million for the year ended December 31, 2022. Working capital for the year ended December 31, 2023, decreased operating cash flow by $23.4 million, compared to a $2.0 million increase in operating cash flow at December 31, 2022. The change in working capital for the year ended December 31, 2023, was mainly driven by an increase in our receivable, net, other receivable, prepaid and other current assets, and income tax receivable. These are due to the timing of when our receivables are collected and the timing of paying our income taxes. The decrease in working capital was partially offset by a decrease in our receivable, net — related parties and increase in our medical liabilities. The decrease in our receivable, net — related parties was attributable to cash received from our risk pool arrangements and the increase in our medical liabilities was attributable to the timing of claims paid and the Company's participation in the value-based Medicare FFS model.

Cash used in investing activities during the year ended December 31, 2023, was $65.5 million, primarily due to purchases of property and equipment of $28.5 million, issuance of loans of $26.5 million, business acquisition, net of cash, of $6.5 million, purchase of investments in privately held entities for payments for $4.0 million, contributions to an equity method investment of $0.7 million, and purchase of marketable securities of $2.2 million. The cash used in investing activities was partially offset by proceeds from repayment of a loan receivable of $2.7 million and proceeds from the sale of marketable securities of $0.5 million. Cash used in investing activities during the year ended December 31, 2022, was $7.1 million, primarily due to purchases of property and equipment of $22.9 million, payments for business acquisition, net of cash, of $16.4 million, purchase of marketable securities of $1.9 million, and funding for equity method investments of $2.1 million. The cash used in investing activities was partially offset by proceeds from the sale of marketable securities of $31.7 million, repayment of a loan receivable of $4.1 million, and distributions from an equity method investment of $0.4 million.

Cash provided by financing activities during the year ended December 31, 2023 was $3.4 million, as compared to cash used in financing activities of $20.1 million for the year ended December 31, 2022. Cash provided by financing activities during the year ended December 31, 2023 was primarily attributable to borrowings on our debt of $284.5 million and proceeds from the exercise of stock options of $1.5 million. This was partially offset by repayment of debt for $204.7 million, dividends payments of $62.1 million, repurchase of common shares of $10.2 million, debt issuance costs of $3.9 million for our Amended Credit Agreement, payments related to our contingent liabilities of $1.0 million, and repayment of finance lease obligations of $0.7 million. Cash used in financing activities for the year ended December 31, 2022 was $20.1 million, which was attributable to dividend payments of $14.0 million, repurchase of common shares of $9.3 million, purchase of non-controlling interest of $5.0 million, repayment of debt of $3.9 million, and repayment of finance lease obligations of $0.6 million. This was partially offset by proceeds from the exercise of options and warrants of $8.6 million, borrowings from the Construction Loan of $3.6 million and proceeds from the sale of non-controlling interest of $0.4 million.

Excluded Assets

In September 2019, APC and Astrana Medical entered into the Second Amendment to Series A Preferred Stock Purchase Agreement, clarifying the term Excluded Assets. "Excluded Assets" means (i) assets received from the sale of shares of the Series A Preferred equal to the Series A purchase price, (ii) the assets of APC that are not Healthcare Services Assets, including the APC's equity interests in Astrana Health, Inc., and any entity that is primarily engaged in the business of owning, leasing, developing, or otherwise operating real estate, (iii) any assets acquired with the proceeds of the sale, assignment, or other disposition of any of the assets described in clauses (i) or (ii), and (iv) any proceeds of the assets described in clauses (i), (ii), and (iii).

On December 26, 2023, APC completed a restructuring transaction to spin-off its real estate investments, a component of Excluded Assets ("the Spin-Off"). To effect the restructuring, APC contributed its real estate investments to a wholly owned subsidiary in exchange for 100% of the subsidiary's membership interest units, which membership interests were then distributed to holders of APC's outstanding common stock as a dividend, with each such stockholder receiving one membership interest unit for each share of outstanding APC common stock held. As a result of the distribution, the real estate investments are no longer included within our consolidated financial statements after December 26, 2023. Net loss from Excluded Assets for the year ended December 26, 2023 and years ended December 31, 2022 and 2021 consisted of the following (in thousands):

	Year ended December 26,	Years ended December 31,	
	2023	2022	2021
Total operating expenses	$ 18,127	$ 2,351	$ 2,588
Total other income (expense), net	$ 3,917	$ (15,242)	$ (10,854)
Excluded Assets net loss	$ (16,667)	$ (23,314)	$ (13,461)

Credit Facilities

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

		December 31, 2023
Term Loan	$	280,000
Promissory Note Payable		2,000
Total debt		282,000
Less: Current portion of debt		(19,500)
Less: Unamortized financing costs		(3,561)
Long-term debt	$	258,939

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

		Amount
2024	$	19,500
2025		15,750
2026		21,000
2027		22,750
2028		203,000
Total	$	282,000

Amended Credit Agreement

On June 16, 2021, the Company entered into an amended and restated credit agreement (as subsequently amended as described below, the "Amended Credit Agreement") with Truist Bank, in its capacity as administrative agent for the lenders, issuing bank, swingline lender and lender, and the banks and other financial institutions from time to time party thereto, to, among other things, amend and restate that certain credit agreement, dated September 11, 2019, by and among the Company, Truist Bank, and certain lenders thereto, in its entirety. The Amended Credit Agreement provides for a five-year revolving credit facility to the Company of $400.0 million ("Revolver Loan"), which includes a letter of credit sub-facility of up to $25.0 million and a swingline loan sub-facility of $25.0 million.

On December 20, 2022, an amendment was made to the Amended Credit Facility, in which all amounts borrowed under the Amended Credit Agreement as of the effective date were automatically converted from LIBOR Loans to SOFR Loans with an initial interest period of one month on and as of the amendment effective date.

On September 8, 2023, a Second Amendment to the Amended Credit Agreement was entered into which, among other things, increased the letter of credit sub-facility from $25.0 million to $50.0 million.

On November 3, 2023, the Company entered into a Third Amendment to the Amended Credit Agreement ("Third Amendment") with Truist Bank and the other financial institutions party thereto. The Third Amendment provided a new term loan to the Company in an aggregate amount of up to $300.0 million, with $180.0 million funded at the closing of the Third Amendment, and $120.0 million available to be drawn by the Company as delayed draw loans during the six months subsequent to the closing of the Third Amendment (collectively, the "Term Loan"). The Term Loan matures on November 3, 2028 (or such earlier date on which it is terminated in accordance with the provisions of the Amended Credit Agreement) and amortizes quarterly at 5% per annum for each of the first two years, 7.5% per annum for years three and four, and 10% per annum for year five.

Refer to Note 10 – "Credit Facility, Bank Loans, and Lines of Credit"to our consolidated financial statements under Item 8 in this Annual Report on Form 10-K for additional information on the Amended Credit Agreement.

Promissory Note Payable

In May 2021, FYB entered into a promissory note agreement with CCHCA. The principal on the promissory note is $2.0 million with a maturity date of May 9, 2024. Refer to Note 10 – “Credit Facility, Bank Loans, and Lines of Credit” to our consolidated financial statements under Item 8 in this Annual Report on Form 10-K for additional information on the Promissory Note Payable.

Deferred Financing Costs

As of December 31, 2023, the Amended Credit Agreement had unamortized deferred financing costs of $6.1 million. $2.6 million of unamortized deferred financing costs was related to unborrowed amounts available on the Term Loan and the unamortized deferred financing costs for the Revolver Loan. $3.6 million of unamortized deferred financing costs were netted against amounts borrowed on the Term Loan.

Effective Interest Rate

The Company’s average effective interest rate on its total debt during the years ended December 31, 2023, 2022, and 2021 was 6.19%, 3.22%, and 2.06%, respectively. Interest expense in the consolidated statements of income included amortization of deferred debt issuance costs for the years ended December 31, 2023, 2022, and 2021 of $1.1 million, $0.9 million, and $1.2 million, respectively.

Real Estate Loans and Construction Loan (Excluded Assets for the benefit of APC and its subsidiaries)

Real Estate - East West Bank

In December 2020, APC’s Excluded Assets entered into three real estate loans with East West Bank. As of December 31, 2022, the principal on each loan was $5.9 million, $0.6 million, and $0.6 million, respectively, and had a variable interest rate of 0.50%, 0.50%, and 0.30% less than the independent index, which is the daily *Wall Street Journal* “Prime Rate”, respectively. The maturity date of each loan was August 5, 2030.

Real Estate - MUFG Union Bank N.A.

In January 2022, a subsidiary of APC, which was included in Excluded Assets, entered into a loan agreement with MUFG Union Bank N.A. with a maturity date of March 1, 2032. The variable interest rate was 2.0% in excess of Daily Simple SOFR (as defined in the loan agreement). As of December 31, 2022 the principal on the loan was $16.0 million. On December 14, 2023, APC paid off the outstanding loan balance of $15.6 million.

Construction Loan

In April 2021, an entity included in Excluded Assets entered into a construction loan agreement with MUFG Union Bank N.A. (“Construction Loan”). The Construction Loan had a borrowing capacity of $10.7 million with a maturity date of March 1, 2024 or, upon completion of the construction and certain other requirements defined in the loan agreement, March 1, 2034. The loan balance as of December 31, 2022 was $4.2 million. On December 14, 2023, APC paid off the outstanding loan balance of $8.5 million.

These Real Estate Loans and the Construction Loan are deemed Excluded Assets and were spun-off on December 26, 2023 as part of the Spin-Off. Refer to Note 10 – “Credit Facility, Bank Loans, and Lines of Credit” to our consolidated financial statements under Item 8 in this Annual Report on Form 10-K for additional information on the Real Estate Loans and the Construction Loan.

Lines of Credit

On September 10, 2019, APC amended its promissory note agreement with Preferred Bank (“APC Business Loan Agreement”), which is affiliated with one of the Company’s board members, to modify loan availability to $4.1 million. This decrease further limited the purpose of the indebtedness under the APC Business Loan Agreement to the issuance of standby letters of credit, and added as a permitted lien the security interest in all of its assets granted by APC in favor of AHM under a Security Agreement dated on or about September 11, 2019 securing APC’s obligations to AHM under, and as required pursuant to, that certain Management Services Agreement dated as of July 1, 1999, as amended.

Standby Letters of Credit

Under the Amended Credit Agreement, the Company established irrevocable standby letters of credit with Truist Bank for a total of $36.5 million for the benefit of CMS and certain health plans as of December 31, 2023. Unless the institution provides notification that the standby letters of credit will be terminated prior to the expiration date, the letters will be automatically extended without amendment for additional one-year periods from the present, or any future expiration date.

Certain IPAs consolidated by the Company established irrevocable standby letters of credit with a financial institution for a total of $3.9 million for the benefit of certain health plans as of December 31, 2023. The standby letters of credit are automatically extended without amendment for additional one-year periods from the present or any future expiration date, unless notified by the institution in advance of the expiration date that the letter will be terminated.

Critical Accounting Policies and Estimates

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"), which require management to make a number of estimates and assumptions relating to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and to the reported amounts of revenues and expenses during the period. The Company bases its estimates on historical experience and on various other assumptions that the Company believes are reasonable under the circumstances. Changes in estimates are recorded if and when better information becomes available. Actual results could differ from those estimates under different assumptions and conditions. The Company believes that the accounting policies discussed below are those that are most important to the presentation of its financial condition and results of operations and that require its management's most difficult, subjective, and complex judgments. Our significant accounting policies are described in Note 2 – "Basis of Presentation and Summary of Significant Accounting Policies" to our consolidated financial statements under Item 8 in this Annual Report on Form 10-K.

Principles of Consolidation

The consolidated balance sheets as of December 31, 2023 and 2022 and consolidated statements of income for the years ended December 31, 2023, 2022 and 2021 include Astrana's wholly owned subsidiaries and consolidated variable interest entities ("VIEs").

Use of Estimates

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

Receivables and Receivables – Related Parties

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

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

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

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

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

Fair Value Measurements

The Company's financial instruments include cash and cash equivalents, restricted cash, investment in marketable securities, receivables, loans receivable – related parties, accounts payable, certain accrued expenses, capital lease obligations, bank loan, line of credit – related party, and long-term debt. The carrying values of the financial instruments classified as current in the accompanying consolidated balance sheets are considered to be at their fair values, due to the short maturity of these instruments. The carrying amount of the loan receivables – related parties, net of current portion, bank loan, capital lease obligations line of credit - related party, and long-term debt approximate fair value as they bear interest at rates that approximate current market rates for debt with similar maturities and credit quality. The FASB's Accounting Standards Codification 820, Fair Value Measurement ("ASC 820"), applies to all financial assets and financial liabilities that are measured and reported on a fair value basis and requires disclosure that establishes a framework for measuring fair value and expands disclosure about fair value measurements. ASC 820 establishes a fair value hierarchy for disclosures of the inputs to valuations used to measure fair value.

This hierarchy prioritizes the inputs into three broad levels as follows:

Level 1—Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2—Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates and yield curves), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3—Unobservable inputs that reflect assumptions about what market participants would use in pricing the asset or liability. These inputs would be based on the best information available, including the Company's own data.

Business Combinations

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

Intangible Assets and Long-Lived Assets

Intangible assets with finite lives include network-payer relationships, management contracts, and member relationships and are stated at cost, less accumulated amortization and impairment losses. These intangible assets are amortized on the accelerated method using the discounted cash flow rate. Intangible assets with finite lives also include a patient management platform, as well as trade names and trademarks, whose valuations were determined using the cost to recreate method and the relief from royalty method, respectively. These assets are stated at cost, less accumulated amortization and impairment losses, and are amortized using the straight-line method.

Finite-lived intangibles and long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the expected future cash flows from the use of such assets (undiscounted and without interest charges) are less than the carrying value, a write-down would be recorded to reduce the carrying value of the asset to its estimated fair value. Fair value is determined based on appropriate valuation techniques.

Goodwill and Intangible Assets

Under ASC 350, *Intangibles – Goodwill and Other,* goodwill and indefinite-lived intangible assets are reviewed at least annually for impairment under a two step process.

- Step 1— Under a qualitative assessment, determine if there are indicators of impairment. If so, proceed to Step 2.
- Step 2 — Under a quantitative assessment, if the fair value of each reporting unit is less than its carrying value, there is an impairment.

The Company may also elect to skip the qualitative testing and proceed directly to quantitative testing. The Company's four reporting units consist of the following:

- Care Partners – IPA;
- Care Partners – ACO;
- Care Delivery; and
- Care Enablement.

An impairment loss is recognized if the carrying value of a reporting unit exceeds its fair value. If this event arises, the impairment loss recorded is equal to the excess of the carrying value of the reporting unit over its fair value.

At least annually, indefinite-lived intangible assets are tested for impairment. Impairment for intangible assets with indefinite lives exists if the carrying value of the intangible asset exceeds its fair value. The fair values of indefinite-lived intangible assets are determined using valuation techniques based on estimates, judgments, and assumptions management believes are appropriate in the circumstances.

Accrual of Medical Liabilities

The Company's Care Partners segment is responsible for integrated care that the associated physicians and contracted hospitals provide to their enrollees. The Company's Care Partners segment provides integrated care to HMOs, Medicare, and Medi-Cal enrollees through a network of contracted providers under sub-capitation and direct patient service arrangements. Medical costs for professional and institutional services rendered by contracted providers are recorded as cost of services, excluding depreciation and amortization, in the accompanying consolidated statements of income.

An estimate of amounts due to contracted physicians, hospitals, and other professional providers is included in medical liabilities in the accompanying consolidated balance sheets. Medical liabilities include claims reported as of the balance sheet date and estimated IBNR claims. Such estimates are developed using actuarial methods and are based on numerous variables, including the utilization of healthcare services, historical payment patterns, cost trends, product mix, seasonality, changes in membership, and other factors. The estimation methods and the resulting reserves are periodically reviewed and updated. Many of the medical contracts are complex in nature and may be subject to differing interpretations regarding amounts due for the provision of various services. Such differing interpretations may not come to light until a substantial period of time has passed following the contract implementation.

Risk Pool Settlements and Incentives

Certain IPAs enter into hospital shared-risk capitation arrangements with certain health plans and local hospitals, where the hospital is responsible for providing, arranging and paying for institutional risk and the IPA is responsible for providing, arranging, and paying for professional risk. Under a hospital shared-risk pool-sharing agreement, the IPA generally receives a percentage of the net surplus from the affiliated hospital's risk pools with HMOs after deductions for the affiliated hospital's costs. Advance settlement payments are typically made quarterly in arrears if there is a surplus. The Company's risk pool settlements under arrangements with health plans and hospitals are recognized using the most likely amount methodology and amounts are only included in revenue to the extent that it is probable that a significant reversal of cumulative revenue will not occur once any uncertainty is resolved. The assumptions for historical margin, IBNR completion factors, and constraint percentages were used by management in applying the most likely amount methodology.

Under capitated arrangements with certain HMOs, certain IPAs participate in one or more health plan shared-risk arrangements relating to the provision of institutional services to enrollees and thus can earn additional revenue or incur losses based upon the enrollee utilization of institutional services. Health plan shared-risk arrangements are entered into with certain health plans, which are administered by the health plan, where the IPA is responsible for rendering professional services, but the health plan does not enter into a capitation arrangement with a hospital and therefore the health plan retains the institutional risk. Health plan shared-risk deficits, if any, are not payable until and unless (and only to the extent) risk-sharing surpluses are generated. At the termination of the HMO contract, any accumulated deficit will be extinguished.

The Company's risk pool settlements under arrangements with HMOs are recognized, using the most likely methodology, and only included in revenue to the extent that it is probable that a significant reversal of cumulative revenue will not occur. Given the lack of access to the health plans' data and control over the members assigned to the IPA, the adjustments and/or the withheld amounts are unpredictable and as such the IPAs risk-share revenues are deemed to be fully constrained until they are notified of the amount by the health plan. Final settlement of risk pools for prior contract years generally occurs in the third or fourth quarter of the following year.

In addition to risk-sharing revenues, the Company also receives incentives under "pay-for-performance" programs for quality medical care, based on various criteria. As an incentive to promote quality care, certain HMOs have designed quality incentive programs and commercial generic pharmacy incentive programs to compensate the Company for its efforts to improve the quality of services and efficient and effective use of pharmacy supplemental benefits provided to HMO members. The incentive programs track specific performance measures and calculate payments to the Company based on the performance measures. The Company's incentives under "pay-for-performance" programs are recognized using the most likely methodology. However, as the Company does not have sufficient insight from the health plans on the amount and timing of the health plan shared-risk pool and incentive payments, these amounts are considered to be fully constrained and only recorded when such payments are known and/or received.

Generally, for the foregoing arrangements, the final settlement is dependent on each distinct day's performance within the annual measurement period, but cannot be allocated to specific days until the full measurement period has occurred and performance can be assessed. As such, this is a form of variable consideration estimated at contract inception and updated through the measurement period (i.e., the contract year), to the extent the risk of reversal does not exist and the consideration is not constrained.

Share-Based Compensation

The Company maintains a stock-based compensation program for employees, non-employees, directors, and consultants. From time to time, the Company issues shares of its common stock to its employees, directors, and consultants, which shares may be subject to the Company's repurchase right (but not obligation), that vests based on time-based and/or performance-based vesting schedules. The value of share-based awards is recognized as compensation expense and adjusted for forfeitures as they occur. Compensation expenses for time-based awards are recognized on a cumulative straight-line basis over the vesting period of the awards. Share-based awards with performance conditions are recognized to the extent the performance conditions are probable of being achieved. Compensation expenses for performance-based awards are recognized on an accelerated attribution method. The grant date fair value of the restricted stock awards is the grant date's closing market price of the Company's common stock. The fair value of options granted is determined using the Black-Scholes option pricing model and include several assumptions, including expected term, expected volatility, expected dividends, and risk-free rates. The expected term is presumed to be the midpoint between the vesting date and the end of the contractual term. The expected stock price volatility is determined based on an average of historical volatility. The expected dividend yield is based on the Company's expected dividend payouts. The risk-free interest rate is based on the U.S. Constant Maturity curve over the expected term of the option at the time of grant.

Leases

The Company determines if an arrangement is a lease at its inception. The expected term of the lease used for computing the lease liability and right-of-use asset and determining the classification of the lease as operating or financing may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. The Company elected practical expedients for ongoing accounting that were provided by the new standard comprised of the following:

- The election for classes of underlying assets to not separate non-lease components from lease components, and
- The election for short-term lease recognition exemption for all leases with an under twelve-month terms.

The present value of the lease payments is calculated using a rate implicit in the lease, when readily determinable. However, as most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate to determine the present value of the lease payments for the majority of its leases.

Variable Interest Model

If an entity is determined to be a VIE, the Company evaluates whether the Company is the primary beneficiary. The primary beneficiary analysis is a qualitative analysis based on power and economics. The Company consolidates a VIE if both power and benefits belong to the Company – that is, the Company has:

- The power to direct the activities of a VIE that most significantly influence the VIE's economic performance (power), and
- The obligation to absorb losses of, or the right to receive benefits from, the VIE that could potentially be significant to the VIE (economics).

The Company consolidates VIEs whenever it is determined that the Company is the primary beneficiary.

Investment in Other Entities - Equity Method

The Company accounts for certain investments using the equity method of accounting when it is determined that the investment provides the Company with the ability to exercise significant influence, but not control, over the investee. Significant influence is generally deemed to exist if the Company has an ownership interest in the voting stock of the investee of between 20% and 50%, although other factors, such as representation on the investee's board of directors, are considered in determining whether the equity method of accounting is appropriate. Under the equity method of accounting, the investment, originally recorded at cost, is adjusted to recognize the Company's share of net earnings or losses of the investee and is recognized in the accompanying consolidated statements of income under "Income (loss) from equity method investments" and also is adjusted by contributions to and distributions from the investee. During the year ended December 31, 2023, the Company recognized no impairment loss.

Non-controlling Interests

The Company consolidates entities in which the Company has a controlling financial interest. The Company consolidates subsidiaries in which the Company holds, directly or indirectly, more than 50% of the voting rights, and VIEs in which the Company is the primary beneficiary. Non-controlling interests represent third-party equity ownership interests (including equity ownership interests held by certain VIEs) in the Company's consolidated entities. Net income attributable to non-controlling interests is disclosed in the consolidated statements of income.

Mezzanine Equity

Pursuant to APC's shareholder agreements, in the event of a disqualifying event, as defined in the agreements, APC could be required to repurchase its shares from the respective shareholders based on certain triggers outlined in the shareholder agreements. As the redemption feature of the shares is not solely within the control of APC, the equity of APC does not qualify as permanent equity and has been classified as mezzanine or temporary equity. Accordingly, the Company recognizes non-controlling interests in APC as mezzanine equity in the consolidated financial statements. APC's shares were not redeemable, and it was not probable that the shares would become redeemable as of December 31, 2023 and 2022.

Income Taxes

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

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

Effect of New Accounting Standards

Refer to "Recent Accounting Pronouncements Not Yet Adopted" under Note 2 — "Basis of Presentation and Summary of Significant Accounting Policies" to our consolidated financial statements under Item 8 in this Annual Report on Form 10-K for additional information.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Borrowings under the Term Loan provided for under our Amended Credit Agreement, as of December 31, 2023, were $280.0 million. The Term Loan bears interest at an annual rate equal to either, at the Company's option, (a) the Term SOFR Reference Rate (as defined in the Amended Credit Agreement), adjusted for any Term SOFR Adjustment (as defined in the Amended Credit Agreement), plus a spread from 1.50% to 2.75%, as determined on a quarterly basis based on the Company's Consolidated Total Net Leverage Ratio, or (b) a base rate, plus a spread of 0.50% to 1.75%, as determined on a quarterly basis based on the Company's Consolidated Total Net Leverage Ratio. As of December 31, 2023, there were no borrowings under the Revolver Loan. The Revolver Loan bears interest at an annual rate equal to either, at the Company's option, (a) the Term SOFR Reference Rate (as defined in the Amended Credit Agreement), adjusted for any Term SOFR Adjustment (as defined in the Amended Credit Agreement) plus a spread ranging from 1.25% to 2.50%, as determined on a quarterly basis based on the Company's Consolidated Total Net Leverage Ratio (as defined in the Amended Credit Agreement), or (b) a base rate, plus a spread ranging from 0.25% to 1.50%, as determined on a quarterly basis based on the Company's Consolidated Total Net Leverage Ratio. Borrowings under the Promissory Note Payable, as of December 31, 2023, was $2.0 million. The interest rate is defined as the prime rate plus 1.0%. The prime rate is updated annually on the effective date of the note and published by the Wall Street Journal. The Company has entered into a collar agreement for its Revolver Loan to effectively convert its floating-rate debt to a fixed-rate basis. The principal objective of the collar agreement is to eliminate or reduce the variability of the cash flows in interest payments associated with the Company's floating-rate debt, thus reducing the impact of interest rate changes on future interest payment cash flows. A hypothetical 1% change in our interest rates for our outstanding borrowings under our Credit Agreement would have increased or decreased our interest expense for the year ended December 31, 2023, by $2.8 million.

Item 8. Financial Statements and Supplementary Data

Index to the Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Astrana Health, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Astrana Health, Inc. (formerly known as Apollo Medical Holdings, Inc.) (the Company) as of December 31, 2023 and 2022, the related consolidated statements of income, mezzanine and stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 29, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Risk Pool Settlements and Related Receivables

Description of the Matter	As described in Note 2 of the consolidated financial statements, the Company enters into hospital shared-risk capitation arrangements with certain health plans and local hospitals, where the hospital is responsible for providing, arranging and paying for institutional risk and the Company is responsible for providing, arranging and paying for professional risk. Under a hospital shared-risk pool-sharing agreement, the Company generally receives a percentage of the net surplus from the affiliated hospitals' risk pools with health plans after deductions for the affiliated hospitals' costs. The Company recognizes risk pool settlements relating to such arrangements using the most likely amount methodology and amounts are only included in revenues to the extent that it is probable that a significant reversal of cumulative revenue will not occur once any uncertainty is resolved. The amount of such risk pool settlements recorded is calculated by the Company using historical margin, incurred but not reported (IBNR) completion factors and constraint percentages and various data and information provided by the affiliated hospitals. Auditing management's estimate of the risk pool settlements and related receivables involved a high degree of subjectivity used by management and the nature of the significant assumptions, which include a margin factor based on historical trends and other available information. The Company relies on data provided by other parties in its estimation model. Additionally, judgment is used to develop the margin factor used to account for the expected performance of the risk pools for each settlement year and is derived based on an evaluation of historical data provided by the affiliated hospitals and communications between the Company and the affiliated hospitals.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design, and tested the operating effectiveness of internal controls over the Company's process for estimating risk pool settlements and related receivable amounts. For example, we tested controls over management's review controls of the reasonableness of the data (including capitation revenue and related claims and other administrative expenses) underlying the risk pool calculations provided by the affiliated hospitals and management's review controls analyzing the historical trends and appropriateness of the method used in determining the estimated risk pool surplus. We also reviewed relevant Service Organization Control (SOC) 1 reports to evaluate that such affiliated hospitals and administrator have effective controls over the completeness and accuracy of the data they process and provide to the Company. We also assessed and tested complementary user entity controls relevant to the SOC 1 reports. To test the Company's estimates of risk pool settlements and related receivables, our audit procedures included, among others, confirming the external data used in the calculations of risk pools directly with the affiliated hospitals, testing the receivables amount by comparing it to subsequent cash receipts, and testing the margin factor used by the Company in its estimate. In order to test the margin factor, we evaluated historical margin trends within the risk pools, and reviewed the Company's own volumes and margins to identify any trends which may provide contrary evidence. Additionally, we assessed the precision of the Company's prior year estimates by comparing the Company's prior year estimates to the final settled amounts.

Valuation of Incurred but not Reported (IBNR) Claims Liability

Description of the Matter	At December 31, 2023, the Company's medical liabilities totaled $106.7 million. As described in Note 2 of the consolidated financial statements, medical liabilities include reserves for incurred but not reported claims. The IBNR liability is an estimate that management developed using actuarial methods and is based on numerous variables, including the utilization of healthcare services, historical payment patterns, cost trends, product mix, seasonality, changes in membership, and other factors. Auditing management's estimate of the IBNR claims liability involved a high degree of subjectivity due to the complexity of the models used by management and the nature of the significant assumptions used in the estimation of the liability. These assumptions have a significant effect on the valuation of the IBNR liability.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design, and tested the operating effectiveness of the Company's internal controls over the process for estimating the IBNR claims liability. For example, we tested controls over management's review controls of the completion factor and per member per month trend factor assumptions, and management's review controls of the actuarial methods used to calculate the IBNR claims liability, including the completeness and accuracy of data inputs and outputs of those models. To test the Company's estimate of the IBNR claims liability, our audit procedures included, among others, testing the completeness and accuracy of data used in the Company's models by testing reconciliations of underlying claims and membership data recorded in source systems to the actuarial reserve models, and comparing claims to source documentation. We involved our actuarial specialists to assist with the testing due to the highly judgmental nature of assumptions used in the valuation process, including completion factors and per member per month trend factors. With the assistance of our actuarial specialists, we used the Company's underlying claims and membership data to develop an independent range of IBNR estimates and compared management's recorded IBNR claims liability to our range. Additionally, we performed a hindsight review of prior period estimates by comparing to subsequent claims development, and we evaluated the Company's disclosures surrounding IBNR claims liability in the financial statements.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2020.

Los Angeles, California

February 29, 2024

ASTRANA HEALTH, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	$ 293,807	$ 288,027
Investment in marketable securities	2,498	5,567
Receivables, net	76,780	49,631
Receivables, net – related parties	58,980	65,147
Income taxes receivable	10,657	—
Other receivables	1,335	1,834
Prepaid expenses and other current assets	17,450	14,798
Loans receivable, net	—	996
Loans receivable – related party	—	2,125
Total current assets	461,507	428,125
Non-current assets		
Land, property and equipment, net	7,171	108,536
Intangible assets, net	71,648	76,861
Goodwill	278,831	269,053
Income taxes receivable	15,943	15,943
Loans receivable, non-current	26,473	—
Investments in other entities – equity method	25,774	40,299
Investments in privately held entities	6,396	2,396
Restricted cash	345	—
Operating lease right-of-use assets	37,396	20,444
Other assets	1,877	4,556
Total non-current assets	471,854	538,088
Total assets(1)	$ 933,361	$ 966,213

ASTRANA HEALTH, INC.
CONSOLIDATED BALANCE SHEETS (Continued)
(in thousands, except share data)

Liabilities, Mezzanine Equity (Deficit), and Stockholders' Equity	**December 31, 2023**	**December 31, 2022**
Current liabilities		
Accounts payable and accrued expenses	$ 59,949	$ 49,562
Fiduciary accounts payable	7,737	8,065
Medical liabilities	106,657	81,255
Income taxes payable	—	4,279
Dividend payable	638	664
Finance lease liabilities	646	594
Operating lease liabilities	4,607	3,572
Current portion of long-term debt	19,500	619
Other liabilities	18,940	—
Total current liabilities	218,674	148,610
Non-current liabilities		
Deferred tax liability	4,072	14,217
Finance lease liabilities, net of current portion	1,033	1,275
Operating lease liabilities, net of current portion	36,289	19,915
Long-term debt, net of current portion and deferred financing costs	258,939	203,389
Other long-term liabilities	3,586	20,260
Total non-current liabilities	303,919	259,056
Total liabilities[(1)]	522,593	407,666
Commitments and contingencies (Note 14)		
Mezzanine (deficit) equity		
Non-controlling interest in Allied Physicians of California, a Professional Medical Corporation ("APC")	(205,883)	14,237
Stockholders' equity		
Series A Preferred stock, par value $0.001; 5,000,000 shares authorized (inclusive of Series B Preferred stock);1,111,111 issued and zero outstanding	—	—
Series B Preferred stock, par value $0.001; 5,000,000 shares authorized (inclusive of Series A Preferred stock);555,555 issued and zero outstanding	—	—
Common stock, par value $0.001; 100,000,000 shares authorized, 46,843,743 and 46,575,699 shares outstanding, excluding 10,584,340 and 10,299,259 treasury shares, at December 31, 2023 and 2022, respectively	47	47
Additional paid-in capital	371,037	360,097
Retained earnings	243,134	182,417
	614,218	542,561
Non-controlling interest	2,433	1,749
Total stockholders' equity	616,651	544,310

Total liabilities, mezzanine equity (deficit), and stockholders’ equity	$ 933,361	$ 966,213

[(1)] The Company’s consolidated balance sheets include the assets and liabilities of its consolidated VIEs. The consolidated balance sheets include total assets that can be used only to settle obligations of the Company’s consolidated VIEs totaling $540.8 million and $579.8 million as of December 31, 2023 and December 31, 2022, respectively, and total liabilities of the Company’s consolidated VIEs for which creditors do not have recourse to the general credit of the primary beneficiary of $146.0 million and $149.6 million as of December 31, 2023 and December 31, 2022, respectively. These VIE balances do not include $273.2 million of investment in affiliates and $107.3 million of amounts due to affiliates as of December 31, 2023 and $304.8 million of investment in affiliates and $11.6 million of amounts due from affiliates as of December 31, 2022 as these are eliminated upon consolidation and not presented within the consolidated balance sheets. See Note 18 – “Variable Interest Entities (VIEs)” for further detail.

See accompanying notes to consolidated financial statements.

ASTRANA HEALTH, INC.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)

	Years ended December 31,		
	2023	**2022**	**2021**
Revenue			
Capitation, net	$ 1,215,614	$ 930,131	$ 593,224
Risk pool settlements and incentives	63,468	117,254	111,627
Management fee income	38,677	41,094	35,959
Fee-for-service, net	59,658	49,517	26,564
Other revenue	9,244	6,167	6,541
Total revenue	1,386,661	1,144,163	773,915
Operating expenses			
Cost of services, excluding depreciation and amortization	1,171,703	944,685	596,142
General and administrative expenses	112,597	77,670	62,077
Depreciation and amortization	17,748	17,543	17,517
Total expenses	1,302,048	1,039,898	675,736
Income from operations	84,613	104,265	98,179
Other income (expense)			
Income (loss) from equity method investments	5,579	5,622	(4,306)
Gain on sale of equity method investment	—	—	2,193
Interest expense	(16,102)	(7,920)	(5,394)
Interest income	14,208	1,976	1,571
Unrealized loss on investments	(4,581)	(21,271)	(10,745)
Other income (loss)	6,121	3,944	(3,750)
Total other income (expense), net	5,225	(17,649)	(20,431)
Income before provision for income taxes	89,838	86,616	77,748
Provision for income taxes	31,989	40,875	31,693
Net income	57,849	45,741	46,055
Net (loss) income attributable to noncontrolling interests	(2,868)	570	(22,868)
Net income attributable to Astrana Health, Inc.	$ 60,717	$ 45,171	$ 68,923
Earnings per share – basic	$ 1.30	$ 1.00	$ 1.57
Earnings per share – diluted	$ 1.29	$ 0.99	$ 1.52

See accompanying notes to consolidated financial statements.

ASTRANA HEALTH, INC.
CONSOLIDATED STATEMENTS OF MEZZANINE AND STOCKHOLDERS' EQUITY (DEFICIT)
(in thousands, except share data)

	Mezzanine Equity (Deficit) – Non-controlling Interest in APC	Common Stock Outstanding Shares	Amount	Additional Paid-in Capital	Retained Earnings	Non-controlling Interest	Stockholders' Equity
Balance at January 1, 2021	$ 113,566	42,249,137	$ 42	$ 261,011	$ 68,323	$ 87	$ 329,463
Net (loss) income	(25,635)	—	—	—	68,923	2,767	71,690
Purchase of non-controlling interest	(1,546)	—	—	—	—	(75)	(75)
Sale of non-controlling interest	150	—	—	—	—	—	—
Sale of shares by non-controlling interest	—	1,638,045	2	40,132	—	—	40,134
Shares issued for vesting of restricted stock awards	—	29,973	—	—	—	—	—
Shares issued for exercise of options and warrants	—	898,583	1	9,060	—	—	9,061
Purchase of treasury shares	—	(174,158)	—	(5,738)	—	—	(5,738)
Share-based compensation	—	—	—	6,745	—	—	6,745
Investment in non-controlling interest	—	—	—	—	—	3,769	3,769
Acquisition of non-controlling interest	—	—	—	—	—	500	500
Cancellation of restricted stock awards	—	(10,707)	—	(334)	—	—	(334)
Non-controlling interest capital change	—	—	—	—	—	48	48
Dividends	(30,000)	—	—	—	—	(1,156)	(1,156)
Balance at December 31, 2021	$ 56,535	44,630,873	$ 45	$ 310,876	$ 137,246	$ 5,940	$ 454,107
Net (loss) income	(3,195)	—	—	—	45,171	3,765	48,936
Purchase of non-controlling interest	—	—	—	—	—	(4,338)	(4,338)
Sale of non-controlling interest	—	—	—	—	—	66	66
Share buy back	(708)	—	—	—	—	—	—
Shares issued for vesting of restricted stock awards	—	342,584	—	(321)	—	—	(321)
Shares issued for cash and exercise of options and warrants	—	860,528	1	8,632	—	—	8,633
Purchase of treasury shares	—	(250,000)	—	(9,250)	—	—	(9,250)
Share-based compensation	—	—	—	16,101	—	—	16,101

ASTRANA HEALTH, INC.
CONSOLIDATED STATEMENTS OF MEZZANINE AND STOCKHOLDERS' EQUITY (DEFICIT)
(in thousands, except share data)

	Mezzanine Equity (Deficit) – Non-controlling Interest in APC	Common Stock Outstanding Shares	Amount	Additional Paid-in Capital	Retained Earnings	Non-controlling Interest	Stockholders' Equity
Issuance of shares for business acquisition	—	18,756	—	1,000	—	—	1,000
Investment in non-controlling interest	—	—	—	—	—	371	371
Cancellation of restricted stock awards	—	(11,084)	—	(457)	—	—	(457)
Tax impact of acquisition	(448)	—	—	—	—	—	—
AAMG stock contingent consideration (see Note 21)	—	—	—	5,569	—	—	5,569
Dividends	(37,947)	984,042	1	27,947	—	(4,055)	23,893
Balance at December 31, 2022	$ 14,237	46,575,699	$ 47	$ 360,097	$ 182,417	$ 1,749	$ 544,310
Net income	(7,428)	—	—	—	60,717	4,560	65,277
Purchase of non-controlling interest	—	—	—	—	—	(78)	(78)
Sale of non-controlling interest	—	—	—	—	—	106	106
Shares issued for vesting of restricted stock awards	—	390,785	—	(933)	—	—	(933)
Shares issued for cash and exercise of options and warrants	—	140,000	—	1,522	—	—	1,522
Purchase of treasury shares	(150)	(285,081)	—	(10,042)	—	—	(10,042)
Share-based compensation	—	—	—	22,040	—	—	22,040
Issuance of shares for business acquisition	—	22,340	—	800	—	—	800
Dividends	(210,873)	—	—	—	—	(3,904)	(3,904)
Transfer of common control entities	1,768	—	—	(2,447)	—	—	(2,447)
Tax impact from dividends	(3,076)	—	—	—	—	—	—
Tax impact from investments	(361)	—	—	—	—	—	—
Balance at December 31, 2023	$ (205,883)	46,843,743	$ 47	$ 371,037	$ 243,134	$ 2,433	$ 616,651

See accompanying notes to consolidated financial statements.

ASTRANA HEALTH, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years ended December 31,		
	2023	**2022**	**2021**
Cash flows from operating activities			
Net income	$ 57,849	$ 45,741	$ 46,055
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	17,748	17,543	17,517
Amortization of debt issuance cost	1,061	939	1,078
Share-based compensation	22,040	16,101	6,745
Non-cash lease expense	7,183	3,759	3,133
(Income) loss from equity method investments, net	(5,579)	(5,622)	4,306
Unrealized loss on investments	4,782	25,506	10,845
Unrealized (gain) loss on interest rate swaps	(201)	(4,235)	1,071
Gain on sale or distribution of investments	(1,246)	(2,272)	(2,193)
Deferred tax	(12,444)	(14,278)	7,671
Loss (gain) on consolidation of equity method investment	—	901	(2,752)
Gain on contingent equity securities	—	—	(4,270)
Gain from investment in warrants	—	—	(1,145)
Impairment of beneficial interest	—	—	15,723
Other	422	—	189
Changes in operating assets and liabilities, net of acquisition amounts:			
Receivable, net	(26,735)	(38,194)	(1,518)
Receivable, net – related parties	6,167	4,229	(20,116)
Other receivable	311	8,196	(5,351)
Prepaid expenses and other current assets	(2,956)	818	2,708
Other assets	2,864	(243)	(1,529)
Accounts payable and accrued expenses	(170)	(49)	3,217
Fiduciary accounts payable	(328)	(2,470)	892
Medical liabilities	18,610	22,786	5,279
Income taxes payable/receivable	(14,477)	6,917	(14,005)
Operating lease liabilities	(6,674)	(3,945)	(3,215)
Net cash provided by operating activities	68,227	82,128	70,335
Cash flows from investing activities			
Payments for business and asset acquisition, net of cash acquired	(6,512)	(16,352)	(2,585)
Proceeds from repayment of loans receivable - related parties	2,676	4,067	56
Purchases of marketable securities	(2,151)	(1,854)	(28,000)
Proceeds from sale of marketable securities	491	31,671	67,612
Issuance of loans receivable	(26,473)	—	—
Purchases of investments –privately held	(4,000)	—	—
Purchases of property and equipment	(28,529)	(22,940)	(19,223)
Purchases of investments – equity method	(325)	—	(13,622)
Proceeds from sale of equity method investment	—	—	6,375
Distribution from investment - equity method	—	400	—

ASTRANA HEALTH, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years ended December 31,		
	2023	**2022**	**2021**
Contribution to investment - equity method	(700)	(2,105)	—
Cash recorded from consolidation of VIE	—	—	5,927
Net cash (used in) provided by investing activities	(65,523)	(7,113)	16,540
Cash flows from financing activities			
Dividends paid	(62,074)	(14,030)	(31,089)
Repayments on long-term debt	(204,681)	(3,865)	(238,326)
Borrowings on long-term debt	284,527	3,598	180,569
Payment of finance lease obligations	(675)	(561)	(208)
Proceeds from exercise of stock options and warrants	1,522	8,633	9,061
Repurchase of shares	(10,192)	(9,250)	(5,739)
Proceeds from sale of common stock	—	—	40,134
Purchase of non-controlling interest	(78)	(5,046)	(1,471)
Proceeds from sale of noncontrolling interest	—	436	48
Cost of debt issuances	(3,928)	—	(727)
Payment of contingent consideration liabilities	(1,000)	—	—
Net cash provided by (used in) financing activities	3,421	(20,085)	(47,748)
Net increase in cash, cash equivalents, and restricted cash	6,125	54,930	39,127
Cash, cash equivalents, and restricted cash, beginning of year	288,027	233,097	193,970
Cash, cash equivalents and restricted cash, end of year	$ 294,152	$ 288,027	$ 233,097
Supplemental disclosures of cash flow information			
Cash paid for income taxes	$ 56,567	$ 47,311	$ 37,201
Cash paid for interest	$ 14,251	$ 6,672	$ 4,158
Supplemental disclosures of non-cash investing and financing activities			
Right-of-use assets obtained in exchange for operating lease liabilities	25,124	—	—
Tax impact from APC dividends to APC Shareholders	3,076	—	—
Distribution of real estate investments	152,767	—	—
Dividend declared included in dividend payable	—	—	71
Issuance of financing obligation for business combinations	—	—	12,706
Cashless exercise of warrants	—	694	—
Fixed asset obtained in exchange for finance lease liabilities	486	971	—
Common stock issued in business combination	800	1,000	—
Mortgage loan	—	16,275	—
Cancellation of Restricted Stock Awards	—	—	334

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

	Years Ended December 31,		
	2023	**2022**	**2021**
Cash and cash equivalents	$ 293,807	$ 288,027	$ 233,097
Restricted cash	345	—	—
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	$ 294,152	$ 288,027	$ 233,097

See accompanying notes to consolidated financial statements.

1. Description of Business

Overview

On February 26, 2024, Apollo Medical Holdings, Inc. rebranded as Astrana Health, Inc ("Astrana"). Unless the context dictates otherwise, references in these notes to the financial statements, the "Company," "we," "us," "our," and similar words are references to Astrana and its consolidated subsidiaries and affiliated entities, as appropriate, including its consolidated variable interest entities ("VIEs").

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

Segments

The Company's reportable segments changed from one to three in the first quarter of 2023 as a result of certain changes to the information regularly provided to the Company's chief operating decision maker when reviewing the Company's performance as well as an effort to provide additional transparency to investors and other financial statement users. The three segments identified by the Company are Care Partners, Care Delivery and Care Enablement, which are described as follows:

Care Partners

The Care Partners segment is focused on building and managing high-quality and high-performance provider networks by partnering with, empowering, and investing in strong provider partners aligned on a shared vision for coordinated care delivery. By leveraging the Company's unique care enablement platform and ability to recruit, empower, and incentivize physicians to effectively manage total cost of care, the Company is able to organize partnered providers into successful multi-payer risk-bearing organizations that take on varying levels of risk based on total cost of care across membership in all lines of business, including Medicare fee for service ("FFS"), Medicare Advantage, Medicaid, Commercial, and Exchange. Through the Company's network of "independent practice associations" ("IPAs"), "accountable care organizations" ("ACOs"), and Restricted Knox-Keene licensed health plan, the Company's healthcare delivery entities are responsible for coordinating and delivering high-quality care to the Company's patients and ensuring continuity of care in Astrana's ecosystem across age, stage of life, or life circumstance.

One of the Company's Accountable Care Organizations ("ACO") began participating in the Next Generation Accountable Care Organization ("NGACO") Model of CMS in January 2017. The NGACO Model was a Center for Medicare & Medicaid Services ("CMS") program that allowed provider groups to assume higher levels of financial risk and potentially achieve a higher reward from participating in this new attribution-based risk-sharing model. With the termination of the NGACO Model on December 31, 2021, the Company's ACO participated as a Direct Contracting Entity ("DCE") in the standard track of CMS's Global and Professional Direct Contracting ("GPDC") Model for Performance Year 2022 ("PY22"), beginning January 1, 2022. CMS has since redesigned the GPDC Model in response to the current Administration's health care priorities, including their commitment to advancing health equity, stakeholder feedback, and participant experience, and renamed the GPDC Model to ACO Realizing Equity, Access, and Community Health ("ACO REACH") Model. The Company began participation in the ACO REACH Model on January 1, 2023.

Care Delivery

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

- Primary care clinics, including post-acute care services;

- Multi-specialty care clinics and medical groups, including hospitalist, intensivist, and physician advisory services, cardiac care and diagnostic testing, and specialized care for women's health; and

- Ancillary service providers, such as urgent care centers, outpatient imaging centers, ambulatory surgery centers, and full-service labs.

Care Enablement

The Company's Care Enablement segment is an integrated, end-to-end clinical, operational, financial, and administrative platform, powered by the Company's proprietary technology suite, that enhances delivery of high-quality, value-based care to patients and leading to superior clinical and financial outcomes. The Company provides solutions to providers, including independent physicians, provider and medical groups, accountable care organizations, and payers, including health plans and other risk-bearing organizations. The Company's platform meets providers and payers where they are, with a wide spectrum of solutions across the total cost of care risk spectrum, ranging from solutions for fee-for-service entities to full risk-bearing entities, and across patient types, including Medicare, Medicaid, Commercial, and Exchange patients. This segment includes the Company's wholly owned subsidiaries which operate as management services organizations ("MSOs"), which enter into long-term management and/or administrative services agreements with Independent Practice Associations ("IPAs"), ACOs, or clinics. By leveraging the Company's care enablement platform, providers and payers can improve their ability to deliver high-quality care to their patients and achieve better patient outcomes.

Other Affiliates

The Company's other affiliates are not included as a reportable segment and primarily consist of the real estate operations and other entities that are individually immaterial. The real estate operations are deemed Excluded Assets that are solely for the benefit of Allied Physicians of California, a Professional Medical Corporation d.b.a. Allied Pacific of California IPA ("APC") and its shareholders. Excluded Assets means (i) assets received from the sale of shares of APC's Series A Preferred equal to the Series A purchase price, (ii) the assets of APC that are not Healthcare Services Assets (as defined in the Series A Preferred purchase agreement), including APC's equity interests in Astrana Health, Inc., and any entity that is primarily engaged in the business of owning, leasing, developing, or otherwise operating real estate, (iii) any assets acquired with the proceeds of the sale, assignment, or other disposition of any of the assets described in clauses (i) or (ii), and (iv) any proceeds of the assets described in clauses (i), (ii), and (iii). As such, any income pertaining to Excluded Assets have no impact on the Series A Preferred dividend payable by APC to Astrana Health Medical Corporation ("Astrana Medical"), formerly known as AP-AMH Medical Corporation, and consequently will not affect net income attributable to Astrana. APC and Astrana Medical are consolidated variable interest entities of the Company. See Note 18 – "Variable Interest Entities (VIEs)" to the consolidated financial statements for information on the Company's entities that qualify as consolidated VIEs.

On December 26, 2023, APC completed a restructuring transaction to spin-off its real estate investments, a component of Excluded Assets ("the Spin-Off"). To effect the restructuring, APC contributed its real estate investments to a wholly owned subsidiary in exchange for 100% of the subsidiary's membership interest units, which membership interests were then distributed to holders of APC's outstanding common stock as a dividend, with each such stockholder receiving one membership interest unit for each share of outstanding APC common stock held. Dr. Thomas Lam, the Company's Vice Chairman, is the Chief Executive Officer and Chief Financial Officer and a director and stockholder of APC; Dr. Kenneth Sim, the Company's Executive Chairman, is Chairman and a director and stockholder of APC; and Dr. Albert Young, the Company's Chief Administrative Officer, is Senor Executive Vice President and a director and stockholder of APC. The Company leases certain properties that were spun-off and will continue to lease from these properties. After the distribution, the real estate investments became related parties since the chief executive officer of the real estate investments is also a board member of the Company. See Note 15 – "Related-Party Transactions" to the consolidated financial statements for information on related party transactions. The dividend was $190.3 million and recorded at fair value of the investments' net assets on the date of distribution, December 26, 2023. The fair value of the dividend was measured using Level 3 inputs by applying market data of similar real estate comparables. The gain, representing the difference between the fair value and the carrying value of the net assets, was $5.3 million and is presented within other income in the accompanying consolidated statement of income. As a result of the distribution, the real estate investments are no longer included within the consolidated financial statements after December 26, 2023.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

Principles of Consolidation

The consolidated balance sheets as of December 31, 2023 and 2022 and consolidated statements of income for the years ended December 31, 2023, 2022 and 2021 include Astrana's wholly owned subsidiaries and consolidated variable interest entities ("VIEs").

Reclassifications

Certain amounts disclosed in prior period financial statements have been reclassified to conform to the current period presentation. These reclassifications were made between other assets and investments in privately held entities on the accompanying consolidated balance sheet as of December 31, 2022. The reclassification had no effect on net income, earnings per share, retained earnings, cash flows or total assets.

Use of Estimates

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

Variable Interest Entities

On an ongoing basis, as circumstances indicate the need for reconsideration, the Company evaluates each legal entity that is not wholly owned by the Company in accordance with the consolidation guidance. The evaluation considers all of the Company's variable interests, including equity ownership, as well as management services agreements. To fall within the scope of the consolidation guidance, an entity must meet both of the following criteria:

- The entity has a legal structure that has been established to conduct business activities and to hold assets; such entity can be in the form of a partnership, limited liability company, or corporation, among others; and

- The Company has a variable interest in the legal entity; i.e., variable interests that are contractual, such as equity ownership, or other financial interests that change with changes in the fair value of the entity's net assets.

If an entity does not meet both criteria above, the Company applies other accounting guidance, such as the cost or equity method of accounting. If an entity does meet both criteria above, the Company evaluates such entity for consolidation under either the variable interest model if the legal entity meets any of the following characteristics to qualify as a VIE, or under the voting model for all other legal entities that are not VIEs.

A legal entity is determined to be a VIE if it has any of the following three characteristics:

- The entity does not have sufficient equity to finance its activities without additional subordinated financial support;

- The entity is established with non-substantive voting rights (i.e., where the entity deprives the majority economic interest holder(s) of voting rights); or
- The equity holders, as a group, lack the characteristics of a controlling financial interest. Equity holders meet this criterion if they lack any of the following:
  - The power, through voting rights or similar rights, to direct the activities of the entity that most significantly influence the entity's economic performance, as evidenced by:
    - Substantive participating rights in day-to-day management of the entity's activities; or
    - Substantive kick-out rights over the party responsible for significant decisions;
  - The obligation to absorb the entity's expected losses; or
  - The right to receive the entity's expected residual returns.

If the Company determines that any of the three characteristics of a VIE are met, the Company will conclude that the entity is a VIE and evaluate it for consolidation under the variable interest model.

Variable interest model

If an entity is determined to be a VIE, the Company evaluates whether the Company is the primary beneficiary. The primary beneficiary analysis is a qualitative analysis based on power and economics. The Company consolidates a VIE if both power and benefits belong to the Company – that is, the Company has:

- The power to direct the activities of a VIE that most significantly influence the VIE's economic performance (power), and
- The obligation to absorb losses of, or the right to receive benefits from, the VIE that could potentially be significant to the VIE (economics).

The Company consolidates VIEs whenever it is determined that the Company is the primary beneficiary. Refer to Note 18 – "Variable Interest Entities (VIEs)" to the consolidated financial statements for information on the Company's consolidated VIEs. If there are variable interests in a VIE but the Company is not the primary beneficiary, the Company may account for the investment using the equity method of accounting, refer to Note 6 – "Investments in Other Entities" for entities that qualify as VIEs but the Company is not the primary beneficiary.

Business Combinations

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

Reportable Segments

The Company operates as three reportable segments:

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

Refer to Note 1 — “Description of Business” and Note 20 — “Segments” to the consolidated financial statements for information on the Company’s segments.

Cash and Cash Equivalents

The Company’s cash and cash equivalents primarily consist of money market funds and certificates of deposit. The Company considers all highly liquid investments that are both readily convertible into known amounts of cash and mature within 90 days from their date of purchase to be cash equivalents.

The Company maintains its cash in deposit accounts with several banks, which at times may exceed the insured limits of the Federal Deposit Insurance Corporation (“FDIC”). The Company believes it is not exposed to any significant credit risk with respect to its cash, cash equivalents, and restricted cash. As of December 31, 2023 and 2022, the Company’s deposit accounts with banks exceeded the FDIC’s insured limit by approximately $318.9 million and $324.7 million, respectively. The Company has not experienced any losses to date and performs ongoing evaluations of these financial institutions to limit the Company’s concentration of risk exposure.

Restricted Cash

Restricted cash consists of cash held as collateral in the event of default as required by certain health plan contracts

Investments in Marketable Securities

Investments in marketable securities consist of equity securities and certificates of deposit with various financial institutions. The appropriate classification of investments is determined at the time of purchase and such designation is reevaluated at each balance sheet date. Certificates of deposit in investments in marketable securities are reported at par value, plus accrued interest, with maturity dates greater than ninety days. Equity securities are reported at fair value. These securities are classified as Level 1 in the valuation hierarchy, where quoted market prices from reputable third-party brokers are available in an active market and unadjusted. Equity securities with low trading volume are determined to not have an active market with buyers and sellers ready to trade. Accordingly, the Company classifies such equity securities as Level 2 in the valuation hierarchy, and their valuation is based on weighted-average share prices from observable market data.

Receivables, Receivables – Related Parties, Other Receivables, Loan Receivable, and Loan Receivable - Related Party

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

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

The Company’s loan receivable and loan receivable - related party consists of promissory notes that accrue interest per annum. As of December 31, 2023, promissory notes are expected to be collected by their maturity date.

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

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

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

Concentrations of Credit Risks

The Company disaggregates revenue from contracts by service type and payer type. This level of detail provides useful information pertaining to how the Company generates revenue by significant revenue stream and by type of direct contracts. The consolidated statements of income present disaggregated revenue by service type. The following table presents disaggregated revenue generated by each payer type (in thousands):

	Years Ended December 31,		
	2023	2022	2021
Commercial	$ 167,048	$ 171,723	$ 138,333
Medicare	901,322	633,463	307,286
Medicaid	266,093	280,083	283,311
Other third parties	52,198	58,894	44,985
Revenue	$ 1,386,661	$ 1,144,163	$ 773,915

The Company had major payers from its Care Partners segment that contributed the following percentages of net revenue:

	Years Ended December 31,		
	2023	2022	2021
Payer A	*%	*%	15.3 %
Payer B	38.8 %	34.2%	11.9 %
Payer C	10.1 %	*%	*%
Payer D	*%	*%	12.5 %

* Less than 10% of total net revenues

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

	As of December 31,	
	2023	2022
Payer B	36.0 %	26.0 %
Payer E	41.0 %	52.0 %

Land, Property, and Equipment, Net

Land is carried at cost and is not depreciated as it is considered to have an indefinite useful life.

Property and equipment, including leasehold improvements, are carried at cost less accumulated depreciation and amortization. Depreciation is provided principally on the straight-line method over the estimated useful lives of the assets ranging from three to thirty-nine years. Leasehold improvements are amortized on a straight-line basis over the shorter of the terms of the respective leases or the expected useful lives of those improvements.

Maintenance and repairs are charged to expense as incurred. Upon sale or retirement, the asset cost and related accumulated depreciation and amortization are removed from the accounts, and any related gain or loss is included in the determination of consolidated net income.

Fair Value Measurements of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, fiduciary cash, investment in marketable securities, receivables, loans receivable, accounts payable, certain accrued expenses, finance lease obligations, long-term debt, and certain other liabilities. The carrying values of the financial instruments classified as current in the accompanying consolidated balance sheets are considered to be at their fair values, due to the short maturity of these instruments. The carrying amounts of finance lease obligations and long-term debt approximate fair value as they bear interest at rates that approximate current market rates for debt with similar maturities and credit quality.

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurement* ("ASC 820"), applies to all financial assets and financial liabilities that are measured and reported on a fair value basis and requires disclosure that establishes a framework for measuring fair value and expands disclosure about fair value measurements. ASC 820 establishes a fair value hierarchy for disclosure of the inputs to valuations used to measure fair value.

This hierarchy prioritizes the inputs into three broad levels as follows:

Level 1 —Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 —Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates and yield curves), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 —Unobservable inputs that reflect assumptions about what market participants would use in pricing the asset or liability. These inputs would be based on the best information available, including the Company's own data.

There have been no changes in Level 1, Level 2, or Level 3 classification and no changes in valuation techniques for these assets and liabilities for the years ended December 31, 2023 and 2022.

Intangible Assets and Long-Lived Assets

Intangible assets with finite lives include network-payer relationships, management contracts, member relationships, subscriber relationships, and developed technology and are stated at cost, less accumulated amortization, and impairment losses. These intangible assets are amortized using the accelerated method based on the discounted cash flow rate or using the straight-line method.

Intangible assets with finite lives also include a patient management platform, as well as trade names and trademarks, whose valuations were determined using the cost to recreate method and the relief from royalty method, respectively. These assets are stated at cost, less accumulated amortization, and impairment losses, and are amortized using the straight-line method.

Finite-lived intangibles and other long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the expected future cash flows from the use of such assets (undiscounted and without interest charges) are less than the carrying value, a write-down would be recorded to reduce the carrying value of the asset to its estimated fair value. Fair value is determined based on appropriate valuation techniques.

Goodwill and Indefinite-Lived Intangible Assets

Under ASC 350, *Intangibles – Goodwill and Other,* goodwill and indefinite-lived intangible assets are reviewed at least annually for impairment under a two step process.

- Step 1— Under a qualitative assessment, determine if there are indicators of impairment. If so, proceed to Step 2.
- Step 2 — Under a quantitative assessment, if the fair value of each reporting unit is less than its carrying value, there is an impairment.

The Company may also elect to skip the qualitative testing and proceed directly to quantitative testing. The Company'sfour reporting units consist of the following:

- Care Partners – IPA;
- Care Partners – ACO;
- Care Delivery; and
- Care Enablement.

An impairment loss is recognized if the carrying value of a reporting unit exceeds its fair value. If this event arises, the impairment loss recorded is equal to the excess of the carrying value of the reporting unit over its fair value.

At least annually, indefinite-lived intangible assets are tested for impairment. Impairment for intangible assets with indefinite lives exists if the carrying value of the intangible asset exceeds its fair value. The fair values of indefinite-lived intangible assets are determined using valuation techniques based on estimates, judgments, and assumptions management believes are appropriate in the circumstances.

The Company had no impairment of its goodwill or indefinite-lived intangible assets during the years ended December 31, 2023, 2022 and 2021.

Investments in Other Entities – Equity Method

The Company accounts for certain investments using the equity method of accounting when it is determined that the investment provides the Company with the ability to exercise significant influence, but not control, over the investee. Significant influence is generally deemed to exist if the Company has an ownership interest in the voting stock of the investee of between 20% and 50%, although other factors, such as representation on the investee's board of directors, are considered in determining whether the equity method of accounting is appropriate. Under the equity method of accounting, the investment, originally recorded at cost, is adjusted to recognize the Company's share of net earnings or losses of the investee and is recognized in the accompanying consolidated statements of income under "Income (loss) from equity method investments" and also is adjusted by contributions to and distributions from the investee.

Investments in Privately Held Entities

The Company accounts for certain investments using the cost method of accounting when it is determined that the investment provides the Company with little or no influence over the investee. Under the cost method of accounting, the investment is measured at cost, adjusted for observable price changes and impairments, with changes recognized in net income. The investments in privately held entities that do not report net asset value are subject to qualitative assessment for indicators of impairments.

Medical Liabilities

The Company's Care Partners segment is responsible for integrated care that the associated physicians and contracted hospitals provide to their enrollees. The Company's Care Partners segment provides integrated care to HMOs, Medicare, and Medi-Cal enrollees through a network of contracted providers under sub-capitation and direct patient service arrangements. Medical costs for professional and institutional services rendered by contracted providers are recorded as cost of services, excluding depreciation and amortization, in the accompanying consolidated statements of income.

An estimate of amounts due to contracted physicians, hospitals, and other professional providers is included in medical liabilities in the accompanying consolidated balance sheets. Medical liabilities include claims reported as of the balance sheet date and estimated IBNR claims. Such estimates are developed using actuarial methods and are based on numerous variables, including the utilization of healthcare services, historical payment patterns, cost trends, product mix, seasonality, changes in membership, and other factors. The estimation methods and the resulting reserves are periodically reviewed and updated. Many of the medical contracts are complex in nature and may be subject to differing interpretations regarding amounts due for the provision of various services. Such differing interpretations may not come to light until a substantial period of time has passed following the contract implementation.

Fiduciary Cash and Payable

The Company's Care Partner segment collects cash from health plans on behalf of their sub-IPAs and providers and passes the money through to them.The fiduciary cash balance of $7.7 million and $8.1 million as of December 31, 2023 and 2022, respectively, is presented within prepaid expenses and other current assets and the related payable is presented as fiduciary payable in the accompanying consolidated balance sheets.

Revenue Recognition

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

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

Revenue primarily consists of the following:

- Capitation revenue;
- Risk pool settlements and incentives;
- GPDC/ACO REACH capitation revenue;
- Management fee income; and
- FFS revenue.

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

<u>Nature of Services and Revenue Streams</u>

Revenue primarily consists of capitation revenue, risk pool settlements and incentives, GPDC/ACO REACH capitation revenue, management fee income, and FFS revenue. Revenue is recorded in the period in which services are rendered or the period in which the Company is obligated to provide services. The form of billing and related risk of collection for such services may vary by type of revenue and the customer. The following is a summary of the principal forms of the Company's billing arrangements and how revenue is recognized for each.

Capitation, Net

Managed care revenues of the Company consist primarily of capitated fees for medical services provided by the Company under a capitated arrangement directly made with various managed care providers, including HMOs. Capitation revenue is typically prepaid monthly to the Company based on the number of enrollees selecting the Company as their healthcare provider. Capitation revenue is recognized in the month in which the Company is obligated to provide services to plan enrollees under contracts with various health plans. Minor ongoing adjustments to prior months' capitation, primarily arising from contracted HMOs finalizing their monthly patient eligibility data for additions or subtractions of enrollees, are recognized in the month they are communicated to the Company. Additionally, Medicare pays capitation using a "Risk Adjustment" model, which compensates managed care organizations and providers based on the health status (acuity) of each individual enrollee. Health plans and providers with higher acuity enrollees will receive more and those with lower acuity enrollees will receive less. Under Risk Adjustment, capitation is determined based on health severity, measured using patient encounter data. Capitation is paid on a monthly basis based on data submitted for the enrollee for the preceding year and is adjusted in subsequent periods after the final data is compiled. Positive or negative capitation adjustments are made for Medicare enrollees with conditions requiring more or fewer healthcare services than assumed in the interim payments. Since the Company cannot reliably predict these adjustments, periodic changes in capitation amounts earned as a result of Risk Adjustment are recognized when those changes are communicated by the health plans to the Company.

Per member per month ("PMPM") managed care contracts generally have a term of one year or longer. The Company assesses the profitability of its managed care contracts to identify contracts where current operating results or forecasts indicate probable future losses. If anticipated future variable costs exceed anticipated future revenues, a premium deficiency reserve is recognized. No premium deficiency reserves were recorded as of December 31, 2023. All managed care contracts have a single performance obligation that constitutes a series for the provision of managed healthcare services for a population of enrolled members for the duration of the contract. The transaction price for PMPM contracts is variable as it primarily includes PMPM fees associated with unspecified membership that fluctuates throughout the contract. In certain contracts, PMPM fees also include adjustments for items such as performance incentives, performance guarantees, and risk sharing. The Company generally estimates the transaction price using the most likely amount methodology and amounts are only included in the net transaction price to the extent that it is probable that a significant reversal of cumulative revenue will not occur once any uncertainty is resolved. The majority of the Company's net PMPM transaction price relates specifically to the Company's efforts to transfer the service for a distinct increment of the series (e.g., day or month) and is recognized as revenue in the month in which members are entitled to service.

GPDC/ACO REACH Capitation Revenue

CMS contracts with ACOs, which are composed of healthcare providers operating under a common legal structure and accept financial accountability for the overall quality and cost of medical care furnished to Medicare FFS beneficiaries aligned to the entity. The combination of the FFS model and the GPDC/ACO REACH model changes the distribution of responsibilities, risks, costs, and rewards among CMS, ACOs and providers. By entering into a contract with CMS, an ACO voluntarily takes on operational, financial, and legal responsibilities and risks that no party has, individually or collectively, under the existing FFS model. Each ACO bears the economic costs, and reaps the economic rewards, of fulfilling its responsibilities and managing its risks as an ACO. APAACO has participated in ACO REACH, and its predecessor model, Global and Professional Direct Contracting Model ("GPDC Model"), since January 1, 2022.

For each performance year, CMS will pay a total benchmark amount, determined unilaterally by CMS in advance but subject to prospective adjustments throughout the year, for the totality of care provided to the ACO's population of aligned beneficiaries over the course of that year. The benchmark is net of a quality withholding applied by CMS. At the end of each performance year, a portion, or all, of the quality withholding can be earned based on APAACO's performance. ACO REACH capitation revenue is recognized based on the estimated transaction price to transfer the service for a distinct increment of the series (i.e., month) and is recognized net of quality incentives/penalties. ACO REACH capitation revenue is recognized in the accompanying consolidated statements of income under capitation, net.

Risk Pool Settlements and Incentives

Certain IPAs enter into hospital shared-risk capitation arrangements with certain health plans and local hospitals, where the hospital is responsible for providing, arranging and paying for institutional risk and the IPA is responsible for providing, arranging, and paying for professional risk. Under a hospital shared-risk pool-sharing agreement, the IPA generally receives a percentage of the net surplus from the affiliated hospital's risk pools with HMOs after deductions for the affiliated hospital's costs. Advance settlement payments are typically made quarterly in arrears if there is a surplus. The Company's risk pool settlements under arrangements with health plans and hospitals are recognized using the most likely amount methodology and amounts are only included in revenue to the extent that it is probable that a significant reversal of cumulative revenue will not occur once any uncertainty is resolved. The assumptions for historical margin, IBNR completion factors, and constraint percentages were used by management in applying the most likely amount methodology.

Under capitated arrangements with certain HMOs, certain IPAs participate in one or more health plan shared-risk arrangements relating to the provision of institutional services to enrollees and thus can earn additional revenue or incur losses based upon the enrollee utilization of institutional services. Health plan shared-risk arrangements are entered into with certain health plans, which are administered by the health plan, where the IPA is responsible for rendering professional services, but the health plan does not enter into a capitation arrangement with a hospital and therefore the health plan retains the institutional risk. Health plan shared-risk deficits, if any, are not payable until and unless (and only to the extent) risk-sharing surpluses are generated. At the termination of the HMO contract, any accumulated deficit will be extinguished.

The Company's risk pool settlements under arrangements with HMOs are recognized, using the most likely methodology, and only included in revenue to the extent that it is probable that a significant reversal of cumulative revenue will not occur. Given the lack of access to the health plans' data and control over the members assigned to the IPA, the adjustments and/or the withheld amounts are unpredictable and as such, the IPA's risk-share revenues are deemed to be fully constrained until they are notified of the amount by the health plan. Final settlement of risk pools for prior contract years generally occur in the third or fourth quarter of the following year.

In addition to risk-sharing revenues, the Company also receives incentives under "pay-for-performance" programs for quality medical care, based on various criteria. As an incentive to promote quality care, certain HMOs have designed quality incentive programs and commercial generic pharmacy incentive programs to compensate the Company for its efforts to improve the quality of services and efficient and effective use of pharmacy supplemental benefits provided to HMO members. The incentive programs track specific performance measures and calculate payments to the Company based on the performance measures. The Company's incentives under "pay-for-performance" programs are recognized using the most likely methodology. However, as the Company does not have sufficient insight from the health plans on the amount and timing of the health plan shared-risk pool and incentive payments, these amounts are considered to be fully constrained and only recorded when such payments are known and/or received.

Generally, for the foregoing arrangements, the final settlement is dependent on each distinct day's performance within the annual measurement period but cannot be allocated to specific days until the full measurement period has occurred and performance can be assessed. As such, this is a form of variable consideration estimated at contract inception and updated through the measurement period (i.e., the contract year), to the extent the risk of reversal does not exist and the consideration is not constrained.

NGACO AIPBP Revenue

Under the NGACO Model, CMS aligned beneficiaries to the Company to manage direct care and pay providers based on a budgetary benchmark established with CMS. The Company was responsible for managing medical costs for these beneficiaries. The beneficiaries received services from physicians and other medical service providers that were both in-network and out-of-network. The Company received capitation-like All Inclusive Population Based Payment ("AIPBP") payments from CMS on a monthly basis to pay claims from in-network providers. The Company recorded such AIPBPs received from CMS as revenue as the Company was primarily responsible and liable for managing the patient care and for satisfying provider obligations, was assuming the credit risk for the services provided by in-network providers through its arrangement with CMS, and had control of the funds, the services provided and the process by which the providers were ultimately paid. Claims from out-of-network providers were processed and paid by CMS, while claims from APAACO's in-network contracted providers were paid by APAACO. The Company's shared savings or losses in managing the services provided by out-of-network providers were generally determined on an annual basis after reconciliation with CMS. Pursuant to the Company's risk share agreement with CMS, the Company was eligible to receive the savings or was liable for the deficit according to the budget established by CMS based on the Company's efficiency in managing how the beneficiaries aligned to the Company by CMS were served by in-network and out-of-network providers. The Company's savings or losses on providing such services were both capped by CMS, and were subject to significant estimation risk, whereby payments would vary significantly depending upon certain patient characteristics and other variable factors. Accordingly, the Company recognized such surplus or deficit upon substantial completion of reconciliation and determination of the amounts. The Company recorded NGACO AIPBP revenues monthly. Excess AIPBPs over claims paid, plus an estimate for the related IBNR claims were deferred and recorded as a liability until actual claims were paid or incurred. CMS determined if there were any excess AIPBPs for the performance year and the excess was refunded to CMS.

For each performance year, CMS paid the Company in accordance with the alternative payment mechanism, if any, for which CMS had approved the Company; the risk arrangement for which the Company has been approved by CMS, and was otherwise provided in an NGACO Participation Agreement between APAACO and CMS (the "Participation Agreement"). Following the end of each performance year and at such other times as would be required under the Participation Agreement, CMS would issue a settlement report to the Company setting forth the amount of any shared savings or shared losses and the amount of other monies. If CMS owed the Company shared savings or other monies, CMS would pay the Company in full within 30 days after the date on which the relevant settlement report was deemed final, except as provided in the Participation Agreement. If the Company owed CMS shared losses or other monies owed as a result of a final settlement, the Company would pay CMS in full within 30 days after the relevant settlement report was deemed final. If the Company failed to pay the amounts due to CMS in full within 30 days after the date of a demand letter or settlement report, CMS would assess simple interest on the unpaid balance at the rate applicable to other Medicare debts under current provisions of law and applicable regulations. In addition, CMS and the U.S. Department of the Treasury would use any applicable debt collection tools available to collect any amounts owed by the Company.

The Company participated in the AIPBP track of the NGACO Model. Under the AIPBP track, CMS estimated the total annual expenditures for APAACO's assigned patients and paid that projected amount to the Company in monthly installments, and the Company was responsible for all Part A and Part B costs for in-network participating providers and preferred providers contracted by the Company to provide services to the assigned patients.

As APAACO did not have sufficient insight into the financial performance of the shared risk pool with CMS because of unknown factors related to IBNR claims, risk adjustment factors, and stop-loss provisions, among other factors, an estimate couldn't be developed. Due to these limitations, APAACO could not determine the amount of surplus or deficit that would likely be recognized in the future and therefore this shared risk pool revenue was considered fully constrained. With the ending of the NGACO Model on December 31, 2021, the Company no longer received AIPBPs but remained eligible to recognize any shared savings or loss for performance year 2021 upon issuance of the settlement report from CMS. Pursuant to the Participation Agreement, the Company recognized $48.8 million related to savings from the 2021 performance year as revenue in risk pool settlements and incentives in the accompanying consolidated statements of income for the year ended December 31, 2022.

Management Fee Income

Management fee income encompasses fees paid for management, physician advisory, healthcare staffing, administrative, and other non-medical services provided by the Company to IPAs, hospitals, and other healthcare providers. Such fees may be in the form of billings at agreed-upon hourly rates, percentages of gross revenue or fee collections, or amounts fixed on a monthly, quarterly, or annual basis. The revenue may include variable arrangements measuring factors, such as hours staffed, patient visits, or collections per visit, against benchmarks, and, in certain cases, may be subject to achieving quality metrics or fee collections. The Company recognizes such variable supplemental revenues in the period when such amounts are determined to be fixed and therefore contractually obligated as payable by the customer under the terms of the applicable agreement.

The Company provides a significant service of integrating the services selected by the Company's clients into one overall output for which the client has contracted. Therefore, such management contracts generally contain a single performance obligation. The nature of the Company's performance obligation is to stand ready to provide services over the contractual period. Also, the Company's performance obligation forms a series of distinct periods of time over which the Company stands ready to perform. The Company's performance obligation is satisfied as the Company completes each period's obligations.

Consideration from management contracts is variable in nature because the majority of the fees are generally based on revenue or collections, which can vary from period to period. The Company has control over pricing. Contractual fees are invoiced to the Company's clients generally monthly and payment terms are typically due within 30 days. The variable consideration in the Company's management contracts meets the criteria to be allocated to the distinct period of time to which it relates because (i) it is due to the activities performed to satisfy the performance obligation during that period and (ii) it represents the consideration to which the Company expects to be entitled.

The Company's management contracts generally have terms ranging from one to thirty years, although they may be terminated earlier under the terms of the applicable contracts. Since the remaining variable consideration will be allocated to a wholly unsatisfied promise that forms part of a single performance obligation recognized under the series guidance, the Company has applied the optional exemption to exclude disclosure of the allocation of the transaction price to remaining performance obligations.

Fee-for-Service Revenue

FFS revenue represents revenue earned under contracts in which the professional component of charges for medical services rendered by the Company's affiliated physician-owned medical groups are billed and collected from third-party payers, hospitals, and patients. FFS revenue related to patient care services is reported net of contractual allowances and policy discounts and is recognized in the period in which the services are rendered to specific patients. All services provided are expected to result in cash flows and are therefore reflected as net revenue in the consolidated financial statements. The recognition of net revenue (gross charges, less contractual allowances) from such services is dependent on such factors as proper completion of medical charts following a patient visit, the forwarding of such charts to the Company's billing center for medical coding and entering into the Company's billing system and the verification of each patient's submission or representation at the time services are rendered as to the payer(s) responsible for payment of such services. Revenue is recorded based on the information known at the time of entering such information into the Company's billing systems, as well as an estimate of the revenue associated with medical services.

The Company is responsible for confirming member eligibility, performing program utilization review, potentially directing payment to the provider and accepting the financial risk of loss associated with services rendered, as specified within the Company's client contracts. The Company has the ability to adjust contractual fees with clients and possesses the financial risk of loss in certain contractual obligations. These factors indicate the Company is the principal and, as such, the Company records gross fees contracted with clients in revenues.

Consideration from FFS arrangements is variable in nature because fees are based on patient encounters, credits due to clients, and reimbursement of provider costs, all of which can vary from period to period. Patient encounters and related episodes of care and procedures qualify as distinct goods and services, provided simultaneously together with other readily available resources, in a single instance of service, and thereby constitute a single performance obligation for each patient encounter and, in most instances, occur at readily determinable transaction prices. As a practical expedient, the Company adopted a portfolio approach for the FFS revenue stream to group together contracts with similar characteristics and analyze historical cash collection trends. The contracts within the portfolio share the characteristics conducive to ensuring that the results do not materially differ under the new standard if it were to be applied to individual patient contracts related to each patient encounter.

Estimating net FFS revenue is a complex process, largely due to the volume of transactions, the number and complexity of contracts with payers, the limited availability at times of certain patient and payer information at the time services are provided, and the length of time it takes for collections to fully mature. These expected collections are based on fees and negotiated payment rates in the case of third-party payers, the specific benefits provided for under each patient's healthcare plans, mandated payment rates in the case of Medicare and Medicaid programs, and historical cash collections (net of recoveries) in combination with expected collections from third-party payers.

The relationship between gross charges and the transaction price recognized is significantly influenced by payer mix, as collections on gross charges may vary significantly, depending on whether the patients, to whom services are provided, in the period are insured and the contractual relationships with those payers. Payer mix is subject to change as additional patient and payer information is obtained after the period services are provided. The Company periodically assesses the estimates of unbilled revenue, contractual adjustments and discounts, and payer mix by analyzing actual results, including cash collections, against estimates. Changes in these estimates are charged or credited to the consolidated statements of income in the period that the assessment is made. Significant changes in payer mix, contractual arrangements with payers, specialty mix, acuity, general economic conditions, and healthcare coverage provided by federal or state governments or private insurers may have a significant impact on estimates and significantly affect the results of operations and cash flows.

Contract Assets

Revenues and receivables are recognized once the Company has satisfied its performance obligation. Accordingly, contract assets are comprised of receivables and receivables - related parties.

The Company's billing and accounting systems provide historical trends of cash collections and contractual write-offs, accounts receivable aging, and established fee adjustments from third-party payers. These estimates are recorded and monitored monthly as revenues are recognized. The principal exposure for uncollectible fees for service visits is from self-pay patients and, to a lesser extent, for co-payments and deductibles from patients with insurance.

Contract Liabilities (Deferred Revenue)

Contract liabilities are recorded when cash payments are received in advance of the Company's performance. As of December 31, 2023, the Company's contract liability balance was $0.7 million. The Company's contract liability was $0.5 million as of December 31, 2022. Approximately $0.5 million of the Company's contract liability accrued in 2022 has been recognized as revenue during the year ended December 31, 2023. Contract liability is presented within accounts payable and accrued expenses in the accompanying consolidated balance sheets.

Income Taxes

Income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period of enactment. The Company records a valuation allowance to reduce deferred tax assets to an amount for which realization is more likely than not.

The Company recognizes the tax benefit from an uncertain tax position if it is more likely than not that the tax position will be sustained upon examination by the tax authorities, based on the merits of the position. The Company's policy is to recognize interest and penalties related to the underpayment of income taxes as a component of income tax expense or benefit. To date, there have been no interest or penalties incurred in relation to the unrecognized tax benefits.

Share-Based Compensation

The Company maintains a stock-based compensation program for employees, non-employees, directors, and consultants. From time to time, the Company issues shares of its common stock to its employees, directors, and consultants, which shares may be subject to the Company's repurchase right (but not obligation), that vests based on time-based and/or performance-based vesting schedules. The value of share-based awards is recognized as compensation expense and adjusted for forfeitures as they occur. Compensation expenses for time-based awards are recognized on a cumulative straight-line basis over the vesting period of the awards. Share-based awards with performance conditions are recognized to the extent the performance conditions are probable of being achieved. Compensation expenses for performance-based awards are recognized on an accelerated attribution method. The grant date fair value of the restricted stock awards is the grant date's closing market price of the Company's common stock. The fair value of options granted is determined using the Black-Scholes option pricing model and includes several assumptions, including expected term, expected volatility, expected dividends, and risk-free rates. The expected term is presumed to be the midpoint between the vesting date and the end of the contractual term. The expected stock price volatility is determined based on an average of historical volatility. The expected dividend yield is based on the Company's expected dividend payouts. The risk-free interest rate is based on the U.S. Constant Maturity curve over the expected term of the option at the time of grant.

Basic and Diluted Earnings Per Share

Basic earnings per share ("EPS") is computed by dividing net income attributable to holders of the Company's common stock by the weighted-average number of shares of common stock outstanding during the periods presented. Diluted earnings per share is computed using the weighted-average number of shares of common stock outstanding, plus the effect of dilutive securities outstanding during the periods presented, using the treasury stock method. Refer to Note 17 — "Earnings Per Share" for a discussion of shares treated as treasury shares for accounting purposes.

Non-controlling Interests

The Company consolidates entities in which the Company has a controlling financial interest. The Company consolidates subsidiaries in which the Company holds, directly or indirectly, more than 50% of the voting rights, and VIEs in which the Company is the primary beneficiary. Non-controlling interests represent third-party equity ownership interests (including equity ownership interests held by certain VIEs) in the Company's consolidated entities. Net income attributable to non-controlling interests is disclosed in the consolidated statements of income.

Mezzanine Equity

Pursuant to APC's shareholder agreements, in the event of a disqualifying event, as defined in the agreements, APC could be required to repurchase its shares from the respective shareholders based on certain triggers outlined in the shareholder agreements. As the redemption feature of the shares is not solely within the control of APC, the equity of APC does not qualify as permanent equity and has been classified as mezzanine or temporary equity. Accordingly, the Company recognizes non-controlling interests in APC as mezzanine equity in the consolidated financial statements. As of December 31, 2023 and 2022, APC's shares were not redeemable nor was it probable the shares would become redeemable.

Leases

The Company determines if an arrangement is a lease at its inception. The expected term of the lease used for computing the lease liability and right-of-use asset and determining the classification of the lease as operating or financing may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. The Company elected practical expedients for ongoing accounting that is provided by the standard comprised of the following:

- The election for classes of underlying assets to not separate non-lease components from lease components, and

- The election for short-term lease recognition exemption for all leases under twelve-month terms.

The present value of the lease payments is calculated using a rate implicit in the lease, when readily determinable. However, as most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate to determine the present value of the lease payments for the majority of its leases.

Beneficial Interest

In April 2020, APC received a beneficial interest as a result of selling one of its equity method investments, pursuant to the terms of the stock purchase agreement. The estimated fair value of such interest in April 2020 was $15.7 million. In 2021, the beneficial interest was determined to not be collectible and the $15.7 million was written off and expensed in other income (expense) in the accompanying consolidated statements of income for the year ended December 31, 2021.

Recent Accounting Pronouncements Not Yet Adopted

In November 2023, the Financial Standards Accounting Board (FASB) issued Accounting Standards Update (ASU) 2023-07 "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" which expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for the Company's annual periods beginning January 1, 2024, and for interim periods beginning January 1, 2025, with early adoption permitted. The Company is currently evaluating the potential effect that the updated standard will have on its financial statement disclosures.

In December 2023, the FASB issued ASU 2023-09 "Income Taxes (Topics 740): Improvements to Income Tax Disclosures" to expand the disclosure requirements for income taxes, specifically related to the rate reconciliation and income taxes paid. ASU 2023-09 is effective for the Company's annual periods beginning January 1, 2025, with early adoption permitted. The Company is currently evaluating the potential effect that the updated standard will have on its financial statement disclosures.

3. Business Combinations, Asset Acquisitions, and Goodwill

Texas Independent Providers, LLC ("TIP")

On September 1, 2023, the Company acquired certain assets relating to TIP. The acquired assets allow the Company to provide high-quality care services to Medicare Advantage patients in Texas. The purchase price consisted of cash funded on September 1, 2023.

For Your Benefit, Inc. ("FYB")

On May 1, 2023, the Company acquired 100% of the equity interest in FYB. FYB is licensed by the California Department of Managed Health Care as a full-service Restricted Knox-Keene licensed health plan to serve Medicare Advantage members only in designated California counties. As a Restricted Knox-Keene licensed health plan, FYB is not permitted to market directly to Medicare beneficiaries, but rather, contracts with "upstream" Medicare Advantage payer plans on a "global capitation" basis, which enables FYB to assume full financial responsibility, including both professional and institutional risk, for the medical costs of its Medicare Advantage members under the Knox-Keene Health Care Service Plan Act of 1975.

Chinese Community Health Care Association ("CCHCA")

On March 1, 2023, the Company acquired certain healthcare assets from CCHCA. The acquired assets allow the Company to provide high-quality care to more patients in the San Francisco Community. The purchase price consisted of cash funded on May 1, 2023.

All American Medical Group ("AAMG")

On October 31, 2022, Astrana Care Partners Medical Corporation ("Astrana Care Partners Medical"), formerly known as AP-AMH 2 Medical Corporation, a consolidated VIE of the Company, acquired 100% of the equity interest in AAMG. AAMG is an IPA operating in Northern California. The purchase price consisted of cash funded upon close of the transaction and additional consideration ("AAMG contingent consideration") and stock consideration ("AAMG stock contingent consideration") contingent on AAMG meeting revenue and capitated member metrics for fiscal year 2023 and 2024. The fair value of the AAMG contingent consideration and AAMG stock contingent consideration on the date of acquisition was $5.9 million and $5.6 million, respectively. Refer to Note 21 - "Fair Value Measurements of Financial Instruments" for additional information on contingent considerations.

Valley Oaks Medical Group ("VOMG")

On October 14, 2022, one of the Company's key personnel acquired 100% of the equity interest in VOMG, resulting in the Company consolidating VOMG as a VIE. VOMG owns primary care clinics in Nevada and Texas. The purchase price consists of cash funded upon the close of transaction and additional cash consideration ("VOMG contingent consideration") contingent on VOMG meeting financial metrics for fiscal years 2023 and 2024. Refer to Note 21 - "Fair Value Measurements of Financial Instruments" for additional information on contingent considerations.

Jade Health Care Medical Group, Inc. ("Jade")

On April 19, 2022, the Company acquired 100% of the capital stock of Jade. The purchase was paid in cash. Jade is a primary and specialty care physicians' group focused on providing high-quality care to its patients in the San Francisco Bay Area in Northern California.

Orma Health, Inc., and Provider Growth Solutions LLC (together, "Orma Health")

On January 27, 2022, the Company acquired 100% of the capital stock of Orma Health, Inc., and Provider Growth Solutions, LLC (together, "Orma Health"). The purchase was paid in cash and in the Company's capital stock. Orma Health's real-time Clinical AI platform ingests data from multiple sources and utilizes advanced risk-stratification models to identify patients for various clinical programs, including remote patient monitoring ("RPM"), mental health support, chronic care management, and more. Its clinical platform is also deeply integrated with Orma Health's proprietary RPM ecosystem, which consists of smart health devices and a suite of technology tools to manage patient health.

The acquisitions were accounted for under the acquisition method of accounting. The fair value of the consideration for the acquired companies were allocated to acquired tangible and intangible assets and liabilities based upon their fair values. The excess of the purchase consideration over the fair value of the net tangible and identifiable intangible assets acquired was recorded as goodwill. The determination of the fair value of assets and liabilities acquired requires the Company to make estimates and use valuation techniques when market value is not readily available. The results of operations of the acquisitions have been included in the Company's consolidated financial statements from the date of acquisition. Transaction costs associated with business acquisitions are expensed as they are incurred.

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

Goodwill is not deductible for tax purposes.

The change in the carrying value of goodwill for the years ended December 31, 2023 and 2022 was as follows (in thousands):

	Amount
Balance at January 1, 2022	$ 246,416
Acquisitions	21,486
Adjustments	1,151
Balance at December 31, 2022	269,053
Acquisitions	7,866
Adjustments	1,912
Balance at December 31, 2023	$ 278,831

4. Land, Property, and Equipment, Net

Land, property, and equipment, net consisted of (in thousands):

	Useful Life (Years)	December 31, 2023	December 31, 2022
Land*	N/A	$ —	$ 32,288
Buildings*	5 - 39	—	58,451
Computer software	3 - 5	4,923	4,731
Furniture and equipment	3 - 7	18,854	17,161
Construction in progress*	N/A	340	12,801
Leasehold improvements	3 - 39	5,930	7,151
		30,047	132,583
Less accumulated depreciation and amortization		(22,876)	(24,047)
Land, property, and equipment, net		$ 7,171	$ 108,536

*Certain land, property, and equipment, net that were deemed Excluded Assets that are solely for the benefit of APC and its common shareholders were spun-off as part of the Spin-Off. Refer to Note 1 — "Description of Business" to the consolidated financial statements for information on the Spin-Off.

As of December 31, 2023 and 2022, the Company had finance leases totaling $1.7 million and $1.8 million, respectively, included in land, property, and equipment, net in the accompanying consolidated balance sheets.

Depreciation expense was $5.1 million, $3.7 million and $2.1 million for the years ended December 31, 2023, 2022 and 2021, respectively, which is included in depreciation and amortization in the accompanying consolidated statements of income.

5. Intangible Assets, Net

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

	Useful Life (Years)	Gross January 1, 2023	Additions	Impairment/ Disposal	Gross December 31, 2023	Accumulated Amortization	Net December 31, 2023
Indefinite lived assets:							
Trademarks	N/A	$ 2,150	$ —	$ —	$ 2,150	$ —	$ 2,150
Amortized intangible assets:							
Network relationships	11-21	150,679	—	—	150,679	(104,859)	45,820
Management contracts	15	22,832	—	—	22,832	(16,662)	6,170
Member relationships	10-14	16,633	7,444	—	24,077	(7,345)	16,732
Patient management platform	5	2,060	—	—	2,060	(2,060)	—
Tradename/trademarks	20	1,011	—	—	1,011	(308)	703
Developed technology	6	107	—	—	107	(34)	73
		$ 195,472	$ 7,444	$ —	$ 202,916	$ (131,268)	$ 71,648

At December 31, 2022, intangible assets, net consisted of the following (in thousands):

	Useful Life (Years)	Gross January 1, 2022	Additions	Impairment/ Disposal	Gross December 31, 2022	Accumulated Amortization	Net December 31, 2022
Indefinite Lived Assets:							
Trademarks	N/A	$ 2,150	$ —	$ —	$ 2,150	$ —	$ 2,150
Amortized intangible assets:							
Network relationships	11-21	150,679	—	—	150,679	(95,451)	55,228
Management contracts	15	22,832	—	—	22,832	(15,208)	7,624
Member relationships	12	8,997	7,636	—	16,633	(5,619)	11,014
Patient management platform	5	2,060	—	—	2,060	(2,060)	—
Tradename/trademarks	20	1,011	—	—	1,011	(257)	754
Developed technology	6	—	107	—	107	(16)	91
		$ 187,729	$ 7,743	$ —	$ 195,472	$ (118,611)	$ 76,861

As of December 31, 2023, network relationships, management contracts, member relationships, tradename/trademarks, and developed technology had weighted-average remaining useful lives of 9.4 years, 6.5 years, 11.1 years, 13.9 years, and 4.1 years respectively. Total weighted-average remaining useful lives for all amortized intangible assets as of December 31, 2023 was 9.6 years. Amortization expense was $12.7 million, $13.7 million and $15.4 million for the years ended December 31, 2023, 2022, and 2021, respectively, which is included in depreciation and amortization in the accompanying consolidated statements of income.

There was no impairment loss recorded related to intangibles for the years ended December 31, 2023, 2022 and 2021.

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

	Amount
2024	$ 12,818
2025	11,661
2026	10,232
2027	8,794
2028	7,603
Thereafter	18,390
	$ 69,498

6. Investments in Other Entities

Equity Method

For the twelve months ended December 31, 2023 and 2022, the Company's equity method investment balance consisted of the following (in thousands):

	% of Ownership	December 31, 2022	Initial Investment	Allocation of Net Income (Loss)	Funding	Adjustment of Fair Value*	Distribution	December 31, 2023
LaSalle Medical Associates – IPA Line of Business	25%	$ 5,684	$ —	$ 4,182	$ —	$ —	$ —	$ 9,866
Pacific Medical Imaging & Oncology Center, Inc.	40%	1,878	—	(187)	—	—	—	1,691
531 W. College, LLC *	50%	17,281	—	(508)	700	91	(17,564)	—
One MSO, LLC *	50%	2,718	—	938	—	3,260	(6,916)	—
CAIPA MSO, LLC	30%	12,738	—	922	—	—	—	13,660
Other **	25%	—	325	232	—	—	—	557
		$ 40,299	$ 325	$ 5,579	$ 700	$ 3,351	$ (24,480)	$ 25,774

* Investments deemed Excluded Assets that are solely for the benefit of APC and its common shareholders. These Excluded Assets were spun-off on December 26, 2023 as part of the Spin-Off. On the date of distribution, the investments were recorded at fair value. The gain, representing the difference between the fair value and the carrying value of the investment, was $3.4 million and is presented within other income in the accompanying consolidated statement of net income. Refer to Note 1 — "Description of Business" to the consolidated financial statements for information on the Spin-Off.

** Other consists of smaller equity method investments.

	% of Ownership	December 31, 2021	Allocation of Net Income (Loss)	Funding Reclassified to Loan Receivable	Funding	Entity Consolidated	Distribution	December 31, 2022
LaSalle Medical Associates – IPA Line of Business	25%	$ 3,034	$ 4,775	$ (2,125)	$ —	$ —	$ —	$ 5,684
Pacific Medical Imaging & Oncology Center, Inc.	40%	1,719	159	—	—	—	—	1,878
531 W. College, LLC *	50%	17,230	(619)	—	670	—	—	17,281
One MSO, LLC *	50%	2,910	408	—	—	—	(600)	2,718
Tag-6 Medical Investment Group, LLC*	100%	4,830	153	—	1,435	(6,418)	—	—
CAIPA MSO, LLC	30%	11,992	746	—	—	—	—	12,738
		$ 41,715	$ 5,622	$ (2,125)	$ 2,105	$ (6,418)	$ (600)	$ 40,299

* Investments deemed Excluded Assets that are solely for the benefit of APC and its common shareholders. These Excluded Assets were spun-off on December 26, 2023 as part of the Spin-off. Refer to Note 1 — "Description of Business" to the consolidated financial statements for information on the Spin-Off.

Equity method investments are subject to impairment evaluation. There was no impairment loss recorded related to equity method investments for the years ended December 31, 2023, 2022, and 2021.

Investments in privately held entities that do not report net asset value

MediPortal, LLC

In May 2018, APC purchased 270,000 membership interests of MediPortal LLC, a New York limited liability company, for $0.4 million or $1.50 per membership interest, which represented approximately 2.8% ownership interest. In connection with the initial purchase, APC received a five-year warrant to purchase an additional 270,000 membership interests. A five-year option to purchase an additional 380,000 membership interests and a five-year warrant to purchase 480,000 membership interests were contingent upon the portal completion date. These warrants and options were not exercised and are expired as of December 31, 2023. As APC does not have the ability to exercise significant influence, and lacks control over the investee, this investment is accounted for using a measurement alternative, which allows the investment to be measured at cost, adjusted for observable price changes and impairments, with changes recognized in net income. During the years ended December 31, 2023 and 2022, there were no observable price changes to APC's investment.

AchievaMed

In July 2019, Astrana Health Management, Inc. ("AHM"), formerly known as Network Medical Management Inc., and AchievaMed, Inc., a California corporation ("AchievaMed"), entered into an agreement in which AHM would purchase 50% of the aggregate shares of capital stock of AchievaMed over a period of time not to exceed five years. As a result of this transaction, AHM invested $0.5 million for a 10% interest. The related investment balance of $0.5 million is included in investments in privately held entities in the accompanying consolidated balance sheets as of December 31, 2023. As AHM does not have the ability to exercise significant influence, and lacks control, over the investee, this investment is accounted for using a measurement alternative, which allows the investment to be measured at cost, adjusted for observable price changes and impairments, with changes recognized in net income. During the years ended December 31, 2023 and 2022, there were no observable price changes to AHM's investment.

Third Way Health, Inc.

In August 2022, the Company entered into a Simple Agreement for Future Equity ("SAFE") with Third Way Health, Inc. ("Third Way Health"). Based on certain triggering events defined in the SAFE, the Company has rights to Third Way Health's shares. The number of shares to be acquired will be calculated when the triggered event occurs. As of December 31, 2023 and 2022, the related investment balance of $3.5 million and $1.5 million, respectively, is included in investments in privately held entities in the accompanying consolidated balance sheets. As the Company does not have the ability to exercise significant influence, and lacks control, over the investee, this investment is accounted for using a measurement alternative, which allows the investment to be measured at cost, adjusted for observable price changes and impairments, with changes recognized in net income. During the years ended December 31, 2023 and 2022, there were no observable price changes to the Third Way Health investment.

Seen Health, Inc.

On April 1, 2023, the Company entered into a SAFE with Seen Health, Inc. ("Seen Health"). Based on certain triggering events defined in the SAFE, the Company has rights to Seen Health's shares. The number of shares to be acquired will be calculated when the triggering event occurs. As of December 31, 2023, the related investment balance of $2.0 million is included in investments in privately held entities in the accompanying consolidated balance sheets. As the Company does not have the ability to exercise significant influence, and lacks control, over the investee, this investment is accounted for using a measurement alternative, which allows the investment to be measured at cost, adjusted for observable price changes and impairments, with changes recognized in net income. During the year ended December 31, 2023, there were no observable price changes to the Seen Health investment.

7. Loan Receivable and Loan Receivable – Related Parties

Loans receivable

Pacific6

In October 2020, AHM received a promissory note from 6 Founder LLC, a California limited liability company doing business as Pacific6 Enterprises totaling $0.5 million as a result of the sale of the Company's interest in MWN. Interest accrues at a rate of 5% per annum and is payable monthly through the maturity date of December 1, 2023.

IntraCare

On July 27, 2023, the Company entered into a five-year convertible promissory note with IntraCare as the borrower. The principal on the note is $25.0 million, with interest on the outstanding principal amount and unpaid interest at a rate per annum equal to 8.81%, compounded annually. In the event that the convertible promissory note remains outstanding on or after the maturity date of July 27, 2028, the outstanding principal balance and any unpaid accrued interest shall, upon the election of the Company, convert into IntraCare preferred shares. As of December 31, 2023, the related note balance of $26.0 million is included in loan receivable, non-current in the accompanying consolidated balance sheets.

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

Loan receivable — related party

LaSalle Medical Associates Loan ("LMA Loan")

LaSalle Medical Associates ("LMA") issued a promissory note to APC-LSMA for a principal amount of $2.1 million with an August 2023 maturity date. The contractual interest rate on the LMA Loan is 1.0% above the prime rate of interest for commercial customers. In March 2023, LMA paid off the full balance of the promissory note and all interest. APC's investment in LMA is accounted for under the equity method based on the 25% equity ownership interest held by APC-LSMA in LMA's IPA line of business (see Note 6 — "Investments in Other Entities — Equity Method").

8. Accounts Payable and Accrued Expenses

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

	December 31, 2023	December 31, 2022
Accounts payable and other accruals	$ 9,075	$ 10,473
Capitation payable	4,503	4,229
Subcontractor IPA payable	2,529	2,415
Professional fees	4,407	2,709
Due to related parties	9,271	3,304
Contract liabilities	744	531
Accrued compensation	20,098	15,301
Other provider payable	9,322	10,600
Total accounts payable and accrued expenses	$ 59,949	$ 49,562

9. Medical Liabilities

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

	December 31, 2023	December 31, 2022
Medical liabilities, beginning of year	$ 81,255	$ 55,783
Acquired (see Note 3)	6,157	2,956
Components of medical care costs related to claims incurred:		
Current period	866,501	646,679
Prior periods	(13,566)	5,152
Total medical care costs	852,935	651,831
Payments for medical care costs related to claims incurred:		
Current period	(759,354)	(559,751)
Prior periods	(76,696)	(67,149)
Total paid	(836,050)	(626,900)
Adjustments	2,360	(2,415)
Medical liabilities, end of year	$ 106,657	$ 81,255

10. Credit Facility, Bank Loans, and Lines of Credit

Credit Facility

The Company’s debt balance consists of the following (in thousands):

	December 31, 2023	December 31, 2022
Revolver Loan	$ —	$ 180,000
Term Loan	280,000	—
Real Estate Loans*	—	23,168
Construction Loan *	—	4,159
Promissory Note Payable	2,000	—
Total debt	282,000	207,327
Less: Current portion of debt	(19,500)	(619)
Less: Unamortized financing costs	(3,561)	(3,319)
Long-term debt	$ 258,939	$ 203,389

*These loans are a component of Excluded Assets that are solely for the benefit of APC and its common shareholders.

The estimated fair value of the Company’s long-term debt was determined using Level 2 inputs primarily related to comparable market prices. As of December 31, 2023 and 2022, the carrying value was not materially different from fair value, as the interest rates on the Company’s debt approximated rates currently available to the Company.

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

		Amount
2024	$	19,500
2025		15,750
2026		21,000
2027		22,750
2028		203,000
Thereafter		—
Total	$	282,000

Credit Facility

Amended Credit Agreement

On June 16, 2021, the Company entered into an amended and restated credit agreement (as subsequently amended as described below, the "Amended Credit Agreement") with Truist Bank, in its capacity as administrative agent for the lenders, issuing bank, swingline lender and lender, and the banks and other financial institutions from time to time party thereto, to, among other things, amend and restate that certain credit agreement, dated September 11, 2019, by and among the Company, Truist Bank, and certain lenders thereto, in its entirety. The Amended Credit Agreement provides for a five-year revolving credit facility to the Company of $400.0 million ("Revolver Loan"), which includes a letter of credit sub-facility of up to $25.0 million and a swingline loan sub-facility of $25.0 million. As of December 31, 2023, the Company did not have any outstanding borrowings under the Revolver Loan.

On December 20, 2022, the Company entered into the First Amendment to the Amended Credit Agreement in which all amounts borrowed under the Amended Credit Agreement as of the effective date were automatically converted from LIBOR Loans to SOFR Loans with an initial interest period of one month on and as of the amendment effective date. Amounts borrowed under the Revolver Loan bear interest at an annual rate equal to either, at the Company's option, (a) the Term SOFR Reference Rate (as defined in the Amended Credit Agreement), adjusted for any Term SOFR Adjustment (as defined in the Amended Credit Agreement) plus a spread ranging from 1.25% to 2.50%, as determined on a quarterly basis based on the Company's Consolidated Total Net Leverage Ratio (as defined in the Amended Credit Agreement), or (b) a base rate, plus a spread ranging from 0.25% to 1.50%, as determined on a quarterly basis based on the Company's Consolidated Total Net Leverage Ratio.

On September 8, 2023, a Second Amendment to the Amended Credit Agreement was entered into which, among other things, (i) increased the letter of credit sub-facility from $25.0 million to $50.0 million; (ii) revised the form of compliance certificate required to be submitted by the Company to the lenders on a quarterly basis; and (iii) waived the Specified Events of Default (as defined in the amendment) that occurred under the Amended Credit Agreement, relating to the Company's calculation of Consolidated Total Net Leverage Ratio and payment of certain interest and letter of credit fees, in each case, for the periods from the quarter ended September 30, 2021 through the quarter ended March 31, 2023.

On November 3, 2023, the Company entered into a Third Amendment to the Amended Credit Agreement ("Third Amendment") with Truist Bank and the other financial institutions party thereto. The Third Amendment provided a new term loan to the Company in an aggregate amount of up to $300.0 million, with $180.0 million funded at the closing of the Third Amendment, and $120.0 million available to be drawn by the Company as delayed draw loans during the six months subsequent to the closing of the Third Amendment (collectively, the "Term Loan"). The Term Loan matures on November 3, 2028 (or such earlier date on which it is terminated in accordance with the provisions of the Amended Credit Agreement) and amortizes quarterly at 5% per annum for each of the first two years, 7.5% per annum for years three and four, and 10% per annum for year five. As of December 31, 2023, the Company made total drawdowns under the Term Loan of $280.0 million, of which $180.0 million was used to pay down outstanding amounts borrowed on the Revolver Loan as of the Third Amendment closing date.

The Company will pay a quarterly ticking fee on the delayed draw portion of the Term Loan, during the draw period, in an amount equal to 0.375% per annum multiplied by the average daily unused portion of the delayed draw maximum amount. The

Term Loan will be secured by substantially all assets of the Company and subsidiaries of the Company that are not designated as excluded subsidiaries pursuant to the terms of the Amended Credit Agreement.

The Term Loan bears interest at an annual rate equal to either, at the Company's option, (a) the Term SOFR Reference Rate, adjusted for any Term SOFR Adjustment, plus a spread from 1.50% to 2.75%, as determined on a quarterly basis based on the Company's Consolidated Total Net Leverage Ratio, or (b) a base rate, plus a spread of 0.50% to 1.75%, as determined on a quarterly basis based on the Company's Consolidated Total Net Leverage Ratio. As of December 31, 2023, the interest rate on the Term Loan was 7.69%.

Under the Amended Credit Agreement, the Company is required to pay an annual agent fee of $50,000 and an annual facility fee of 0.175% to 0.35% on the available commitments under the Amended Credit Agreement, regardless of usage, with the applicable fee determined on a quarterly basis based on the Company's Consolidated Total Net Leverage Ratio. The Company will pay fees for standby letters of credit at an annual rate equal to 1.25% to 2.50%, as determined on a quarterly basis based on the Company's Consolidated Total Net Leverage Ratio, plus fronting fees and standard fees payable to the issuing bank on the respective letter of credit. The Company is also required to pay customary fees between the Company and Truist Bank, the lead arranger of the Amended Credit Agreement.

The Amended Credit Agreement requires the Company to comply with two key financial ratios, each calculated on a consolidated basis. The Company must maintain a maximum consolidated total net leverage ratio of not greater than 3.75 to 1.00 as of the last day of each fiscal quarter, provided that for any fiscal quarter during which the Company or certain subsidiaries consummate a permitted acquisition or investment, the aggregate purchase price is greater than $75.0 million, the maximum consolidated total net leverage ratio may temporarily increase by 0.25 to 1.00 to 4.00 to 1.00. The Company must maintain a minimum consolidated interest coverage ratio of not less than 3.25 to 1.00 as of the last day of each fiscal quarter. The Third Amendment also revised certain negative covenants in the Credit Agreement, providing the Company with additional baskets and increased flexibility with respect to restrictions on indebtedness, liens, investments, acquisitions and restricted payments. The Third Amendment also updates the definition of Consolidated EBITDA to include additional addbacks and to clarify certain components of the calculation thereof.

Under the Amended Credit Agreement, the terms and conditions of the Guaranty and Security Agreement (the "Guaranty and Security Agreement") between the Company, AHM and Truist Bank remain in effect. Pursuant to the Guaranty and Security Agreement, the Company and AHM have granted the lenders under the Amended Credit Agreement a security interest in substantially all of their assets to secure obligations under the Amended Credit Agreement, including, without limitation, all stock and other equity issued by their subsidiaries (including AHM) and all rights with respect to the $545.0 million loan from the Company to Astrana Medical.

In the ordinary course of business, certain of the lenders under the Amended Credit Agreement and their affiliates have provided to the Company and its subsidiaries and the associated practices, and may in the future provide, (i) investment banking, commercial banking, cash management, foreign exchange or other financial services, and (ii) services as a bond trustee and other trust and fiduciary services, for which they have received compensation and may receive compensation in the future.

Deferred Financing Costs

As of December 31, 2023 and 2022, unamortized deferred financing costs were $6.1 million and $3.3 million, respectively. During the year ended December 31, 2023, the Company recorded additional deferred financing costs of $3.9 million related to the Third Amendment. As of December 31, 2023, $2.6 million of unamortized deferred financing costs was recognized in prepaid expenses and other current assets in the accompanying consolidated balance sheets and consisted of unamortized deferred financing costs related to unborrowed amounts available on the Term Loan and the unamortized deferred financing costs for the Revolver Loan. As of December 31, 2023, $3.6 million of unamortized deferred financing costs was recorded as a direct reduction against the amounts borrowed on the Term Loan. The remaining unamortized deferred financing costs related to the Revolver Loan are amortized over the life of the Revolver Loan using the straight-line method. The remaining unamortized deferred financing costs related to the Term Loan are amortized over the life of the Term Loan using the effective interest rate method.

Real Estate Loans (Excluded Assets for the benefit of APC and its subsidiaries)

Real Estate - East West Bank

In December 2020, APC purchased three entities, each of which was included in Excluded Assets and had entered into real estate loan with East West Bank. As of December 31, 2022, the principal on each loan was $5.9 million, $0.6 million and $0.6 million, respectively, and had a variable interest rate of 0.50%, 0.50% and 0.30% less than the independent index, which is the daily *Wall Street Journal* "Prime Rate", respectively. The maturity date of each loan was August 5, 2030. These loans are a component of Excluded Assets that are solely for the benefit of APC and its shareholders. These loans were spun off on December 26, 2023 as part of the Spin-Off. Refer to Note 1 — "Description of Business" to the consolidated financial statements for information on the Spin-Off.

Real Estate - MUFG Union Bank N.A.

In January 2022, a subsidiary of APC, which was included in Excluded Assets, entered into a loan agreement with MUFG Union Bank N.A. with the principal on the loan of $16.3 million and a maturity date of March 1, 2032. The loan was used to purchase property in Monterey Park, California. The variable interest rate was 2.0% in excess of Daily Simple SOFR (as defined in the loan agreement). As of December 31, 2022, the principal on the loan was $16.0 million. On December 14, 2023, APC paid off the outstanding loan balance of $15.6 million. This loan was a component of Excluded Assets that are solely for the benefit of APC and its shareholders.

Construction Loan (Excluded Assets for the benefit of APC and its subsidiaries)

In April 2021, an entity included in Excluded Assets entered into a construction loan agreement with MUFG Union Bank N.A. ("Construction Loan"). The Construction Loan has a borrowing capacity of $10.7 million with a maturity date of March 1, 2024 or, upon completion of the construction and certain other requirements defined in the loan agreement, March 1, 2034. The loan balance as of December 31, 2022 was $4.2 million. On December 14, 2023, APC paid off the outstanding loan balance of $8.5 million. This loan was a component of Excluded Assets that are solely for the benefit of APC and its shareholders.

Promissory Note Payable

FYB Promissory Note Agreement with CCHCA

In May 2021, FYB entered into a promissory note agreement with CCHCA. The principal on the promissory note is $1.0 million, with a maturity date of May 9, 2024. The interest rate is the prime rate plus 1.0%. The prime rate is updated annually on the effective date of the note and published by the *Wall Street Journal.*

Effective Interest Rate

The Company's average effective interest rate on its total debt during the years ended December 31, 2023, 2022 and 2021, was 6.19%, 3.22% and 2.06%, respectively. Interest expense in the consolidated statements of income included amortization of deferred debt issuance costs for the years ended December 31, 2023, 2022 and 2021, of $1.1 million, $0.9 million and $1.2 million, respectively.

Lines of Credit

APC Business Loan

In September 2019, the APC Business Loan Agreement with Preferred Bank (the "APC Business Loan Agreement") was amended to, among other things, decrease loan availability to $4.1 million, limit the purpose of the indebtedness under the APC Business Loan Agreement to the issuance of standby letters of credit, and include as a permitted lien, the security interest in all of its assets that APC granted to AHM under a Security Agreement dated on or about September 11, 2019, securing APC's obligations to AHM under their management services agreement dated as of July 1, 1999, as amended.

Standby Letters of Credit

The Company established irrevocable standby letters of credit with Truist Bank under the Amended Credit Agreement for a total of $36.5 million for the benefit of CMS and certain health plans as of December 31, 2023. Unless the institution provides notification that the standby letters of credit will be terminated prior to the expiration date, the letters will be automatically extended without amendment for additional one-year periods from the present, or any future expiration date.

Certain IPAs consolidated by the Company established irrevocable standby letters of credit with Preferred Bank under the APC Business Loan Agreement for a total of $3.9 million for the benefit of certain health plans as of December 31, 2023. The standby letters of credit are automatically extended without amendment for additional one-year periods from the present or any future expiration date, unless notified by the institution in advance of the expiration date that the letter will be terminated.

11. Income Taxes

Provision for income taxes consisted of the following (in thousands):

	Years ended December 31,		
	2023	2022	2021
Current			
Federal	$ 35,434	$ 35,365	$ 15,623
State	8,999	19,788	8,399
	44,433	55,153	24,022
Deferred			
Federal	(3,638)	(11,552)	3,878
State	(8,806)	(2,726)	3,793
	(12,444)	(14,278)	7,671
Total provision for income taxes	$ 31,989	$ 40,875	$ 31,693

The provision for income taxes differs from the amount computed by applying the federal income tax rate as follows:

	Years ended December 31,		
	2023	2022	2021
Tax provision at U.S. federal statutory rates	21.0 %	21.0 %	21.0 %
State income taxes net of federal benefit	11.6	12.1	12.9
Non-deductible permanent items	2.5	0.9	4.0
Variable interest entities	(2.1)	(1.1)	(1.3)
Stock-based compensation	2.8	(0.3)	(1.0)
Change in valuation allowance	(2.6)	4.4	—
Gain on sale of investment	8.5	1.2	(2.1)
NOL adjustment	0.2	0.5	(0.1)
Undistributed dividend	(11.5)	7.2	8.0
Spin-off transaction	3.0	—	—
Other	2.1	1.2	(0.3)
Effective income tax rate	35.5 %	47.1 %	41.1 %

The Company's effective tax rate differs from the Federal statutory rate of21% due to increases from state taxes, non-deductible permanent items, stock-based compensation, gain on sale of investment, and a one-time gain in connection with the December 26, 2023 Spin-Off transaction. This is offset by variable interest entities, change in valuation allowance, and a benefit related to the reversal on deferred taxes on undistributed dividends. The Company had previously recorded deferred tax liabilities related to undistributed dividends for taxpaying groups that could not consolidate under US federal tax law. As a result of the spinoff transaction that occurred on December 26, 2023, the separate taxpaying groups now have the ability to consolidate under US federal tax law, resulting in tax benefits on the future payment of the dividends.

Significant components of the Company's deferred tax assets (liabilities) as of December 31, 2023 and 2022, are shown below (in thousands).

	2023	2022
Deferred tax assets		
State taxes	$ 2,831	$ 2,489
Accrued expenses	1,747	670
Allowance for bad debts	1,718	853
Investment in other entities	1,355	2,145
Net operating loss carryforward	7,551	9,383
Lease liability	10,897	6,470
Unrealized gain	1,284	8,971
Stock options	663	1,011
Other	—	2
Deferred tax assets before valuation allowance	28,046	31,994
Valuation allowance	(5,904)	(8,292)
Net deferred tax assets	22,142	23,702
Deferred tax liabilities		
Property and equipment	(329)	(1,840)
Acquired intangible assets	(15,301)	(21,268)
Right-of-use assets	(9,936)	(5,632)
Debt issuance cost	(648)	(725)
Undistributed dividend	—	(8,454)
Deferred tax liabilities	(26,214)	(37,919)
Net deferred tax liabilities	$ (4,072)	$ (14,217)

A valuation allowance of $5.9 million and $8.3 million as of December 31, 2023 and 2022, respectively, has been established against the Company's deferred tax assets related to loss entities the Company cannot consolidate under the federal consolidation rules, as realization of these assets is uncertain. Valuation allowance decreased by $2.4 million in 2023 and increased by $4.3 million in 2022.

As of December 31, 2023, the Company had federal and California net operating loss carryforwards of approximately $21.0 million and $44.8 million, respectively. The federal and California net operating loss carryforwards will expire at various dates from 2027 through 2043; however, $5.3 million of the federal net operating loss carryforwards do not expire and can be carried forward indefinitely. The Company has determined certain NOLs are limited pursuant to Internal Revenue Code Sections 382 and 383, but does not anticipate these NOLs will expire before utilization.

As of December 31, 2023 and 2022, the Company does not have any unrecognized tax benefits related to various federal and state income tax matters. The Company will recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense.

The Company is subject to U.S. federal income tax, as well as income tax in California. The Company's and its subsidiaries' state and federal income tax returns are open to audit under the statute of limitations for the years ended December 31, 2019 through December 31, 2022 and for the years ended December 31, 2020 through December 31, 2022, respectively. The Company is currently under audit for federal and California amended tax years ended December 31, 2019, 2020 and 2021. The Company does not anticipate any significant changes to unrecognized tax benefits over the next 12 months.

12. Mezzanine and Stockholders' Equity (Deficit)

Mezzanine Equity (Deficit)

APC

As the redemption feature (see Note 2 — "Basis of Presentation and Summary of Significant Accounting Policies") of APC's shares of common stock is not solely within the control of APC, the equity of APC does not qualify as permanent equity and has been classified as non-controlling interests in mezzanine or temporary equity. APC's shares were not redeemable, and it was not probable that the shares would become redeemable as of December 31, 2023, 2022 and 2021.

Stockholders' Equity

Preferred Stock – Series A

In October 2015, Astrana entered into an agreement with AHM, a wholly owned subsidiary of Astrana, pursuant to which Astrana sold to AHM, and AHM purchased from Astrana, in a private offering of securities, 1,111,111 units, each unit consisting of one share of Astrana's Series A Preferred Stock and a common stock warrant to purchase one share of Astrana's common stock at an exercise price of $ 9.00 per share. AHM paid Astrana an aggregate of $10.0 million for the units. Holders of the Company's shares of Series A preferred stock are entitled to receive dividends out of legally available assets, on parity with the holders of the Company's shares of common stock. The Series A preferred stock has a liquidation preference in the amount of $9.00 per share plus any declared and unpaid dividends, and is convertible into common stock, at the option of the holder thereof, at any time after issuance, at an initial conversion rate of one-for-one, in each case, subject to adjustment in the event of stock dividends, stock splits and certain other similar transactions.

Preferred Stock – Series B

In March 2016, Astrana entered into an agreement with AHM pursuant to which Astrana sold to AHM, and AHM purchased from Astrana, in a private offering of securities, 555,555 units, each unit consisting of one share of Astrana's Series B Preferred Stock and a common stock warrant to purchase one share of Astrana's common stock at an exercise price of $10.00 per share. AHM paid Astrana an aggregate $5.0 million for the units. Holders of the Company's shares of Series B preferred stock are entitled to receive dividends out of legally available assets, on parity with the holders of the Company's shares of common stock. The Series B preferred stock has a liquidation preference in the amount of $9.00 per share plus any declared and unpaid dividends, and is convertible into common stock, at the option of the holder thereof, at any time after issuance, at an initial conversion rate of one-for-one, in each case, subject to adjustment in the event of stock dividends, stock splits and certain other similar transactions.

Common Stock

Subject to the rights of preferred stockholders, if any, holders of the Company's common stock are entitled to receive such dividends, if any, as may be declared from time to time by the Company's board of directors, at its discretion, from legally available funds. In the event of a liquidation, dissolution or winding up, the holders of common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of the Company's known debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then-outstanding shares of preferred stock.

2017 Share Issuances and Repurchases

In December 2017, Astrana completed its business combination with AHM following the satisfaction or waiver of the conditions set forth in the Agreement and Plan of Merger, dated December 21, 2016, as amended, pursuant to which the merger subsidiary of Astrana merged with and into AHM, with AHM surviving as a wholly owned subsidiary of Astrana ("2017 Merger").

In connection with the 2017 Merger, former AHM shareholders received Astrana common stock subject to a 10% holdback. As of December 31, 2023,41,048 holdback shares have not been issued to certain former AHM shareholders who were AHM shareholders at the time of closing of the 2017 Merger, as they have yet to submit properly completed letters of transmittal to Astrana in order to receive their pro rata portion of Astrana common stock as contemplated under the Merger Agreement. Pending such receipt, such former AHM shareholders have the right to receive, without interest, their pro rata share of dividends or distributions with a record date after the effectiveness of the 2017 Merger. The consolidated financial statements have treated such shares of common stock as outstanding, given the receipt of the letter of transmittal is considered perfunctory and the Company is legally obligated to issue these shares in connection with the 2017 Merger.

Dividends

During the years ended December 31, 2023, 2022 and 2021, APC declared dividends of $58.0 million, $58.3 million and $57.9 million, respectively, to their Series A Preferred shareholders.

During the years ended December 31, 2023, 2022 and 2021, APC declared dividends of $210.9 million, $37.9 million and $29.9 million, respectively, to their common shareholders.

During the years ended December 31, 2023, 2022 and 2021, certain consolidated subsidiaries of the Company paid distributions of $3.9 million, $4.1 million and $1.2 million, respectively, to the shareholders who own the non-controlling interests in the entities.

Treasury Stock

As of December 31, 2023 and 2022, APC owned 7,132,698 and 10,299,259 shares of Astrana's common stock, respectively. While such shares of Astrana's common stock are legally issued and outstanding, they are treated as treasury shares for accounting purposes and excluded from shares of common stock outstanding in the consolidated financial statements. APC's ownership in Astrana was 13.22% and 18.12% as of December 31, 2023 and 2022, respectively.

During the year ended December 31, 2023, Astrana bought back 3,451,642 shares of its common stock, which included 3,166,561 shares of common stock purchased from APC for $100.0 million on November 14, 2023.

As of December 31, 2023 and 2022, the total treasury stock, including the Company's stock held by APC, was 10,584,340 and 10,299,259, respectively.

13. Stock-Based Compensation

Equity Incentive Plans

In connection with the 2017 Merger, the Company assumed the 2013 Equity Incentive Plan (the "2013 Plan"), pursuant to which 500,000 shares of the Company's common stock were reserved for issuance thereunder. The Company issued new shares to satisfy stock options and warrant exercises under the 2013 Plan. As of December 31, 2023, there were no shares available for future grants under the 2013 Plan.

In connection with the 2017 Merger, the Company assumed the 2015 Equity Incentive Plan (as amended, the "2015 Plan"), pursuant to which 1,500,000 shares of the Company's common stock were reserved for issuance thereunder. The Company's stockholders approved an amendment to the 2015 Plan at the 2021 annual meeting of stockholders to increase the maximum number of shares authorized for issuance thereunder by 2,000,000 shares, from 1,500,000 shares to 3,500,000 shares. In addition, shares that are subject to outstanding grants under the Company's 2013 Plan, but that ordinarily would have been restored to such plans reserve due to award forfeitures and terminations, were rolled into and became available for awards under the 2015 Plan. The 2015 Plan provides for awards, including incentive stock options, non-qualified options, restricted common stock, and stock appreciation rights. The 2015 Plan was approved by Astrana's stockholders at Astrana's 2016 annual meeting of stockholders that was held in September 2016. As of December 31, 2023, 2022 and 2021, there were approximately 0.4 million, 1.1 million and 1.7 million shares available for future grants under the 2015 Plan, respectively.

On November 15, 2023, the Company adopted the Employment Inducement Award Plan (the "Inducement Plan"), pursuant to which the Company may from time to time grant equity-based awards to new employees as a material inducement to their employment. Awards granted under the Inducement Plan may be in the form of non-qualified stock options, stock appreciation rights, restricted stock awards, restricted stock units, and other stock-based awards. A total of 500,000 shares of the Company's common stock, par value $0.001 per share, have been reserved for issuance pursuant to awards granted under the Inducement Plan (subject to adjustment as provided in the Inducement Plan). As of December 31, 2023, there were approximately 0.5 million shares available for future grants in the Inducement Plan.

The following table summarizes the stock-based compensation expense recognized under all of the Company's stock plans in 2023, 2022 and 2021, and associated with the issuance of restricted shares of common stock and vesting of stock options that are included in general and administrative expenses in the accompanying consolidated statements of income recognized (in thousands):

	Years ended December 31, 2023	2022	2021
Stock options	$ 1,790	$ 3,792	$ 2,480
Restricted stock awards	20,250	12,309	4,265
Total share-based compensation expense	$ 22,040	$ 16,101	$ 6,745

Unrecognized compensation expense related to total share-based payments outstanding as of December 31, 2023 was $32.2 million and is expected to be recognized over a weighted-average period of 2.1 years.

Options

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

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in millions)
Options outstanding at January 1, 2023	859,850	$ 25.88	2.19	$ 10.3
Options granted	—	—	—	—
Options exercised	(140,000)	10.87	—	3.5
Options canceled, forfeited or expired	(215,609)	16.56	—	—
Options outstanding at December 31, 2023	504,241	$ 34.03	2.10	$ 4.7
Options exercisable at December 31, 2023	466,411	$ 28.36	1.87	$ 4.7

During the years ended December 31, 2023 and 2022, stock options were exercised for140,000 and 41,603 shares, respectively, of the Company's common stock, which resulted in proceeds of approximately $1.5 million and $0.7 million, respectively. The exercise prices ranged from $10.00 to $18.11 per share for the exercises during the year ended December 31, 2023 and $15.35 to $23.24 per share for the exercises during the year ended December 31, 2022. The total intrinsic value of stock options exercised was $3.5 million, $1.0 million and $2.8 million during the years ended December 31, 2023, 2022 and 2021, respectively. The intrinsic value of stock options is defined as the difference between the Company's stock price on the exercise date and the grant date exercise price.

During the year ended December 31, 2023, no options were granted. The weighted-average grant-date fair value of options granted during the years ended December 31, 2022 and 2021 was $22.32, and $32.63, respectively.

Restricted Stock Awards

The Company's unvested restricted stock award activity for the year ended December 31, 2023 consisted of the following:

	Restricted Stock Awards		Performance Based Restricted Stock Awards	
	Number of Shares	Weighted Average Grant-Date Fair Value	Number of Shares	Weighted Average Grant-Date Fair Value
Unvested as of January 1, 2023	539,632	$72.58	289,635	$41.14
Granted	480,228	33.90	561,386	33.61
Vested	(260,637)	39.39	(158,421)	37.94
Forfeited	(45,939)	36.57	(65,267)	42.66
Unvested as of December 31, 2023	713,284	$60.98	627,333	$35.05

The Company grants restricted stock awards to employees and executives, which are earned based on service conditions. The awards will vest over a period ofone month to four years in accordance with the terms of those plans. The grant date fair value of the restricted stock awards is the grant date's closing market price of the Company's common stock. During the year ended December 31, 2023, the Company granted 561,386 shares of restricted stock awards with performance based conditions and480,228 shares of restricted stock without performance conditions. During the year ended December 31, 2023, the weighted average grant date fair value of restricted stock with and without performance based conditions was $33.61 and $33.90, respectively. Shares of restricted stock with performance conditions are recognized to the extent the performance conditions are probable of being achieved. The total fair value of restricted stock awards, as of their respective vesting dates during the years ended December 31, 2023, 2022 and 2021, was $14.3 million, $10.8 million and $1.1 million, respectively.

Warrants

All warrants issued by the Company expired as of December 31, 2022. As a result, there wereno outstanding warrants as of December 31, 2023 and December 31, 2022. During the twelve months ended December 31, 2022, common stock warrants were exercised for 0.9 million shares of the Company's common stock, which resulted in proceeds of approximately $9.0 million. The exercise price ranged from $10.00 to $11.00 per share for the exercises during the twelve months ended December 31, 2022. Of the 0.9 million warrants exercised during the year ended December 31, 2022,0.1 million of the common stock warrants were exercised by APC and are treated as treasury shares (see Note 12 — "Mezzanine and Stockholders' Equity").

14. Commitments and Contingencies

Regulatory Matters

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

As a risk-bearing organization, the Company is required to follow regulations of the Department of Managed Health Care ("DMHC"). The Company must comply with a minimum working capital requirement, tangible net equity ("TNE") requirement, cash-to-claims ratio, and claims payment requirements prescribed by the DMHC. TNE is defined as net assets less intangibles, less non-allowable assets (which include amounts due from affiliates), plus subordinated obligations. At December 31, 2023 and 2022, the consolidated IPAs were in compliance with these regulations.

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

Standby Letters of Credit

The Company established irrevocable standby letters of credit with Truist Bank for a total of $36.5 million for the benefit of CMS and certain health plans as of December 31, 2023 (see Note 10 — "Credit Facility, Bank Loans, and Lines of Credit — Standby Letters of Credit").

Certain IPAs consolidated by the Company established irrevocable standby letters of credit with Preferred Bank for a total of $3.9 million, for the benefit of certain health plans as of December 31, 2023 (see Note 10 — "Credit Facility, Bank Loans, and Lines of Credit — Standby Letters of Credit").

Litigation

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

Liability Insurance

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

The Company's contracted physicians are required to carry first-dollar coverage with limits of liability equal to not less than $1.0 million for claims based on occurrence up to an aggregate of $3.0 million per year. The Company's IPAs purchase stop-loss insurance, which will reimburse them for claims from service providers on a per enrollee basis. The specific retention amount per enrollee per policy period is $45,000 to $90,000 for professional coverage.

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

15. Related-Party Transactions

Equity Method Investments

During the years ended December 31, 2023, 2022, and 2021, AHM recognized approximately $16.7 million, $21.2 million, and $18.7 million, respectively, in management fee income, from LMA. On August 31, 2023, the management service agreement between LMA's IPA and AHM was terminated. LMA is accounted for under the equity method based on 25% equity ownership interest held by APC (see Note 6 — "Investments in Other Entities").

During the years ended December 31, 2023, 2022 and 2021, APC paid approximately $2.7 million, $2.7 million and $2.4 million, respectively, to Pacific Medical Imaging and Oncology Center, Inc. ("PMIOC") for provider services. APC and PMIOC have an Ancillary Service Contract together whereby PMIOC provides covered services on behalf of APC to enrollees of the plans of APC. PMIOC is accounted for under the equity method based on 40% equity ownership interest held by APC (see Note 6 — "Investments in Other Entities").

During the year ended December 31, 2023, the Company paid approximately $1.1 million, to James Song, M.D., a Professional Corporation ("Song PC") for provider services. Song PC is accounted for under the equity method accounting based on 25% equity ownership interest held by a subsidiary of the Company (see Note 6 — "Investments in Other Entities").

Astrana Board Members and Officers

During the years ended December 31, 2023, 2022 and 2021, AHM recognized approximately $2.1 million, $1.8 million and $1.6 million, respectively, in management fee income from Arroyo Vista Family Health Center ("Arroyo Vista"). Arroyo Vista's chief executive officer is a member of the Company's board of directors. The Company has a managed service agreement with Arroyo Vista.

During the years ended December 31, 2023 2022 and 2021, the Company paid approximately $0.3 million, $0.3 million and $0.4 million respectively, to Arroyo Vista for services as a provider. The Company has provider contracts with Arroyo Vista.

For the year ended December 31, 2023, the Company recognized $14.1 million in operating lease right-of-use assets and $14.5 million in operating lease liabilities from certain lease agreements with properties that were spun-off as part of the Spin-Off. The chief executive officer of the real estate business managing these properties is also a member of the Company's board of directors. Refer to Note 1 — "Description of Business" to the consolidated financial statements for information on the Spin-Off.

During the years ended December 31, 2023, 2022 and 2021, APC paid approximately $0.3 million, $0.6 million and $0.7 million, respectively, to Advanced Diagnostic Surgery Center for services as a provider. Advanced Diagnostic Surgery Center shares common ownership with certain board members of Astrana. The Company has provider contracts with Advanced Diagnostic Surgery Center.

During the years ended December 31, 2023, 2022 and 2021, APC recognized approximately $0.6 million, $0.6 million and $0.6 million respectively, in rental income from Advanced Diagnostic Surgery Center. Advanced Diagnostic Surgery Center is leasing from a property that is a component of Excluded Assets. The property was spun-off on December 26, 2023, as part of the Spin-Off. Refer to Note 1 — "Description of Business" to the consolidated financial statements for information on the Spin-Off.

During the years ended December 31, 2023, 2022 and 2021, APC paid approximately $10,000, $0.6 million and $2.0 million respectively, to Fulgent Genetics, Inc. for services as a provider. One of the Company's board members is a board member of Fulgent Genetics, Inc. The Company has provider contracts with Fulgent Genetics, Inc.

During the year ended December 31, 2023, the Company incurred approximately $1.3 million in expenses payable to Third Way Health for call center services. One of Astrana's officers is a board member of Third Way Health in 2023.

During the years ended December 31, 2023, 2022 and 2021, the Company paid approximately $2.6 million, $1.9 million and $1.3 million, respectively, to Sunny Village Care Center for services as a provider. Sunny Village Care Center shares common ownership with certain Astrana board members and officers. The Company has provider contracts with Sunny Village Care Center.

During the years ended December 31, 2023 and 2022, APC recognized approximately $1.1 million and $0.3 million, respectively, in rental income from Sunny Village Care Center. Sunny Village Care Center is leasing from a property that is a component of Excluded Assets. The property was spun-off on December 26, 2023 as part of the Spin-Off. Refer to Note 1 — "Description of Business" to the consolidated financial statements for information on the Spin-Off.

In November 2023, the Company entered into a three-year promissory note with Sunny Village Care Center as the borrower for a principal amount of $0.5 million. The loan balance is presented within long-term debt, net of current portion and deferred financing costs in the accompanying consolidated balance sheets.

During the year ended December 31, 2023, the Company incurred rent expense of approximately $0.1 million from First Commonwealth Property, LLC for office leases. First Commonwealth Property, LLC shares common ownership with certain board members of Astrana. The Company has lease arrangements with First Commonwealth Property, LLC.

During the year ended December 31, 2023, Astrana paid approximately $9.8 million, to purchase Astrana's stock from certain board members. During the year ended December 31, 2022, APC paid approximately $9.3 million to purchase Astrana's stock from a board member.

During the year ended December 31, 2021, AHM paid approximately $44,000 to an Astrana board member for consulting services. The Company did not incur any similar expenses for the years ended December 31, 2023 and 2022.

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

The following table sets forth fees incurred and income received related to AHMC, HSMSO, and Aurion (in thousands):

	Year Ended December 31, 2023			Year Ended December 31, 2022		
	AHMC	HSMSO	AURION	AHMC	HSMSO	AURION
Revenue	$ 49,634	$ 1,242	$ —	$ 56,397	$ 1,089	$ —
Expenses	20,000	822	300	21,810	1,554	300
Net	$ 29,634	$ 420	$ (300)	$ 34,587	$ (465)	$ (300)

The Company and AHMC have a risk-sharing agreement with certain AHMC hospitals to share the surplus and deficits of each of the hospital pools. Under this agreement, during the years ended December 31, 2023, 2022 and 2021, the Company has recognized risk pool revenue of $43.8 million, $50.5 million and $60.1 million, respectively, of which $54.0 million and $58.7 million, remained outstanding as of December 31, 2023 and 2022, respectively.

APC Board Members

During the years ended December 31, 2023, 2022, and 2021, the Company paid an aggregate of approximately $23.1 million, $34.5 million, and $32.5 million, respectively, to board members for provider services which included approximately $4.2 million, $3.7 million and $3.4 million, respectively, to Astrana board members and officers who are also board members and officers of APC.

On November 6, 2023, the Company entered into a stock repurchase agreement with APC, pursuant to which the Company agreed to repurchase approximately $100.0 million, or 3,166,561 shares, of the Company's common stock from APC. APC is a consolidated affiliate of the Company of which Dr. Thomas Lam, the Company's Co-Chief Executive Officer and President and a director, is the Chief Executive Officer and Chief Financial Officer and a director and stockholder; Dr. Kenneth Sim, the Company's Executive Chairman, is Chairman and a director and stockholder; and Dr. Albert Young, the Company's Chief Administrative Officer, is Senor Executive Vice President and a stockholder. The Company's Board of Directors and the Audit Committee of the Board of Directors approved the proposed repurchase.

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

Intercompany Transactions

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

For equity method investments, loans receivable and line of credits from related parties, see Note 6 — "Investments in Other Entities," and Note 7 — "Loans Receivable and Loan Receivable — Related Parties," respectively.

16. Employee Benefit Plan

AHM has a qualified 401(k) plan that covers substantially all employees who have completed at leastsix months of service and meet minimum age requirements. Participants may contribute a portion of their compensation to the plan, up to the maximum amount permitted under Section 401(k) of the Internal Revenue Code. Participants become fully vested after six years of service. AHM matches a portion of the participants' contributions. AHM's matching contributions for the years ended December 31, 2023, 2022, and 2021 were approximately $0.7 million, $0.5 million and $0.4 million, respectively.

17. Earnings Per Share

Basic earnings per share is calculated using the weighted average number of shares of the Company's common stock issued and outstanding during a certain period, and is calculated by dividing net income attributable to Astrana by the weighted average number of shares of the Company's common stock issued and outstanding during such period. Diluted earnings per share is calculated using the weighted average number of shares of common stock and potentially dilutive shares of common stock outstanding during the period, using the as-if converted method for secured convertible notes, preferred stock, and the treasury stock method for options and common stock warrants. The non-controlling interests in APC are allocated their share of Astrana's income from APC's ownership of Astrana common stock and this is included in the net income attributable to non-controlling interests on the consolidated statements of income. Therefore, none of the shares of Astrana held by APC are considered outstanding for the purposes of basic or diluted earnings per share computation.

As of December 31, 2023, 2022 and 2021, APC held7,132,698, 10,299,259 and 10,925,702 shares of Astrana's common stock, respectively, which are treated as treasury shares for accounting purposes and not included in the number of shares of common stock outstanding used to calculate earnings per share.

For the years ended December 31, 2023, 2022 and 2021, restricted stock of186,290, 133,480 and 9,137, respectively, were excluded from the computation of diluted weighted average common shares outstanding because the assumed proceeds, as calculated under the treasury stock method, resulted in these awards being anti-dilutive.

For the years ended December 31, 2023 and 2022, restricted stock with performance conditions of782,484 and 245,478, respectively, were excluded from the computation of diluted weighted average common shares outstanding because these conditions were not achieved as of December 31, 2023 or 2022, as applicable.

Below is a summary of the earnings per share computations:

	Years ended December 31,		
	2023	**2022**	**2021**
Earnings per share – basic	$ 1.30	$ 1.00	$ 1.57
Earnings per share – diluted	$ 1.29	$ 0.99	$ 1.52
Weighted-average shares of common stock outstanding – basic	46,553,256	44,971,143	43,828,664
Weighted-average shares of common stock outstanding – diluted	46,943,140	45,602,415	45,403,085

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

	Years ended December 31,		
	2023	2022	2021
Weighted-average shares of common stock outstanding – basic	46,553,256	44,971,143	43,828,664
Stock options	169,577	439,309	495,618
Warrants	—	—	819,151
Restricted stock awards	51,182	161,648	259,652
Contingently issuable shares	169,125	30,315	—
Weighted-average shares of common stock outstanding – diluted	46,943,140	45,602,415	45,403,085

18. Variable Interest Entities (VIEs)

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

Some states have laws that prohibit business entities with non-physician owners, such as Astrana and its subsidiaries, from practicing medicine, employing physicians to practice medicine, or exercising control over medical decisions by physicians. These laws are generally referred to as corporate practice of medicine laws. States that have corporate practice of medicine laws permit only physicians to practice medicine, exercise control over medical decisions, or engage in certain arrangements, such as fee-splitting, with physicians.

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

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

Astrana Medical and Astrana Health Care Partners were formed in May 2019 and July 2021, respectively, as a designated shareholder professional corporation. The Company's Vice Chairman is the sole shareholder of Astrana Medical and Astrana Health Care Partners via a Physician Shareholder Agreement, Astrana makes all the decisions on behalf of Astrana Medical and

Astrana Health Care Partners. Astrana has the obligation to absorb losses of, or the right to receive benefits from, Astrana Medical and Astrana Health Care Partners. Therefore, Astrana Medical and Astrana Health Care Partners are controlled by and consolidated by Astrana as the primary beneficiary of the VIEs.

On February 23, 2023, Astrana Health Care Partners purchased 100% of certain Care Delivery companies (AMG, a Professional Medical Corporation, 1 World Medicine Urgent Care Corporation, and Eleanor Leung M.D., a Professional Medical Corporation) from APC. As a result, these entities are now consolidated by Astrana Health Care Partners instead of APC. On May 1, 2023, Astrana Health Care Partners sold 25% of Eleanor Leung M.D. totwo of its physicians. As a result, Astrana Health Care Partners now owns 75% of Eleanor Leung M.D.

The following table includes assets that can only be used to settle the liabilities of the Company's VIEs, and to which the creditors of Astrana have no recourse, and liabilities to which the creditors of the Company's VIEs have no recourse to the general credit of Astrana, as the primary beneficiary of the VIEs. These assets and liabilities, with the exception of the investment in a privately held entity that does not report net asset value per share and amounts due to, or from, affiliates, which are eliminated upon consolidation, are included in the accompanying consolidated balance sheets (in thousands).

	December 31, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	$ 184,078	$ 113,080
Investment in marketable securities	—	4,543
Receivables, net	21,120	14,562
Receivables, net – related party	58,707	62,420
Income taxes receivable	1,600	8,702
Other receivables	454	1,283
Prepaid expenses and other current assets	9,991	9,938
Loans receivable	—	516
Loans receivable — related parties	—	2,125
Amounts due from affiliates*	—	11,609
Total current assets	275,950	228,778
Non-current assets		
Land, property and equipment, net	5,306	106,626
Intangible assets, net	60,906	62,951
Goodwill	140,157	133,448
Income taxes receivable, non-current	15,943	15,943
Investments in other entities – equity method	12,114	27,561
Investment in a privately held entity	405	405
Investment in affiliates*	273,182	304,755
Restricted cash	40	—
Operating lease right-of-use assets	28,796	11,408
Other assets	1,149	4,320
Total non-current assets	537,998	667,417
Total assets	$ 813,948	$ 896,195
Current liabilities		
Accounts payable and accrued expenses	$ 32,707	$ 27,360
Fiduciary accounts payable	7,737	8,065
Medical liabilities	55,157	55,052
Dividend payable	638	638
Finance lease liabilities	646	594
Operating lease liabilities	3,305	2,198
Current portion of long-term debt	8,542	619
Amount due to affiliates*	107,340	—
Total current liabilities	216,072	94,526
Non-current liabilities		
Deferred tax liability	7,284	6,540
Finance lease liabilities, net of current portion	1,033	1,275

Operating lease liabilities, net of current portion	28,675	12,035
Long-term debt, net of current portion	—	26,645
Other long-term liabilities	230	8,542
Total non-current liabilities	37,222	55,037
Total liabilities	$ 253,294	$ 149,563

* Investment in affiliates represents APC's investment in Astrana, which is reflected as treasury shares and eliminated upon consolidation. Amounts due to, or from, affiliates are receivables with Astrana's subsidiaries. As a result, these balances are eliminated upon consolidation and are not reflected on Astrana's consolidated balance sheets as of December 31, 2023 and 2022.

19. Leases

The Company has operating and finance leases for corporate offices, physicians' offices, and certain equipment. This includes leases with properties that were spun-off as part of the Spin-Off. These leases have remaining lease terms ranging from one month to seventeen years, some of which may include options to extend the leases for up to ten years, and some of which may include options to terminate the leases within one year. These leases consist of payments that are fixed or variable. Variable lease payments are based on an index or a rate such as Consumer Price Index. As of December 31, 2023 and 2022, assets recorded under finance leases were $1.7 million and $1.8 million, respectively, and accumulated depreciation associated with finance leases was $1.6 million and $1.0 million, respectively.

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

As of December 31, 2023, the Company has entered into a lease arrangement for seven years with an option to extend an additional five years. The tentative move date is March 2024, once the unit is made available. Base rent during the initial seven-year term of the 2024 lease agreement will total $2.3 million.

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

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

	December 31, 2023	December 31, 2022
Operating lease cost	$ 7,771	$ 6,622
Finance lease cost		
Amortization of lease expense	675	564
Interest on lease liabilities	103	70
Sublease income	(1,025)	(649)
Total lease cost	$ 7,524	$ 6,607

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

	December 31, 2023	December 31, 2022
Supplemental Cash Flows Information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 7,783	$ 6,781
Operating cash flows from finance leases	103	70
Financing cash flows from finance leases	675	564
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	25,124	—
Finance leases	486	971

	December 31, 2023	December 31, 2022
Weighted-Average Remaining Lease Term		
Operating leases	8.73 years	6.66 years
Finance leases	3.00 years	3.41 years
Weighted-Average Discount Rate		
Operating leases	6.02 %	5.50 %
Finance leases	5.24 %	4.92 %

Future minimum lease payments under non-cancellable leases as of December 31, 2023 were as follows (in thousands):

Years ending December 31,	Operating Leases	Finance Leases
2024	$ 6,927	$ 719
2025	6,749	556
2026	6,342	302
2027	6,038	243
2028	5,844	6
Thereafter	21,923	—
Total future minimum lease payments	53,823	1,826
Less: imputed interest	12,927	147
Total lease obligations	40,896	1,679
Less: current portion	4,607	646
Long-term lease obligations	$ 36,289	$ 1,033

20. Segments

The Company determined its operating segments in accordance with ASC 280, "Segment Reporting" ("ASC 280"). The Company currently has three reportable segments consisting of: 1) Care Partners; 2) Care Delivery; and 3) Care Enablement (See Note 1 – Description of Business). The Company's reportable segments changed from one to three in the first quarter of 2023 as a result of certain changes to the information regularly provided to the Company's chief operating decision maker when reviewing the Company's performance as well as an effort to provide additional transparency to investors and other financial statement users which the Company believes will assist in the evaluation of changes in the operating results of the Company's segments separate from non-operational factors that affect net income, thus providing insight into both operations and other factors impacting reported results.

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

The Company's Care Partners segment is focused on building and managing high-quality and high-performance provider networks by partnering with, empowering, and investing in strong provider partners with a shared vision for coordinated care delivery. Under relevant accounting guidance, while the Company's Care Partners – IPAs and Care Partners – ACO are two operating segments, they share similar economic characteristics and meet other criteria, which permits the Company to aggregate them into a single reportable segment, which the Company has done. Revenue for this segment is primarily comprised of capitation and risk pool settlements and incentives.

The Company's Care Delivery segment is a patient-centric, data-driven care delivery organization focused on delivering high-quality and accessible care to all patients. The care delivery organization includes primary care, multi-specialty care, and ancillary care services. Revenue is primarily earned based on fee-for-service reimbursements, capitation, and performance-based incentives.

The Company's Care Enablement segment is an integrated, end-to-end clinical and administrative platform powered by the Company's proprietary technology suite, which provides operational, clinical, financial, technology, management, and strategic services to enable success in the delivering of high-quality, value-based care for providers and payers. Revenue for this segment is primarily comprised of management and software fees, charged as a percentage of gross revenue or on a per-member-per-month basis.

Other is not a reportable segment and primarily consists of real estate operations and other entities that are individually immaterial. Revenue is primarily comprised of equipment sales and real estate revenue is presented in other income.

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

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

The following table presents information about our segments and prior periods have been recast to conform to the current presentation (in thousands):

	Year Ended December 31, 2023						
	Care Partners	Care Delivery	Care Enablement	Other	Intersegment Elimination	Corporate Costs	Consolidated Total
Third Party	$ 1,284,081	$ 61,600	$ 40,227	$ 753	$ —	$ —	$ 1,386,661
Intersegment	16,031	58,304	95,597	184	(170,116)	—	—
Total revenues	1,300,112	119,904	135,824	937	(170,116)	—	1,386,661
Cost of services	1,182,484	96,265	59,075	296	(166,417)	—	1,171,703
General and administrative[1]	25,907	17,766	57,672	3,752	(7,923)	33,171	130,345
Total expenses	1,208,391	114,031	116,747	4,048	(174,340)	33,171	1,302,048
Income (loss) from operations	$ 91,721	$ 5,873	$ 19,077	$ (3,111)	$ 4,224 [2]	$ (33,171)	$ 84,613

	Year Ended December 31, 2022						
	Care Partners	Care Delivery	Care Enablement	Other	Intersegment Elimination	Corporate Costs	Consolidated Total
Third Party	$ 1,051,464	$ 49,806	$ 42,023	$ 870	$ —	$ —	$ 1,144,163
Intersegment	57	46,326	78,177	115	(124,675)	—	—
Total revenues	1,051,521	96,132	120,200	985	(124,675)	—	1,144,163
Cost of services	944,792	73,927	51,531	258	(125,823)	—	944,685
General and administrative[1]	21,507	13,234	41,628	2,681	(3,150)	19,313	95,213
Total expenses	966,299	87,161	93,159	2,939	(128,973)	19,313	1,039,898
Income (loss) from operations	$ 85,222	$ 8,971	$ 27,041	$ (1,954)	$ 4,298 [2]	$ (19,313)	$ 104,265

	Year Ended December 31, 2021						
	Care Partners	Care Delivery	Care Enablement	Other	Intersegment Elimination	Corporate Costs	Consolidated Total
Third Party	$ 709,714	$ 28,064	$ 35,851	$ 286	$ —	$ —	$ 773,915
Intersegment	—	18,627	71,842	74	(90,543)	—	—
Total revenues	709,714	46,691	107,693	360	(90,543)	—	773,915
Cost of services	607,081	37,537	41,557	(242)	(89,791)	—	596,142
General and administrative[1]	30,055	9,694	28,637	1,881	(3,097)	12,424	79,594
Total expenses	637,136	47,231	70,194	1,639	(92,888)	12,424	675,736
Income (loss) from operations	$ 72,578	$ (540)	$ 37,499	$ (1,279)	$ 2,345 [2]	$ (12,424)	$ 98,179

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

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

21. Fair Value Measurements of Financial Instruments

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

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

* Included in cash and cash equivalents

The carrying amounts and fair values of the Company's financial instruments as of December 31, 2022 are presented below (in thousands):

	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Assets				
Money market accounts*	$ 135,235	$ —	$ —	$ 135,235
Marketable securities – equity securities	5,567	—	—	5,567
Contingent equity securities	—	—	1,900	1,900
Interest rate swaps	—	3,164	—	3,164
Total assets	$ 140,802	$ 3,164	$ 1,900	$ 145,866
Liabilities				
APCMG contingent consideration	$ —	$ —	$ 1,000	$ 1,000
AAMG contingent consideration	—	—	5,851	5,851
VOMG contingent consideration	—	—	17	17
DMG remaining equity interest purchase	—	—	8,542	8,542
Sun Labs remaining equity interest purchase	—	—	5,849	5,849
Total liabilities	$ —	$ —	$ 21,259	$ 21,259

* *Included in cash and cash equivalents*

The change in the fair value of existing Level 3 liabilities is recognized inunrealized loss on investments and general and administrative expenses in the accompanying consolidated statements of income. As of December 31, 2023, the reconciliation of our Level 3 liabilities was as follows (in thousands):

		Amount
Balance at January 1, 2023	$	21,259
Change in fair value of existing Level 3 liabilities		1,577
APCMG contingent consideration paid		(1,000)
Balance at December 31, 2023	$	21,836

Investments in Marketable Securities

As of December 31, 2023 and 2022, certificates of deposit amounted to approximately $2.2 million and $0, respectively. Investments in certificates of deposit are classified as Level 1 investments in the fair value hierarchy.

As of December 31, 2023, equity securities held by the Company are primarily comprised of common stock of Nutex Health, Inc. (formerly known as Clinigence Holdings, Inc.) ("Nutex"). In September 2021, Astrana and Nutex entered into a stock purchase agreement in which Astrana purchased shares of common stock, warrants, and potentially additional shares of common stock if certain metrics were not met (such additional shares "contingent equity securities") for $3.0 million. The common stock is included in investments in marketable securities in the accompanying consolidated balance sheets. In May 2022, the Company exercised the warrants and subsequently recognized the shares within investments in marketable securities in the accompanying consolidated balance sheet. In March 2023, the contingent equity securities were settled and the Company received additional Nutex common stock. The additional common stock received from the contingent equity securities is included in investments in marketable securities in the accompanying consolidated balance sheets.

As of December 31, 2023 and 2022, the equity securities were approximately $0.3 million and $5.6 million, respectively, in the accompanying consolidated balance sheets. In December 2023, APC sold all of its common stock in a payer partner. The components comprising total gains and losses on equity securities are as follows (in thousands) for the periods listed below:

	Twelve Months Ended December 31,			
		2023		2022
Total losses recognized on equity securities	$	(6,629)	$	(19,169)
Less (loss) gains recognized on equity securities sold		(4,052)		2,272
Unrealized losses recognized on equity securities held at end of period	$	(2,577)	$	(21,441)

Derivative Financial Instruments

Interest Rate Swap Agreements and Collar Agreements

The Company is exposed to interest rate risk on its floating-rate debt. APC's Excluded Assets entered into interest rate swap agreements to effectively convert its floating-rate debt to a fixed-rate basis. The principal objective of these contracts was to eliminate or reduce the variability of the cash flows in interest payments associated with the Company's floating-rate debt, thus reducing the impact of interest rate changes on future interest payment cash flows. Refer to Note 10 - "Credit Facility, Bank Loans, and Lines of Credit," for further information on the Company's debt. Interest rate swap agreements are not designated as hedging instruments. Changes in the fair value on these contracts are recognized as unrealized gain or loss on investments in the accompanying consolidated statements of income and reflected in the accompanying consolidated statements of cash flows as unrealized gain or loss on interest rate swaps. The estimated fair value of the interest rate swap agreements was determined using Level 2 inputs. On December 1, 2023, APC's Excluded Assets ended the interest rate swap agreements. As of December 31, 2022, the fair value was $ 3.2 million and was presented within other long-term assets in the accompanying consolidated balance sheets. For the years ended December 31, 2023 and 2022, APC recognized unrealized gains of $0.2 million and $4.2 million, respectively. The interest rate swaps were deemed Excluded Assets that were solely for the benefit of APC and its common shareholders.

The Company's collar agreement is designed to limit the interest rate risk associated with the Company's Revolver Loan. The principal objective of the collar agreement is to eliminate or reduce the variability of the cash flows in interest payments associated with the Company's floating-rate debt, thus reducing the impact of interest rate changes on future interest payment cash flows. Refer to Note 10 - "Credit Facility, Bank Loans, and Lines of Credit," for further information on the Company's debt. Under the terms of the agreement, the ceiling is 5.0% and the floor is 2.34%. The collar agreement is not designated as a hedging instrument. Changes in the fair value on this contract is recognized as unrealized gain or loss on investments in the accompanying consolidated statements of income and reflected in the accompanying consolidated statements of cash flows as unrealized loss on investments. The estimated fair value of the collar was determined using Level 2 inputs. As of December 31, 2023 the fair value of the collar was $0.3 million and was presented within other long-term liabilities in the accompanying consolidated balance sheets. For the year ended December 31, 2023, the Company recognized an unrealized loss of $0.3 million.

Contingent Equity Securities

Astrana was entitled to additional common stock if Nutex did not pay AHM management fees exceeding a threshold by the end of December 31, 2022. The contingent equity securities are considered to be derivatives but are not designated as hedging instruments. Changes in the fair value on these contracts are recognized as unrealized gain or loss on investments in the accompanying consolidated statements of income and accompanying consolidated statements of cash flows. The Company determined the fair value of the contingent equity security using a probability-weighted model, which includes significant unobservable inputs (Level 3). Specifically, the Company considered various scenarios of recognizing management fees and assigned probabilities to each such scenario in determining fair value. During the year ended December 31, 2023, the metric was not achieved. Subsequently, the common stock received from the contingent equity securities were accounted for as investments in marketable securities (refer to the subsection above on investments in marketable securities and Note 2 - “Basis of Presentation and Summary of Significant Accounting Policies” for further information on the Company’s investments in marketable securities). As of December 31, 2022, the contingent equity securities were valued at $1.9 million and were presented within prepaid and other current assets in the accompanying consolidated balance sheets. For the year ended December 31, 2022, when the equity securities were still contingent, the Company recognized unrealized losses of $2.4 million.

Remaining equity interest purchase

In 2021, the Company entered into a financing obligation to purchase the remaining equity interest in Diagnostic Medical Group of Southern California (“DMG”) and Sun Clinical Laboratories (“Sun Labs”) within three years from the date the Company consolidated DMG and Sun Labs. The purchase of the remaining DMG equity value is considered a financing obligation with a carrying value of $8.5 million as of both December 31, 2023 and December 31, 2022. Changes in the fair value of the remaining equity purchase are presented in unrealized loss on investments in the accompanying consolidated statements of income. The purchase of the remaining Sun Labs equity value is considered a financing obligation with a carrying value of $7.8 million and $5.8 million as of December 31, 2023 and December 31, 2022, respectively. For the years ended December 31, 2023 and 2022, the change in the fair value of Sun Labs equity value obligation was $2.0 million and $1.7 million, respectively, and is presented in unrealized loss on investments in the accompanying consolidated statements of income. As the financing obligations are embedded in the non-controlling interest, the non-controlling interests are recognized in other liabilities as of December 31, 2023 and other long-term liabilities as of December 31, 2022 in the accompanying consolidated balance sheets.

Contingent considerations

VOMG

Upon consolidating VOMG as a VIE, the purchase price consisted of cash funded upon the close of transaction and additional cash consideration (“VOMG contingent consideration”) contingent on VOMG meeting financial metrics for fiscal years 2023 and 2024. The Company determined the fair value of the contingent consideration using a probability-weighted model that includes significant unobservable inputs (Level 3). The contingent consideration is included within other long-term liabilities in the accompanying consolidated balance sheets. The contingent consideration was valued at $17,000 as of both December 31, 2023 and December 31, 2022. Changes in the VOMG contingent consideration are presented in general and administrative expenses in the accompanying consolidated statements of income.

AAMG

Upon acquiring 100% of the equity interest in AAMG, the purchase price consisted of cash funded upon close of the transaction and additional consideration (“AAMG contingent consideration”) and stock consideration (“AAMG stock contingent consideration”) contingent on AAMG meeting revenue and capitated member metrics for fiscal years 2023 (“2023 metric”) and 2024 (“2024 metric”). If the contingent considerations are met, the settlement will be paid in the Company’s common stock. The total amount of stock that can be issued for the 2023 and 2024 metrics is 157,048 and 184,361, respectively. The Company determined the fair value of the contingent considerations using a probability-weighted model that includes significant unobservable inputs (Level 3). Specifically, the Company considered various scenarios of revenue and assigned probabilities to each such scenario in determining fair value.

The AAMG contingent consideration for the 2023 metric was valued at $2.6 million and presented within other liabilities in the accompanying consolidated balance sheets as of December 31, 2023. The AAMG contingent consideration for the 2024 metric was valued at $2.9 million and presented within other long-term liabilities in the accompanying consolidated balance sheets as of December 31, 2023. As of December 31, 2022, for capitated member metrics for fiscal years 2023 and 2024, the AAMG contingent consideration was valued at $5.9 million and was presented within other long-term liabilities in the accompanying consolidated balance sheets. Changes in the AAMG contingent consideration are presented in general and administrative expenses in the accompanying consolidated statements of income. The AAMG stock contingent consideration was valued at $5.6 million as of December 31, 2023 and 2022 and is included in additional paid-in capital in the accompanying consolidated balance sheets.

22. Subsequent Events

Drawdown on Term Loan and Revolver Loan

Subsequent to December 31, 2023, the Company drew down $20 million on its Term Loan and $90 million on its Revolver Loan.

Closing of Acquiring Community Family Care Medical Group IPA, Inc. ("CFC") Assets

In November 2023, the Company entered into an Asset and Equity Purchase Agreement (the "Purchase Agreement") to acquire the partnership interests of Advanced Health Management Systems, L.P. ("AHMS") and certain assets of Community Family Care Medical Group IPA, Inc. ("CFC"), which acquisitions the Company expected would occur in two separate closings. In November 2023, AHM also entered into a Stock Purchase Agreement (the "I Health Purchase Agreement") to purchase 25% of the outstanding shares of common stock of I Health, Inc. ("I Health"). On January 31, 2024, the first closing under the Purchase Agreement occurred, and the Company completed its acquisition of CFC's assets. The Company expects to complete the second closing under the Purchase Agreement and acquire the outstanding general and limited partnership interests of AHMS during the first quarter of 2024, subject to obtaining required regulatory approvals. It is currently expected that the I Health Purchase Agreement closing will occur during the first quarter of 2024. The purchase price consisted of $93.8 million cash and 631,712 shares of common stock of the Company. In addition, the Purchase Agreement contains earnout payments of up to $15.0 million cash. The Company is in the process of finalizing its purchase price allocation of CFC.

Bass Medical Group

On January 29, 2024, the Company announced its strategic long-term partnership with BASS Medical Group, one of the largest multi-specialty medical groups in the Greater San Francisco Bay Area. Together, the two organizations will aim to bring high-quality care via value-based arrangements to patients of all insurance types, including Medicare, Medicaid, ACA Marketplace, and Commercial. Astrana has provided BASS Medical Group with a $ 20 million senior secured promissory note ("BASS secured promissory note"),which is intended to be used, in partnership with Astrana, to continue to grow their footprint and invest in high-quality, high-value, and accessible primary and multi-specialty care for communities across California. The BASS secured promissory note matures on January 11, 2031 and has an interest rate per annum equal to 2.9% plus the Secured Overnight Financing Rate as administered by the Federal Reserve Bank of New York (or a successor administrator) compounded annually.

Advanced Diagnostic and Surgical Center, Inc.

On January 18, 2023, the Company acquired 95% of the equity interest of Advanced Diagnostic and Surgical Center, Inc. ("ADSC"). ADSC is a diagnostic and surgical center that also provides ambulatory surgery services. Certain Astrana board members previously owned ADSC. The transaction was funded with cash. In addition, the arrangement contains earnout payments. The Company is in the process of finalizing its purchase price allocation.

Employee Stock Purchase Plan ("ESPP")

On January 1, 2024, the Company's ESPP came into effect. The Company's ESPP allows eligible employees to contribute a portion of their eligible earnings toward the semi-annual purchase of the Company's common stock at a discounted price, subject to an annual maximum dollar amount.

Medicare Shared Savings Program ("MSSP")

Beginning in 2024, in addition to participating in the ACO REACH Model, one of the Company's ACOs will participate in the Medicare Shared Savings Program ("MSSP"). The MSSP was created to promote accountability and improve coordination of care for Medicare beneficiaries. The MSSP has multiple risk tracks, and the Company is currently participating in the ENHANCED risk track. Much like the ACO REACH Model, under the MSSP Model, the Company recruits a group of Participant and Preferred (in-network) Providers. Based on the Participant Providers that join the Company's ACO, CMS grants the Company a pool of Traditional Medicare patients (beneficiaries) to manage (the "MSSP Aligned Beneficiaries"). MSSP Aligned Beneficiaries will receive services from physicians and other medical service providers that are both in-network and out-of-network. Unlike the ACO REACH Program, CMS continues to pay participant and preferred providers on a fee-for-service basis for Medicare covered services provided to MSSP Aligned Beneficiaries. However, the Company continues to bear risk on all Medicare expenditures (both in-network and out-of-network), excluding drug expenditures covered by Medicare Part D, based on a budgetary benchmark established with CMS. The Company's shared savings or losses in managing its beneficiaries are generally determined on an annual basis after reconciliation with CMS.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

As of December 31, 2023, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial and Operating Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our management, including our Chief Executive Officer and Chief Financial and Operating Officer, concluded that our disclosure controls and procedures were effective as of December 31, 2023.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate "internal control over financial reporting," as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). A company's internal control over financial reporting is a process designed by, or under the supervision of, its principal executive officer and principal financial officer, and effected by such company's board of directors, management and other personnel 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 and includes those policies and procedures that:

i. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

ii. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and the receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

iii. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of 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.

Our management, with the participation of our Chief Executive Officer and Chief Financial and Operating Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2023, the end of our fiscal year. Our management based its assessment on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Our management's assessment included evaluation and testing of the design and operating effectiveness of key financial reporting controls, process documentation, accounting policies, and our overall control environment.

Based on our management's assessment, our management has concluded that our internal control over financial reporting was effective as of December 31, 2023. Our management communicated the results of its assessment to the Audit Committee of our Board of Directors.

Our independent registered public accounting firm, Ernst & Young, LLP, audited our consolidated financial statements for the fiscal year ended December 31, 2023 included in this Annual Report on Form 10-K, and has issued an audit report with respect to the effectiveness of the Company's internal control over financial reporting, a copy of which is included below in this Annual Report on Form 10-K.

Remediation of Previously Reported Material Weakness

The material weakness in our internal control over financial reporting related to the inadequate design of controls associated with the accounting for income taxes, as disclosed in the Company's Annual Report on Form 10-K/A for the year ended December 31, 2022, has been remediated as of December 31, 2023. Specifically, as of December 31, 2022, the Company did not sufficiently design controls to properly analyze, document, and review the completeness and accuracy of the Company's assessment of the tax implications of intercompany dividends and the rationale for conclusions with respect to which entities were (or should have been) included in consolidated tax returns.

Management's remediation actions included, but were not limited to, the following:

i. We implemented controls to ensure the completeness and accuracy of the Company's tax filing structure.

ii. We designed and implemented relevant controls to enable an effective and timely review of the income tax consequences of intercompany transactions and consolidated tax group determinations. This includes the identification of relevant supporting documentation and the retention of sufficient detailed evidence of review procedures performed.

Changes in Internal Control Over Financial Reporting

Except with respect to the remediation of the material weakness, as described above, there were no changes in our internal control over financial reporting during the quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Astrana Health, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Astrana Health, Inc.'s (formerly known as Apollo Medical Holdings, Inc.) internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Astrana Health, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2023 and 2022, the related consolidated statements of income, mezzanine and stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and our report dated February 29, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

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

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

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

Definition and Limitations of Internal Control Over Financial Reporting

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

Because of 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.

/s/ Ernst & Young LLP

Los Angeles, California
February 29, 2024

Item 9B. Other Information

Rule 10b5-1 Trading Plans

During the three months ended December 31, 2023, none of the Company's directors or executive officersadopted, modified or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" (as defined in Item 408(c) of Regulation S-K).

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

The information required by this Item will be contained in the Company's Proxy Statement for the 2024 Annual Meeting to be filed with the SEC not later than 120 days following the end of the Company's fiscal year ended December 31, 2023, which information is incorporated herein by reference.

The Company has adopted a Code of Ethics that applies to all of its officers, directors and employees. The Code of Ethics is available on the "Investors" section of its website, www.astranahealth.com, under the "Governance—Governance Documents" heading. The Company intends to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of its Code of Ethics by posting such information on its website at the web address and location specified above within four business days following the date of the amendment or waiver.

Item 11. Executive Compensation

The information required by this Item will be contained in the Company's Proxy Statement for the 2024 Annual Meeting to be filed with the SEC not later than 120 days following the end of the Company's fiscal year ended December 31, 2023, which information is incorporated herein by reference.

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

The information required by this Item will be contained in the Company's Proxy Statement for the 2024 Annual Meeting to be filed with the SEC not later than 120 days following the end of the Company's fiscal year ended December 31, 2023, which information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item will be contained in the Company's Proxy Statement for the 2024 Annual Meeting to be filed with the SEC not later than 120 days following the end of the Company's fiscal year ended December 31, 2023, which information is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required by this Item will be contained in the Company's Proxy Statement for the 2024 Annual Meeting to be filed with the SEC not later than 120 days following the end of the Company's fiscal year ended December 31, 2023, which information is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this Annual Report on Form 10-K:

1. Consolidated financial statements

The consolidated financial statements and notes thereto contained herein are as listed on the "Index to Consolidated Financial Statements" in Part II, Item 8 of this Annual Report on Form 10-K.

2. Financial Statement Schedules

All financial statement schedules have been omitted, since the required information is not applicable or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and notes thereto included in this Annual Report on Form 10-K.

3. Exhibits required by Item 601 of Regulation S-K.

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

Exhibit No.	Description
3.4	Certificate of Amendment of Restated Certificate of Incorporation (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on June 21, 2018).
3.5	Certificate of Amendment of Restated Certificate of Incorporation (effective February 26, 2024) (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on January 26, 2024).
3.6	Amended and Restated By-laws (effective February 28, 2024) (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on February 29, 2024).
3.7	Certificate of Designation of Series A Convertible Preferred Stock (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on October 19, 2015).
3.8	Amended and Restated Certificate of Designation of Astrana Health, Inc (f/k/a Apollo Medical Holdings, Inc.) (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 4, 2016).
4.1*	Description of Registered Securities.
10.1+*	2015 Equity Incentive Plan of the Company (as amended and restated February 26, 2024).
10.2+*	Form of Restricted Stock Agreement (2015 Equity Incentive Plan).
10.3+*	Form of Restricted Stock Unit Agreement (2015 Equity Incentive Plan).
10.4+*	Form of Incentive Stock Option Agreement (2015 Equity Incentive Plan).
10.5+*	Form of Nonqualified Stock Option Agreement (2015 Equity Incentive Plan).
10.6+	Board of Directors Agreement dated May 22, 2013 by and between Astrana Health, Inc (f/k/a Apollo Medical Holdings, Inc.), and David Schmidt (incorporated herein by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K filed on May 8, 2014).
10.7+	Board of Directors Agreement between Astrana Health, Inc (f/k/a Apollo Medical Holdings, Inc.) and Thomas S. Lam, M.D. dated January 19, 2016 (incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 19, 2016.
10.8+	Form of Board of Directors Agreement (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 13, 2017).
10.9+	Form of Director Proprietary Information Agreement (incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on December 13, 2017).
10.10+	Form of Indemnification Agreement (incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on December 13, 2017).

Exhibit No.	Description
10.11*	Physician Shareholder Agreement, effective as of July 14, 2021, as amended by Amendment No. 1, dated October 19, 2023, granted and delivered by Thomas Lam, M.D., in favor of Astrana Health Management, Inc. (f/k/a Network Medical Management, Inc.) and Astrana Health, Inc. (f/k/a Apollo Medical Holdings, Inc.), for the benefit of Astrana Care Partners Medical Corporation (f/k/a AP-AMH 2 Medical Corporation), a California professional medical corporation.
10.12	Second Amendment to Lease Agreement dated October 14, 2014 by and between Astrana Health, Inc. (f/k/a Apollo Medical Holdings, Inc.) and EOP-700 North Brand, LLC (incorporated herein by reference to Exhibit 10.5 on Quarterly Report on Form 10-Q filed on November 14, 2014).
10.13	Lease Agreement, dated July 22, 2014, by and between Numen, LLC and Astrana Health Medical Management (f/k/a Apollo Medical Management, Inc.) (incorporated herein by reference to Exhibit 10.01 to the Company's Current Report on Form 8-K/A filed on December 8, 2014).
10.14	Lease Agreement, dated August 1, 2002, by and between Astrana Health Management, Inc. (f/k/a Network Medical Management, Inc.) and Medical Property Partner. (incorporated herein by reference to Exhibit 10.27 to the Company's Annual Report on Form 10-K filed on April 2, 2018).
10.15	Lease Agreement, dated August 1, 2002, by and between Astrana Health Management, Inc. (f/k/a Network Medical Management, Inc.) and Medical Property Partner. (incorporated herein by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K filed on April 2, 2018).
10.16	Lease Agreement Addendum, dated February 1, 2013, by and between Astrana Health Management, Inc. (f/k/a Network Medical Management, Inc.) and Medical Property Partner. (incorporated herein by reference to Exhibit 10.29 to the Company's Annual Report on Form 10-K filed on April 2, 2018).
10.17	Securities Purchase Agreement, dated October 14, 2015, between Astrana Health, Inc. (f/k/a Apollo Medical Holdings, Inc.) and Astrana Health Management, Inc. (f/k/a Network Medical Management, Inc.) (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 19, 2015).
10.18	Securities Purchase Agreement, dated March 30, 2016, between Astrana Health, Inc. (f/k/a Apollo Medical Holdings, Inc.) and Astrana Health Management, Inc. (f/k/a Network Medical Management, Inc.) (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 4, 2016).
10.19+	Board of Directors Agreement, dated January 11, 2019, between Astrana Health, Inc. (f/k/a Apollo Medical Holdings, Inc.) and Linda Marsh. (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 17, 2019).
10.20+	Board of Directors Agreement, dated January 11, 2019, betweenAstrana Health, Inc. (f/k/a Apollo Medical Holdings, Inc.) and John Chiang. (incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 17, 2019).
10.21	Loan Agreement, dated May 10, 2019, by and betweenAstrana Health, Inc. (f/k/a Apollo Medical Holdings, Inc.), a Delaware corporation and Astrana Health Medical Corporation (f/k/a AP-AMH Medical Corporation), a California professional medical corporation (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 13, 2019).
10.22	First Amendment to Loan Agreement, dated August 26, 2019, by and betweenAstrana Health, Inc. (f/k/a Apollo Medical Holdings, Inc.) and Astrana Health Medical Corporation (f/k/a AP-AMH Medical Corporation), a Professional Medical Corporation (incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on August 29, 2019).

Exhibit No.	Description
10.23	Second Amendment to Loan Agreement, dated September 11, 2019, by and betweenAstrana Health, Inc. (f/k/a Apollo Medical Holdings, Inc.), a Delaware corporation and Astrana Health Medical Corporation (f/k/a AP-AMH Medical Corporation), a California professional medical corporation (incorporated herein by reference to Exhibit 10.10 to the Company's Current Report on Form 8-K filed on September 12, 2019).
10.24	Tradename Licensing Agreement, dated May 10, 2019, by and betweenAstrana Health, Inc. (f/k/a Apollo Medical Holdings, Inc.), a Delaware corporation and Astrana Health Medical Corporation (f/k/a AP-AMH Medical Corporation), a California professional medical corporation (incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on May 13, 2019).
10.25	First Amendment to Tradename Licensing Agreement, dated as of September 10, 2019, by and betweenAstrana Health, Inc. (f/k/a Apollo Medical Holdings, Inc.), a Delaware corporation, and Astrana Health Medical Corporation (f/k/a AP-AMH Medical Corporation), a California professional medical corporation (incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on September 12, 2019).
10.26	Physician Shareholder Agreement, dated May 10, 2019, granted by Thomas Lam, M.D., in favor ofAstrana Health, Inc. (f/k/a Apollo Medical Holdings, Inc.), a Delaware corporation, and Astrana Health Management, Inc. (f/k/a Network Medical Management, Inc.) a California corporation, for the benefit of AP-AMH Medical Corporation, a California professional medical corporation (incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on May 13, 2019).
10.27	Series A Preferred Stock Purchase Agreement, dated May 10, 2019, by and between Astrana Health Medical Corporation (f/k/a AP-AMH Medical Corporation), a California professional medical corporation and Allied Physicians of California, a Professional Medical Corporation, a California professional medical corporation (incorporated herein by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on May 13, 2019).
10.28	First Amendment to the Series A Preferred Stock Purchase Agreement dated August 26, 2019, by and between Allied Physicians of California, a California Professional Medical Corporation and Astrana Health Medical Corporation (f/k/a AP-AMH Medical Corporation), a Professional Medical Corporation (incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on August 29, 2019).
10.29	Second Amendment to Series A Preferred Stock Purchase Agreement, dated as of September 9, 2019, by and between Allied Physicians of California, a Professional Medical Corporation and Astrana Health Medical Corporation (f/k/a AP-AMH Medical Corporation), a California professional medical corporation (incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on September 12, 2019).
10.30	Special Purpose Shareholder Agreement of Allied Physicians of California, dated May 10, 2019, by and between Allied Physicians of California, a Professional Medical Corporation, a California professional medical corporation and Astrana Health Medical Corporation (f/k/a AP-AMH Medical Corporation), a California professional medical corporation (incorporated herein by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on May 13, 2019).
10.31	First Amendment to Special Purpose Shareholder Agreement of Allied Physicians of California, dated as of September 11, 2019, by and between Allied Physicians of California, a Professional Medical Corporation and Astrana Health Medical Corporation (f/k/a AP-AMH Medical Corporation), a California professional medical corporation (incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on September 12, 2019).
10.32	Stock Purchase Agreement, dated May 10, 2019, by and between Allied Physicians of California, a Professional Medical Corporation, a California professional medical corporation and Astrana Health, Inc. (f/k/a Apollo Medical Holdings, Inc.) a Delaware corporation (incorporated herein by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed on May 13, 2019).

Exhibit No.	Description
10.33	First Amendment to Stock Purchase Agreement, dated August 26, 2019, by and between Allied Physicians of California, a California Professional Medical Corporation and Astrana Health, Inc. (f/k/a Apollo Medical Holdings, Inc.)(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 29, 2019).
10.34	Security Agreement, dated as of September 11, 2019, in favor of Apollo Medical Holdings, Inc., a Delaware corporation, byAstrana Health Medical Corporation (f/k/a AP-AMH Medical Corporation), a California professional medical corporation (incorporated herein by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on September 12, 2019).
10.35	Amended Certificate of Determination of Preferences of Series A Preferred Stock of Allied Physicians of California, a Professional Medical Corporation (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 2, 2024).
10.36	Voting and Registration Rights Agreement, dated as of September 11, 2019, by and betweenAstrana Health, Inc. (f/k/a Apollo Medical Holdings, Inc.), a Delaware corporation, and Allied Physicians of California, a Professional Medical Corporation (incorporated herein by reference to Exhibit 10.9 to the Company's Current Report on Form 8-K filed on September 12, 2019).
10.37+	Board of Directors Agreement, dated September 29, 2019, with Matthew Mazdyasni (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 30, 2019).
10.38+	Employment Agreement, dated June 8, 2020, betweenAstrana Health Management, Inc. (f/k/a Network Medical Management, Inc.)and Kenneth Sim, M.D. (incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on August 10, 2020).
10.39+	Employment Agreement, dated June 8, 2020, betweenAstrana Health Management, Inc. (f/k/a Network Medical Management, Inc.)and Thomas Lam, M.D. (incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on August 10, 2020).
10.40+	Employment Agreement, dated June 8, 2020, betweenAstrana Health Management, Inc. (f/k/a Network Medical Management, Inc.)and Albert Young, M.D. (incorporated herein by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed on August 10, 2020).
10.41+	Employment Agreement, dated June 8, 2020, betweenAstrana Health Management, Inc. (f/k/a Network Medical Management, Inc.)and Brandon K. Sim, M.S. (incorporated herein by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed on August 10, 2020).
10.42+	Employment Agreement, dated April 12, 2022, betweenAstrana Health Management, Inc. (f/k/a Network Medical Management, Inc.)and Chandan Basho (incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on August 9, 2022).
10.43†	Amended and Restated Credit Agreement dated as of June 16,2021, by and among Astrana Health, Inc. (f/k/a Apollo Medical Holdings, Inc.) as Borrower, the Lenders from time to time party thereto, and Truist Bank, in its capacity as administrative agent for the Lenders, as issuing bank and as swingline lender. (incorporated herein by reference to Exhibit 10 to the Company's Quarterly Report on Form 10-Q filed on August 6,2021).
10.44†	First Amendment to Amended and Restated Credit Agreement dated as of December 20,2022, by and among Astrana Health, Inc. (f/k/a Apollo Medical Holdings, Inc.), as Borrower, the Lenders from time to time party thereto, and Truist Bank, in its capacity as administrative agent for the Lenders, as issuing bank and as swingline lender (incorporated herein by reference to Exhibit 10.55 to the Company's Annual Report on Form 10-K filed on March 1, 2023).

Exhibit No.	Description
10.45†	Second Amendment to Amended and Restated Credit Agreement and Waiver, dated as of September 8, 2023, by and amongAstrana Health, Inc. (f/k/a Apollo Medical Holdings, Inc.), as borrower, Astrana Health Management, Inc. (f/k/a Network Medical Management, Inc.) as guarantor, the lenders party thereto, and Truist Bank, as administrative agent, issuing bank and swingline lender (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 8, 2023).
10.46†	Third Amendment to Amended and Restated Credit Agreement and Incremental Agreement, dated as of November 3, 2023, by and amongAstrana Health, Inc. (f/k/a Apollo Medical Holdings, Inc.), as borrower, Astrana Health Management, Inc. (f/k/a Network Medical Management, Inc.) as guarantor, the lenders party thereto, and Truist Bank, as administrative agent, issuing bank and swingline lender (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 7, 2023).
10.47	Guaranty and Security Agreement dated as of September 11, 2019, by and amongAstrana Health, Inc. (f/k/a Apollo Medical Holdings, Inc.) as Borrower, and Astrana Health Management, Inc. (f/k/a Network Medical Management, Inc.) as Guarantor, in favor of SunTrust Bank, as administrative agent for the Secured Parties (incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on September 12, 2019).
10.48+*	Employee Stock Purchase Plan of the Company (amended and restated effective February 26, 2024).
10.49+*	Nonqualified Deferred Compensation Plan (amended and restated effective February 26, 2024).
10.50†	Stock Repurchase Agreement, dated November 6, 2023, between Astrana Health, Inc. (f/k/a Apollo Medical Holdings, Inc.) and Allied Physicians of California, a Professional Medical Corporation (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 7, 2023).
10.51†	Asset and Equity Purchase Agreement, dated as of November 7, 2023, by and among Metropolitan IPA, a California professional corporation, Astrana Health Enablement of CA LLC (f/k/a ApolloCare Enablement of CA, LLC), Astrana Health Management, Inc. (f/k/a Network Medical Management, Inc.), Astrana Health, Inc. (f/k/a Apollo Medical Holdings, Inc.), Community Family Care Medical Group IPA, Inc., Advanced Health Management Systems, L.P., Accie M. Mitchell and Gloria C. Mitchell, as Co-Trustees of the Mitchell Family Trust dated July 2, 2003, CFC Management, LLC, the other parties thereto and Marc Mitchell, as the Equityholder Representative (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 7, 2023).
10.52†	Amendment No. 1 to Asset and Equity Purchase Agreement, dated as of January 31, 2024, by and among Metropolitan IPA, a California professional corporation, Astrana Health Enablement of CA LLC (f/k/a ApolloCare Enablement of CA, LLC), Astrana Health Management, Inc. (f/k/a Network Medical Management, Inc.), Astrana Health, Inc. (f/k/a Apollo Medical Holdings, Inc.), Community Family Care Medical Group IPA, Inc., Advanced Health Management Systems, L.P., Accie M. Mitchell and Gloria C. Mitchell, as Co-Trustees of the Mitchell Family Trust dated July 2, 2003, CFC Management, LLC, the other parties thereto and Marc Mitchell, as the Equityholder Representative (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 2, 2024).
10.53†	Stock Purchase Agreement, dated as of November 7, 2023, by and among Astrana Health Management, Inc. (f/k/a Network Medical Management, Inc.), I Health, Inc., Ronald Brandt and Allison Brandt (incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on November 7, 2023).
10.54+*	Employment Inducement Award Plan of the Company (amended and restated effective February 26, 2024).
10.55+	Form of Stock Option Agreement (Employment Inducement Award Plan) (incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on November 17, 2023).
10.56+	Form of Restricted Stock Agreement (Employment Inducement Award Plan) (incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on November 17, 2023).
10.57+*	Form of Stock Option Agreement (Employment Inducement Award Plan) (2024).

Exhibit No.	Description
10.58+*	Form of Restricted Stock Agreement (Employment Inducement Award Plan) (2024).
10.59+*	Form of Restricted Stock Unit Agreement (Employment Inducement Award Plan) (2024).
10.60+†*	Employment Agreement, dated January 23, 2024, by and between ApolloCare Enablement of Nevada and Dinesh Kumar, MD.
10.61*	Loan and Security Agreement, dated January 31, 2024, by and between AP-AMH 2 Medical Corporation, a California professional corporation, and Apollo Medical Holdings, Inc.
10.62*	Secured Promissory Note, dated January 31, 2024, between AP-AMH 2 Medical Corporation, a California professional corporation, as the Borrower, and Apollo Medical Holdings, Inc., as the Lender.
19.1*	Astrana Health, Inc. Insider Trading Policy (last revisedFebruary 26, 2024).
21.1*	Subsidiaries of Astrana Health, Inc. (f/k/a Apollo Medical Holdings, Inc.)
23.1*	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
24.1*	Power of Attorney (included on the signatures page of this Annual Report on Form 10-K).
31.1*	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32**	Certification of Principal Executive Officers and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97.1*	Astrana Health, Inc. Compensation Recovery Policy (last revised February 26, 2024).
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the inline XBRL document)

* Filed herewith

** Furnished herewith

+ Management contract or compensatory plan, contract or arrangement

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

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ASTRANA HEALTH, INC.

Date: February 29, 2024	By:	/s/ Brandon K. Sim, M.S.
		Brandon K. Sim, M.S. Chief Executive Officer and President (Principal Executive Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints, jointly and severally, Brandon K. Sim, M.S., as their true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place, and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as they might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934 this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

	SIGNATURE	TITLE	DATE
By:	/s/ Brandon K. Sim, M.S. Brandon K. Sim, M.S.	Chief Executive Officer and President (Principal Executive Officer)	February 29, 2024
By:	/s/ Chandan Basho Chandan Basho	Chief Financial and Operating Officer (Principal Financial Officer)	February 29, 2024
By:	/s/ John Vong John Vong	Chief Accounting Officer (Principal Accounting Officer)	February 29, 2024
By:	/s/ Kenneth Sim Kenneth Sim, M.D	Executive Chairman, Director	February 29, 2024
By:	/s/ Thomas Lam Thomas Lam, M.D., M.P.H.	Vice Chairman, Director	February 29, 2024
By:	/s/ John Chiang John Chiang	Director	February 29, 2024
By:	/s/ Weili Dai Weili Dai	Director	February 29, 2024
By:	/s/ J. Lorraine Estradas J. Lorraine Estradas	Director	February 29, 2024
By:	/s/ Mitchell Kitayama Mitchell Kitayama	Director	February 29, 2024
By:	/s/ Linda Marsh Linda Marsh	Director	February 29, 2024
By:	/s/ Matthew Mazdyasni Matthew Mazdyasni	Director	February 29, 2024
By:	/s/ David Schmidt David Schmidt	Director	February 29, 2024

DESCRIPTION OF ASTRANA HEALTH, INC. REGISTERED SECURITIES

The following summarizes the terms and provisions of the common stock of Astrana Health, Inc., a Delaware corporation (the "Company"), which common stock is registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The summary does not purport to be complete and is qualified in its entirety by reference to the Company's Restated Certificate of Incorporation (as amended, the "Certificate of Incorporation") and Amended and Restated By-Laws (the "Bylaws"), which the Company has previously filed with the Securities and Exchange Commission, and applicable Delaware law.

Authorized Capital

The Company has 100,000,000 shares of common stock, par value $0.001 per share, and 5,000,000 shares of preferred stock, par value $0.001 per share, authorized for issuance, of which 1,111,111 preferred shares are designated as Series A convertible preferred stock ("Series A preferred stock") and 555,555 preferred shares are designated as Series B convertible preferred stock ("Series B preferred stock").

Common Stock

Voting

Holders of the Company's common stock are entitled to one vote for each share for the election of directors and on all other matters submitted to a stockholder vote. Holders of the Company's common stock do not have cumulative voting rights.

Dividends

Subject to the rights of preferred stockholders, if any, holders of the Company's common stock are entitled to receive such dividends, if any, as may be declared from time to time by the board of directors, in its discretion, from legally available funds.

Liquidation

In the event of a liquidation, dissolution or winding up, the holders of the Company's common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of the Company's known debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then-outstanding shares of preferred stock.

Rights and Preferences

All outstanding shares of common stock are duly authorized, fully paid and non-assessable. Holders of common stock have no preemptive, conversion, subscription or other rights, and there are no redemption or sinking fund provisions applicable to the common stock. The rights, preferences, and privileges of the holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that the Company has designated or may designate in the future.

Stock Exchange Listing

The common stock is listed on The Nasdaq Stock Market LLC under the trading symbol "ASTH."

Registration Rights

Certain of the Company's outstanding shares of common stock have registration rights.

Transfer Agent

The transfer agent for the Company's common stock is Pacific Stock Transfer, a Securitize company.

Preferred Stock

Under the terms of the Certificate of Incorporation, the Company's board of directors is authorized to provide for the issuance of up to 5,000,000 shares of preferred stock in one or more series, to establish the number of shares to be included in each series, and to fix the designation, powers, including voting rights, if any, preferences, and relative, participating, optional and other rights and the qualifications, limitations and restrictions thereof. The issuance of preferred stock could adversely affect the voting power of holders of common stock and the likelihood that such holders will receive dividend payments and payments upon liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring or preventing a change of control of the Company or other corporate action.

The Company has 1,666,666 shares of preferred stock designated and issued, consisting of 1,111,111 shares of Series A preferred stock and 555,555 shares of Series B preferred stock, all of which are held by Astrana Health Management, Inc., a wholly-owned subsidiary of the Company ("AHM"). As AHM is a wholly-owned subsidiary of the Company, pursuant to the Delaware General Corporation Law, the shares held by AMH are not entitled to vote or to be counted for quorum purposes with respect to the Company's stockholder actions. Holders of the Company's shares of Series A preferred stock and Series B preferred stock are entitled to receive dividends, out of legally available assets, on parity with the holders of the Company's shares of common stock. The Series A preferred stock and Series B preferred stock have an initial liquidation preference in the amount of $9.00 per share, plus any declared and unpaid dividends, and are convertible into common stock, at the option of the holder thereof, at any time after issuance, at an initial conversion rate of one-for-one, in each case, subject to adjustment in the event of stock dividends, stock splits and certain other similar transactions.

Anti-Takeover Provisions

The following provisions of the Certificate of Incorporation and Bylaws could have the effect of delaying or discouraging another party from acquiring control of the Company and could encourage persons seeking to acquire control of the Company to first negotiate with the Company's board of directors:

- the Bylaws require holders of not less than one-tenth of all shares entitled to vote at a meeting to call a special meeting of stockholders;
- the Certificate of Incorporation and Bylaws provide that the board of directors will establish the authorized number of directors from time to time;
- the Certificate of Incorporation does not permit cumulative voting in the election of directors; and
- the Certificate of Incorporation permits the board of directors to determine the rights, privileges and preferences of any new series of preferred stock, some of which could impede the ability of a person to acquire control of the Company.

The Company is subject to Section 203 of the Delaware General Corporation Law ("Section 203"), which generally prohibits a public Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder unless:

- prior to the date of the transaction, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned by (i) persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- on or after such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

In general, Section 203 defines "business combination" to include the following:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), except proportionately as a stockholder of such corporation, to or with the interested stockholder, of assets of the corporation, which assets have an aggregate market value equal to 10% or more of either the aggregate market value of all the assets of the corporation determined on a consolidated basis or the aggregate market value of all the outstanding stock of the corporation;

- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;

- subject to certain exceptions, any transaction involving the corporation that has the effect, directly or indirectly, of increasing the interested stockholder's proportionate share of the stock of any class or series, or securities convertible into the stock of any class or series, of the corporation; and

- any receipt by the interested stockholder of the benefit, directly or indirectly (except proportionately as a stockholder of such corporation), of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an "interested stockholder" as an entity or person that, together with the person's affiliates and associates, beneficially owns, or within three years prior to the time of determination of interested stockholder status did own, 15% or more of the outstanding voting stock of the corporation.

Authorized and Unissued Shares

The Company's authorized and unissued shares of common stock are available for future issuance without stockholder approval except as may otherwise be required by applicable regulations or Delaware law. The Company may issue additional shares for a variety of purposes, including future offerings to raise additional capital, to fund acquisitions and as employee, director and consultant compensation. The existence of authorized but unissued shares of common stock could render more difficult, or discourage an attempt, to obtain control of the Company by means of a proxy contest, tender offer, merger or otherwise.

The issuance of shares of preferred stock by the Company could have certain anti-takeover effects under certain circumstances, and could enable the Company's board of directors to render more difficult or discourage an attempt to obtain control of the Company by means of a merger, tender offer or other business combination transaction directed at the Company by, among other things, placing shares of preferred stock with investors who might align themselves with the board of directors.

ASTRANA HEALTH, INC.

2015 EQUITY INCENTIVE PLAN

(Amended and Restated Effective February 26, 2024)

1. Purpose, History and Effective Date.

(a) Purpose. The Astrana Health, Inc. 2015 Equity Incentive Plan has two complementary purposes: (i) to attract and retain outstanding individuals to serve as officers, employees, directors or consultants and (ii) to increase stockholder value. The Plan will provide participants incentives to increase stockholder value by offering the opportunity to acquire shares of the Company's common stock or receive monetary payments based on the value of such common stock on the potentially favorable terms that this Plan provides.

(b) History. Prior to the effective date of this Plan, the Company had in effect the 2010 Plan and the 2013 Plan, which were originally effective March 4, 2010 and April 30, 2013, respectively. Upon adoption of this Plan by the Board, no new awards will be granted under the 2013 Plan. No awards have been granted under the 2010 Plan since the effectiveness of the 2013 Plan.

(c) Effective Date. This Plan became effective, and Awards may be granted under this Plan, on and after the Effective Date; provided, however, that prior to approval of this Plan by the Company's stockholders, but after adoption by the Board, Incentive Stock Options may be granted under this Plan subject to obtaining the stockholders' approval of this Plan; and provided, further, that such stockholder approval must occur no later than 12 months after the date of adoption of this Plan by the Board. This Plan will terminate as provided in Section 14. The Plan is amended and restated as set forth herein, effective February 26, 2024.

2. Definitions. Capitalized terms used in this Plan have the following meanings:

(a) "2010" Plan means the Company's 2010 Equity Incentive Plan.

(b) "2013 Plan" means the Company's 2013 Equity Incentive Plan.

(c) "Affiliate" has the meaning ascribed to such term in Rule 12b-2 promulgated under the Exchange Act or any successor rule or regulation thereto.

(d) "Award" means a grant of Options, Stock Appreciation Rights, Performance Shares, Performance Units, Restricted Stock, Restricted Stock Units or Dividend Equivalent Units.

(e) "Award Agreement" means a written agreement, contract, or other instrument or document evidencing the grant of an Award in such form as the Committee determines.

(f) "Board" means the Board of Directors of the Company.

(g) "Change of Control" means the occurrence of any one of the following events:

(i) the consummation of a merger or consolidation of the Company with or into another entity or any other corporate reorganization, if more than fifty percent (50%) of the combined voting power of the continuing or surviving entity's securities outstanding immediately after such merger, consolidation or other reorganization is owned by Persons who were not stockholders of the Company immediately prior to such merger, consolidation or other reorganization;

(ii) the sale, transfer or other disposition of all or substantially all of the Company's assets;

(iii) a change in the composition of the Board, as a result of which fewer than fifty percent (50%) of the incumbent directors are directors who either (A) had been directors of the Company on the date twenty-four (24) months prior to the date of the event that may constitute a Change of Control (the "original directors") or (B) were elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the aggregate of the original directors who were still in office at the time of the election or nomination and the directors whose election or nomination was previously so approved; or

(iv) any transaction as a result of which any Person is the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing at least fifty percent (50%) of the total voting power represented by the Company's then outstanding voting securities. For purposes of this paragraph (iv), the term "Person" shall exclude (A) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a Subsidiary and (B) a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of the common stock of the Company.

A transaction shall not constitute a Change of Control if its sole purpose is to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

Notwithstanding anything herein contained to the contrary, with respect to an Award that is or may be considered deferred compensation subject to Code Section 409A, the definition of "Change of Control" herein shall be amended and interpreted in a manner that allows the definition to satisfy the requirements of a change of control under Code Section 409A solely for purposes of complying with the requirements of Code Section 409A.

(h) "Code" means the Internal Revenue Code of 1986, as amended. Any reference to a specific provision of the Code includes any successor provision and the regulations promulgated under such provision.

(i) "Committee" means the Compensation Committee of the Board (or a successor committee with the same or similar authority), except as otherwise provided in Section 3(b).

(j) "Company" means Astrana Health, Inc., a Delaware corporation (formerly known as Apollo Medical Holdings, Inc.), or any successor thereto.

(k) "Director" means a member of the Board, and "Non-Employee Director" means a Director who is not also an employee of the Company or its Subsidiaries.

(l) "Disability" has the meaning ascribed to the term in Code Section 22(e)(3), as determined by the Committee.

(m) "Disinterested Persons" means the "non-employee directors" of the Company as such term is defined in Rule 16b-3.

(n) "Dividend Equivalent Unit" means the right to receive a payment equal to the cash dividends paid with respect to a Share.

(o) “Effective Date” means the earlier to occur of the date this Plan is (i) adopted by the Board or (ii) approved by the Company’s stockholders.

(p) “Exchange Act” means the Securities Exchange Act of 1934, as amended. Any reference to a specific provision of the Exchange Act includes any successor provision and the regulations and rules promulgated under such provision.

(q) “Fair Market Value” means, per Share on a particular date, (i) if the Stock is listed for trading on the Nasdaq Stock Market, the last reported sales price on the date in question as reported in The Wall Street Journal, or if no sales of Stock occur on the date in question, on the last preceding date on which there was a sale on such exchange; or (ii) if the Stock is not listed or admitted to trading on the Nasdaq Stock Market, the last reported sales price on the date in question on the principal national securities exchange on which the Stock is listed or admitted to trading, or if no sales of Stock occur on the date in question, on the last preceding date on which there was a sale on such exchange; or (iii) if the Stock is not listed or admitted to trading on any national securities exchange, the last sales price on the date in question in the over-the-counter market reported by such reporting system as is then in use, or if no sales of Stock occur on the date in question, on the last preceding date on which there was a sale; or (iv) if on any such date the Stock is not reported on any such system, the last sales price on the date in question as furnished by a professional market making a market in the Stock selected by the Board for the date in question, or if no sales of Stock occur on the date in question, on the last preceding date on which there was a sale; or (v) if on any such date no market maker is making a market in the Stock, the price as determined in good faith by the Committee.

(r) “Incentive Stock Option” means an Option that meets the requirements of Code Section 422.

(s) “Option” means the right to purchase Shares at a specified price during a specified period of time.

(t) “Participant” means an individual (or a wholly-owned entity of such individual) selected by the Committee to receive an Award, and includes any individual who holds an Award after the death of the original recipient.

(u) “Performance Goals” means any goals the Committee establishes that relate to one or more of the following for such period as the Committee specifies:

(i) Revenue;

(ii) Earnings before interest, taxes, depreciation and amortization, as adjusted (EBITDA as adjusted);

(iii) Income before income taxes and minority interests;

(iv) Operating income;

(v) Pre- or after-tax income;

(vi) Average accounts receivable;

(vii) Cash flow;

(viii) Cash flow per share;

(ix) Net earnings;

(x) Basic or diluted earnings per share;

(xi) Return on equity;

(xii) Return on assets;

(xiii) Return on capital;

(xiv) Growth in assets;

(xv) Economic value added;

(xvi) Share price performance;

(xvii) Total stockholder return;

(xviii) Improvement or attainment of expense levels;

(xix) Market share or market penetration; or

(xx) Business expansion, and/or acquisitions or divestitures.

The Committee may specify at the time an Award is made that the Performance Goals are to be measured for an individual, the Company, for the Company on a consolidated basis, for any one or more Affiliates or divisions of the Company and/or for any other business unit or units of the Company, and/or that the Performance Goals are to be measured either in absolute terms or relative to the performance of one or more comparable companies or an index covering multiple companies. In the case of Awards that the Committee determines will not be considered "performance based compensation" under Code Section 162(m), the Committee may establish other Performance Goals not listed in this Plan.

(v) "Performance Shares" means the right to receive Shares to the extent Performance Goals are achieved.

(w) "Performance Units" means the right to receive a payment, based on a number of units with a specified value, to the extent Performance Goals are achieved.

(x) "Person" has the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 14(d) and 15(d) thereof.

(y) "Plan" means this Astrana Health, Inc. 2015 Equity Incentive Plan, as may be amended from time to time.

(z) "Restricted Stock" means Shares that are subject to a risk of forfeiture and/or restrictions on transfer, which may lapse upon the achievement or partial achievement of Performance Goals and/or upon the completion of a period of service.

(aa) "Restricted Stock Unit" means the right to receive a payment which right may vest upon the achievement or partial achievement of Performance Goals and/or upon the completion of a period of service, with each unit having a value equal to the Fair Market Value of one or more Shares, or the average of the Fair Market Value of one or more Shares over such period as the Committee specifies.

(bb) “Retirement” means, unless the Committee determines otherwise in an Award Agreement, termination of employment from the Company and its Affiliates on or after age 65 with five (5) years of continuous service with the Company and its Affiliates.

(cc) “Rule 16b-3” means Rule 16b-3 as promulgated by the United States Securities and Exchange Commission under the Exchange Act.

(dd) “Section 16 Participants” means Participants who are subject to the provisions of Section 16 of the Exchange Act.

(ee) “Share” means a share of Stock.

(ff) “Stock” means the common stock of the Company.

(gg) “Stock Appreciation Right” or “SAR” means the right to receive a payment equal to the appreciation of the Fair Market Value of a Share during a specified period of time.

(hh) “Subsidiary” means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each such corporation owns stock possessing fifty percent (50%) or more of the total combined voting power in one of the other corporations in the chain.

3. Administration.

(a) Committee Administration. In addition to the authority specifically granted to the Committee in this Plan, the Committee has full discretionary authority to administer this Plan, including but not limited to the authority to (i) interpret the provisions of this Plan, (ii) prescribe, amend and rescind rules and regulations relating to this Plan, (iii) correct any defect, supply any omission, or reconcile any inconsistency in the Plan, any Award or Award Agreement in the manner and to the extent it deems desirable to carry this Plan, such Award or such Award Agreement into effect and (iv) make all other determinations necessary or advisable for the administration of this Plan. All decisions, interpretations and other actions of the Committee shall be final and binding on all Participants and any other individual with a right under the Plan or under any Award.

(b) Delegation to Other Committees or CEO. To the extent applicable law permits, the Board may delegate to another committee of the Board, or the Committee may delegate to a subcommittee or to the Chief Executive Officer of the Company, any or all of the authority and responsibility of the Committee; provided, however, that no such delegation shall be permitted with respect to Awards made to Section 16 Participants. The Board may retain any or all of the authority and responsibility of the Committee, or may delegate to another committee or subcommittee of the Board consisting solely of two or more Disinterested Persons any or all of the authority and responsibility of the Committee, with respect to Section 16 Participants. If the Board or Committee has retained such authority or made such a delegation, then all references to the Committee in this Plan include the Board, such other committee, subcommittee or the Chief Executive Officer to the extent of such retained authority or delegation.

(c) Indemnification. In addition to such other rights of indemnification as they may have as members of the Board or the Committee, the members of the Board and the Committee shall be indemnified by the Company against all costs and expenses reasonably incurred by them in connection with any action, suit or proceeding to which they or any of them may be party by reason of any action taken or failure to act under or in connection with the Plan or any Award, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except a judgment based upon a finding of bad faith; provided that upon the institution of any such action, suit or proceeding a Committee or Board member shall, in writing, give the Company notice thereof and an opportunity, at its own expense, to handle and defend the same before such Committee or Board member undertakes to handle and defend it on such member's own behalf.

4. Eligibility. The Committee may designate any of the following as a Participant from time to time: (i) any officer or other employee of the Company or any of its Affiliates; (ii) an individual that the Company or an Affiliate has engaged to become an officer or other employee; (iii) a Non-Employee Director' or (iv) a consultant or advisor who provides bona fide services that are not in connection with the offer or sale of securities in a capital raising transaction, and does not directly or indirectly promote or maintain a market for the Company's securities to the Company or an Affiliate as an independent contractor. The Committee's designation of a Participant in any year will not require the Committee to designate such person to receive an Award in any other year. Notwithstanding the foregoing, each Non-Employee Director automatically will be a Participant with respect to elections to receive Options in lieu of directors' fees pursuant to Section 12.

5. Types of Awards . Subject to the terms of this Plan, the Committee may grant any type of Award to any Participant it selects, but only employees of the Company or a Subsidiary may receive grants of Incentive Stock Options. Awards may be granted alone or in addition to, in tandem with, or in substitution for any other Award (or any other award granted under another plan of the Company or any Affiliate). Awards granted under the Plan shall be evidenced by an Award Agreement except to the extent the Committee provides otherwise.

6. Shares Reserved under this Plan.

(a) Plan Reserve. Subject to adjustment as provided in Section 16, an aggregate of 3,500,000 Shares, plus the number of Shares described in Section 6(c), are reserved for issuance under this Plan. The number of Shares reserved for issuance under this Plan shall be reduced only by the number of Shares delivered in payment or settlement of Awards. Notwithstanding the foregoing, the Company may issue only 3,500,000 Shares upon the exercise of Incentive Stock Options.

(b) Replenishment of Shares Under this Plan. If an Award lapses, expires, terminates or is cancelled without the issuance of Shares under the Award, or if Shares are forfeited under an Award, then the Shares subject to such Award may again be used for new Awards under this Plan under Section 6(a), including issuance upon the exercise of Incentive Stock Options. If Shares are issued under any Award and the Company subsequently reacquires them pursuant to rights reserved upon the issuance of the Shares, or if previously owned Shares are delivered to the Company in payment of the exercise price of an Award or the withholding taxes due as a result of the issuance or receipt of a payment or Shares under an Award, then such Shares may again be used for new Awards under this Plan under Section 6(a), but such Shares may not be issued upon the exercise of Incentive Stock Options.

(c) Addition of Shares from Predecessor Plan. After the Effective Date, if any Shares subject to awards granted under the 2010 Plan or 2013 Plan would again become available for new grants under the terms of such plan, then those Shares will be available for the purpose of granting Awards under this Plan, thereby increasing the number of Shares available for issuance under this Plan as determined under the first sentence of Section 6(a), including with respect to the exercise of Incentive Stock Options. Any such Shares will not be available for future awards under the respective terms of the 2010 Plan and 2013 Plan after the Effective Date.

(d) Participant Limitations. Subject to adjustment as provided in Section 16, with respect to Awards that are intended to qualify as "performance-based compensation" under Code Section 162(m), no Participant may be granted Awards that could result in such Participant:

(i) receiving in any calendar year Options for, and/or Stock Appreciation Rights with respect to, more than 500,000 Shares (reduced, in the initial calendar year in which this Plan is effective, by the number of options granted to a Participant under the 2010 Plan and/or 2013 Plan in such year, if any), except that Options and/or Stock Appreciation Rights granted to a new employee in the calendar year in which his or her employment commences may not relate to more than 1,000,000 Shares;

(ii) receiving in any calendar year Awards of Restricted Stock and/or Restricted Stock Units relating to more than 500,000 Shares;

(iii) receiving in any calendar year Awards of Performance Shares, and/or Awards of Performance Units (the value of which is based on the Fair Market Value of a Share), for more than 500,000 Shares; or

(iv) receiving in any calendar year Awards of Performance Units (the value of which is not based on the Fair Market Value of a Share) that could result in a payment of more than $500,000.

With respect to Awards that are not intended to meet the requirements of performance- based compensation under Code Section 162(m), the Committee may grant Awards in excess of the limits described in this subsection (d), but only if such discretion would not cause Awards that are intended to be performance-based compensation under Code Section 162(m) from being treated as such.

7. Options. Subject to the terms of this Plan, the Committee shall determine all terms and conditions of each Option, including but not limited to:

(a) Whether the Option is an Incentive Stock Option, or a "nonqualified stock option" which does not meet the requirements of Code Section 422; provided that Incentive Stock Options may only be granted to individuals and that in the case of an Incentive Stock Option, if the aggregate Fair Market Value (determined at the time of grant) of the Shares with respect to which all Incentive Stock Options are first exercisable by the Participant during any calendar year (under this Plan and under all other incentive stock option plans of the Company or any Affiliate that is required to be included under Code Section 422) exceeds $100,000, such Option automatically shall be treated as a nonqualified stock option to the extent this limit is exceeded.

(b) The number of Shares subject to the Option.

(c) The exercise price per Share, which may not be less than the Fair Market Value of a Share as determined on the date of grant; provided that (i) no Incentive Stock Option shall be granted to any employee who, at the time the Option is granted, owns (directly or indirectly, within the meaning of Code Section 424(d)) more than ten percent of the total combined voting power of all classes of stock of the Company or of any Subsidiary unless the exercise price is at least 110 percent of the Fair Market Value of a Share on the date of grant; and (ii) the exercise price may vary during the term of the Option if the Committee determines that there should be adjustments to the exercise price relating to achievement of Performance Goals and/or to changes in an index or indices that the Committee determines is appropriate (but in no event may the exercise price per Share be less than the Fair Market Value of a Share as determined on the date of grant).

(d) The terms and conditions of exercise, which may include a requirement that exercise of the Option is conditioned upon achievement of one or more Performance Goals or may provide for an acceleration of the exercisability upon the Participant's death, Disability or Retirement.

(e) The termination date, except that each Option must terminate no later than the tenth (10th) anniversary of the date of grant, and each Incentive Stock Option granted to any employee who, at the time the Option is granted, owns (directly or indirectly, within the meaning of Code Section 424(d)) more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any Subsidiary must terminate no later than the fifth (5th) anniversary of the date of grant. Notwithstanding the foregoing, the Committee may extend the term of an Option for up to six (6) months beyond the tenth (10th) anniversary of the date of grant in the event a Participant dies prior to the Option's termination date.

(f) The exercise period following a Participant's termination of employment or service. In all other respects, the terms of any Incentive Stock Option should comply with the provisions of Code Section 422 except to the extent the Committee determines otherwise.

(g) Notwithstanding anything contained in this Plan to the contrary, the Board as a whole shall pre-approve each option grant to Non-Employee Directors.

8. <u>Stock Appreciation Rights</u>. Subject to the terms of this Plan, the Committee shall determine all terms and conditions of each SAR, including but not limited to:

(a) Whether the SAR is granted independently of an Option or relates to an Option; provided that if an SAR is granted in relation to an Option, then unless otherwise determined by the Committee, the SAR shall be exercisable or shall mature at the same time or times, on the same conditions and to the extent and in the proportion, that the related Option is exercisable and may be exercised or mature for all or part of the Shares subject to the related Option. Upon exercise of any number of SARs, the number of Shares subject to the related Option shall be reduced accordingly and such Option may not be exercised with respect to that number of Shares. The exercise of any number of Options that relate to an SAR shall likewise result in an equivalent reduction in the number of Shares covered by the related SAR.

(b) The number of Shares to which the SAR relates.

(c) The grant price, provided that the grant price shall not be less than the Fair Market Value of the Shares subject to the SAR as determined on the date of grant.

(d) The terms and conditions of exercise or maturity, which may include a provision that accelerates the exercisability of the SAR upon the Participant's death, Disability or Retirement. Notwithstanding the foregoing, unless the Committee determines otherwise in the Award Agreement, if on the date when the SAR expires or otherwise terminates, the grant price for the SAR is less than the Fair Market Value of a Share, then the unexercised portion of the SAR that was exercisable immediately prior to such date shall automatically be deemed exercised.

(e) The term, provided that an SAR must terminate no later than 10 years after the date of grant. Notwithstanding the foregoing, the Committee may extend the term of an SAR for up to six (6) months beyond the tenth (10th) anniversary of the date of grant in the event a Participant dies prior to the SAR's termination date.

(f) Whether the SAR will be settled in cash, Shares or a combination thereof.

(g) Notwithstanding anything contained in this Plan to the contrary, the Board as a whole shall pre-approve each SAR grant to Non-Employee Directors.

9 . Performance Awards . Subject to the terms of this Plan, the Committee shall determine all terms and conditions of each award of Performance Shares or Performance Units, including but not limited to:

(a) The number of Shares and/or units to which such Award relates, and with respect to Performance Units, whether the value of each unit will be based on the Fair Market Value of one or more Shares, the average of the Fair Market Value of one or more Shares over such period as the Committee specifies, or such other value as the Committee specifies in the Award Agreement.

(b) One or more Performance Goals that must be achieved during such period as the Committee specifies in order for the Participant to realize the benefit of such Award.

(c) Whether all or a portion of the Performance Goals subject to an Award are deemed achieved upon a Participant's death, Disability or Retirement.

(d) With respect to Performance Units, whether to settle such Award in cash, Shares, or a combination of cash and Shares.

(e) Notwithstanding anything contained in this Plan to the contrary, the Board as a whole shall pre-approve each Award grant under this Section 9 to Non-Employee Directors.

Unless otherwise provided by the Committee, a Participant shall not be entitled to and shall agree to waive or otherwise surrender any rights to receive dividends or dividend equivalents paid with respect to Performance Shares or Performance Units valued in Shares until after the Performance Shares or Performance Units have been earned.

10. Restricted Stock and Restricted Stock Unit Awards.

Subject to the terms of this Plan, the Committee shall determine all terms and conditions of each award of Restricted Stock or Restricted Stock Units, including but not limited to:

(a) The number of Shares and/or units to which such Award relates.

(b) The period of time over which the restrictions imposed on Restricted Stock will lapse and the vesting of Restricted Stock Units will occur, and whether, as a condition for the Participant to realize all or a portion of the benefit provided under the Award, one or more Performance Goals must be achieved during such period as the Committee specifies; provided that, subject to the provisions of Section 10(c), an Award that is subject to the achievement of Performance Goals must have a restriction or vesting period of at least one year, and an Award that is not subject to Performance Goals must have a restriction or vesting period of at least three years. Notwithstanding the foregoing, if the Committee determines in its sole discretion that an Award of Restricted Stock or Restricted Stock Units is granted to a Participant in lieu of cash compensation (including without limitation bonus cash compensation), the Committee may impose such restriction or vesting period on such Award as it determines.

(c) Whether all or any portion of the restrictions or vesting schedule imposed on the Award will lapse or be accelerated upon a Participant's death, Disability or Retirement.

(d) With respect to Restricted Stock Units, whether to settle such Awards in cash, Shares, or a combination of cash and Shares.

(e) With respect to Restricted Stock, the manner of registration of certificates for such Shares, and whether to hold such Shares in escrow pending lapse of the restrictions or to issue such Shares with an appropriate legend referring to such restrictions.

(f) Whether dividends paid with respect to an Award of Restricted Stock will be immediately paid or held in escrow or otherwise deferred and whether such dividends shall be subject to the same terms and conditions as the Award to which they relate.

(g) Notwithstanding anything contained in this Plan to the contrary, the Board as a whole shall pre-approve each grant under this Section 10 to Non-Employee Directors.

11. Dividend Equivalent Units. Subject to the terms and conditions of this Plan, the Committee shall determine all terms and conditions of each award of Dividend Equivalent Units, including but not limited to whether such Award will be granted in tandem with another Award, and the form, timing and conditions of payment.

12. Payment of Directors' Fees in Options. Subject to such restrictions as may be imposed by the Board, a Non-Employee Director may elect to receive all or any portion of his or her annual cash retainer payment from the Company in the form of Options. The number of Options granted as a result of such election shall be determined by multiplying the amount of foregone cash compensation by four (4), and dividing such product by the Fair Market Value of a Share on the date the cash compensation would have otherwise been paid to the Non-Employee Director.
Such Options shall be issued under and subject to the terms of this Plan. An election under this Section 12 shall be filed with the Company on such form and in such manner as the Board determines. The Board as a whole shall pre-approve each option grant under this Section 12.

13. Transferability. Awards are not transferable other than by will or the laws of descent and distribution, unless and to the extent the Committee allows a Participant to: (a) designate in writing a beneficiary to exercise the Award after the Participant's death; or (b) transfer an Award.

14. Termination and Amendment of Plan; Amendment, Modification or Cancellation of Awards.

(a) Term of Plan. This Plan will terminate on the tenth anniversary of the Effective Date unless the Board or Committee earlier terminates this Plan pursuant to Section 14(b).

(b) Termination and Amendment. The Board or the Committee may amend, suspend or terminate this Plan at any time, subject to the following limitations:

(i) the Board must approve any amendment, suspension or termination of this Plan to the extent the Company determines such approval is required by: (A) action of the Board, (B) applicable corporate law, (C) the listing requirements of any principal securities exchange or market on which the Shares are then traded, or (D) any other applicable law;

(ii) stockholders must approve any amendment of this Plan to the extent the Company determines such approval is required by: (A) Section 16 of the Exchange Act, (B) the Code, (C) the listing requirements of any principal securities exchange or market on which the Shares are then traded, or (D) any other applicable law; and

(iii) stockholders must approve any of the following Plan amendments: (A) an amendment to materially increase any number of Shares specified in Section 6(a) or 6(d) (except as permitted by Section 16); or (B) an amendment to the provisions of Section 14(e).

(c) Amendment, Modification or Cancellation of Awards. Except as provided in Section 14(e) and subject to the requirements of this Plan, the Committee may modify or amend any Award or waive any restrictions or conditions applicable to any Award or the exercise of the Award, and the terms and conditions applicable to any Awards may at any time be amended, modified or canceled by mutual agreement between the Committee and the Participant, so long as any amendment or modification does not increase the number of Shares issuable under this Plan (except as permitted by Section 16), but the Committee need not obtain Participant (or other interested party) consent for the cancellation of an Award pursuant to the provisions of Section 16(a) or the modification of an Award to the extent deemed necessary to comply with any applicable law or the listing requirements of any principal securities exchange or market on which the Shares are then traded, or to preserve favorable accounting treatment of any Award for the Company.

(d) Survival of Authority and Awards. Notwithstanding the foregoing, the authority of the Board and the Committee under this Section 14 will extend beyond the date of this Plan's termination. In addition, termination of this Plan will not affect the rights of Participants with respect to Awards previously granted to them, and all unexpired Awards will continue in force and effect after termination of this Plan except as they may lapse or be terminated by their own terms and conditions.

(e) Repricing and Backdating Prohibited. Notwithstanding anything in this Plan to the contrary, and except for the adjustments provided in Section 16, neither the Committee nor any other person may decrease the exercise or grant price for any outstanding Option or SAR after the date of grant, cancel an outstanding Option or SAR in exchange for cash or other Awards (other than cash or other Awards with a value equal to the excess of the Fair Market Value of the Shares subject to such Option or SAR at the time of cancellation over the exercise or grant price for such Shares) or allow a Participant to surrender an outstanding Option or SAR to the Company as consideration for the grant of a new Option or SAR with a lower exercise price. In addition, the Committee may not make a grant of an Option or SAR with a grant date that is effective prior to the date the Committee takes action to approve such Award.

(f) Foreign Participation. To assure the viability of Awards granted to Participants employed in foreign countries, the Committee may provide for such special terms as it may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the Committee may approve such supplements to, or amendments, restatements or alternative versions of, this Plan as it determines is necessary or appropriate for such purposes. Any such amendment, restatement or alternative versions that the Committee approves for purposes of using this Plan in a foreign country will not affect the terms of this Plan for any other country. In addition, all such supplements, amendments, restatements or alternative versions must comply with the provisions of Section 14(b)(ii).

(g) Recoupment. Any Awards granted pursuant to the Plan, and any Stock issued or cash paid pursuant to an Award, shall be subject to (A) any recoupment, clawback, equity holding, stock ownership or similar policies adopted by the Company from time to time and (B) any recoupment, clawback, equity holding, stock ownership or similar requirements made applicable by law, regulation or listing standards to the Company from time to time.

15. Taxes.

(a) Withholding Right. The Company is entitled to withhold the amount of any tax attributable to any amount payable or Shares deliverable under this Plan after giving the person entitled to receive such amount or Shares notice as far in advance as practicable, and the Company may defer making payment or delivery if any such tax may be pending unless and until indemnified to its satisfaction.

(b) Use of Shares to Satisfy Tax Withholding. A Participant shall have the right to satisfy all or a portion of the federal, state and local withholding tax obligations arising in connection with an Award by electing to (i) have the Company withhold Shares otherwise issuable under the Award, (ii) tender back Shares received in connection with such Award or (iii) deliver other previously owned Shares, in each case having a Fair Market Value equal to the amount to be withheld. However, the amount to be withheld may not exceed the total minimum federal, state and local tax withholding obligations associated with the transaction to the extent required to avoid an expense on the Company's financial statements. The election must be made on or before the date as of which the amount of tax to be withheld is determined and otherwise as the Committee requires.

(c) No Guarantee of Tax Treatment. Notwithstanding any provision of the Plan to the contrary, the Company does not guarantee to any Participant or any other person with an interest in an Award that (i) any Award intended to be exempt from Code Section 409A shall be so exempt, (ii) any Award intended to comply with Code Section 409A or Code Section 422 shall so comply, or (iii) any Award shall otherwise receive a specific tax treatment under any other applicable tax law, nor in any such case will the Company or any Affiliate be obligated to indemnify, defend or hold harmless any individual with respect to the tax consequences of any Award.

(d) Participant Responsibility. If a Participant shall dispose of Stock acquired through exercise of an Incentive Stock Option within either (i) two years after the date the Option is granted or (ii) one year after the date the Option is exercised (i.e., in a disqualifying disposition), such Participant shall notify the Company within seven days of the date of such disqualifying disposition.

16. Adjustment Provisions; Change of Control.

(a) Adjustment of Shares. If the Committee determines that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares such that the Committee determines an adjustment to be appropriate to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Plan, then, subject to Participants' rights under Section 16(c), the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number and type of Shares subject to this Plan (including the number and type of Shares described in Sections 6(a) and 6(d)), and which may after the event be made the subject of Awards under this Plan, (ii) the number and type of Shares subject to outstanding Awards, and (iii) the grant, purchase, or exercise price with respect to any Award. In any such case, the Committee may also (or in lieu of the foregoing) make provision for a cash payment to the holder of an outstanding Award in exchange for the cancellation of all or a portion of the Award (without the consent of the holder of an Award) in an amount determined by the Committee effective at such time as the Committee specifies (which may be the time such transaction or event is effective), but if such transaction or event constitutes a Change of Control, then (A) such payment shall be at least as favorable to the holder as the amount the holder could have received in respect of such Award under Section 16(c) and (b) from and after the Change of

Control, the Committee may make such a provision only if the Committee determines that doing so is necessary to substitute, for each Share then subject to an Award, the number and kind of shares of stock, other securities, cash or other property to which holders of Stock are or will be entitled in respect of each Share pursuant to the transaction or event in accordance with the last sentence of this subsection (a). However, in each case, with respect to Awards of Incentive Stock Options, no such adjustment may be authorized to the extent that such authority would cause this Plan to violate Code Section 422(b). Further, the number of Shares subject to any Award payable or denominated in Shares must always be a whole number. Without limitation, subject to Participants' rights under Section 16(c), in the event of any reorganization, merger, consolidation, combination or other similar corporate transaction or event, whether or not constituting a Change of Control (other than any such transaction in which the Company is the continuing corporation and in which the outstanding Stock is not being converted into or exchanged for different securities, cash or other property, or any combination thereof), the Committee may substitute, on an equitable basis as the Committee determines, for each Share then subject to an Award, the number and kind of shares of stock, other securities, cash or other property to which holders of Stock are or will be entitled in respect of each Share pursuant to the transaction.

(b) Issuance or Assumption. Notwithstanding any other provision of this Plan, and without affecting the number of Shares otherwise reserved or available under this Plan, in connection with any merger, consolidation, acquisition of property or stock, or reorganization, the Committee may authorize the issuance of substitute awards or assumption of awards under this Plan by another party to any such merger, consolidation, acquisition or reorganization upon such terms and conditions as it may deem appropriate.

(c) Change of Control.

(i) The Committee may specify, either in an Award Agreement or at the time of a Change of Control, whether an outstanding Award shall become vested and/or payable, in whole or in part, as a result of a Change of Control.

(ii) If, in connection with the Change of Control, the Options and SARs issued under the Plan are not assumed, or if substitute Options and SARs are not issued by the successor or Affiliate thereof in the Change of Control transaction, or if the assumed or substituted awards fail to contain similar terms and conditions as the Award prior to the Change of Control or fail to preserve, to the extent applicable, the benefit to be provided to the Participant as of the date of the Change of Control, including but not limited to the right of the Participant to receive shares upon exercise of the Option or SAR that are registered for sale to the public pursuant to an effective registration statement filed with the U.S. Securities and Exchange Commission, then (1) each holder of an Option or SAR that is outstanding as of the date of the Change of Control who is an employee of the Company or any Subsidiary shall have the right, and (2) the Committee, in its sole discretion, may grant to a holder of an Option or SAR that is outstanding as of the date of the Change of Control who is not an employee of the Company or any Subsidiary the right, exercisable by written notice to the Company (or its successor in the Change of Control transaction) within 30 days after the Change of Control (but not beyond the Option's or SAR's expiration date), to receive, in exchange for the surrender of the Option or SAR, an amount of cash equal to the excess of the greater of the Fair Market Value of the Shares determined on the Change of Control date or the Fair Market Value of the Shares on the date of surrender covered by the Option or SAR (to the extent vested and not yet exercised) that is so surrendered over the purchase or grant price of such Shares under the Award. If the Committee so determines prior to the Change of Control, any such Option or SAR that is not exercised or surrendered prior to the end of such 30- day period will be cancelled.

(iii) If, in connection with the Change of Control, the Shares issued to a Participant as a result of the accelerated vesting or payment of a Restricted Stock Award, Performance Share Award, Restricted Stock Unit Award, Performance Unit Award or Dividend Equivalent Award under this subsection (c) are not registered for sale to the public pursuant to an effective registration statement filed with the U.S. Securities and Exchange Commission, then each holder of such Shares shall have the right, exercisable by written notice to the Company (or its successor in the Change of Control transaction) within 30 days after the Change of Control, to receive, in exchange for the surrender of such Shares an amount of cash equal to the greater of the Fair Market Value of a Share on the Change of Control date or the Fair Market Value of such Share on the date of surrender.

The provisions of Sections 16(c)(ii) and (iii) shall govern the treatment of awards made under the 2010 Plan and 2013 Plan in the event of a Change of Control, and the 2010 Plan and 2013 Plan are each deemed amended accordingly.

(d) Parachute Payment Limitation.

(i) Scope of Limitation. This Section 16(d) shall apply to an Award only if:

(A) the independent auditors most recently selected by the Board (the "Auditors") determine that the after-tax value of such Award to the Participant, taking into account the effect of all federal, state and local income taxes, employment taxes and excise taxes applicable to the Participant (including the excise tax under Code Section 4999), will be greater after the application of this Section 16(d) than it was before the application of this Section 16(d); or

(B) the Committee, at the time of making an Award under the Plan or at any time thereafter, specifies in writing that such Award shall be subject to this Section 16(d) (regardless of the after-tax value of such Award to the Participant).

If this Section 16(d) applies to an Award, it shall supersede any contrary provision of the Plan or of any Award granted under the Plan.

(ii) Basic Rule. Except as may be set forth in a written agreement by and between the Company and the holder of an Award, in the event that the Auditors determine that any payment or transfer by the Company under the Plan to or for the benefit of a Participant (a "Payment") would be nondeductible by the Company for federal income tax purposes because of the provisions concerning "excess parachute payments" in Code Section 280G, then the aggregate present value of all Payments shall be reduced (but not below zero) to the Reduced Amount. For purposes of this Section 16(d), the "Reduced Amount" shall be the amount, expressed as a present value, which maximizes the aggregate present value of the Payments without causing any Payment to be nondeductible by the Company because of Code Section 280G.

(iii) Reduction of Payments. If the Auditors determine that any Payment would be nondeductible by the Company because of Code Section 280G, then the Company shall promptly give the Participant notice to that effect and a copy of the detailed calculation thereof and of the Reduced Amount, and the Participant may then elect, in his or her sole discretion, which and how much of the Payments shall be eliminated or reduced (as long as after such election the aggregate present value of the Payments equals the Reduced Amount) and shall advise the Company in writing of his or her election within ten (10) days of receipt of notice. If no such election is made by the Participant within such ten

(10) day period, then the Company may elect which and how much of the Payments shall be eliminated or reduced (as long as after such election the aggregate present value of the Payments equals the Reduced Amount) and shall notify the Participant promptly of such election. For purposes of this Section 16(d), present value shall be determined in accordance with Code Section 280G(d)(4). All determinations made by the Auditors under this Section 16(d) shall be binding upon the Company and the Participant and shall be made within sixty (60) days of the date when a Payment becomes payable or transferable. As promptly as practicable following such determination and the elections hereunder, the Company shall pay or transfer to or for the benefit of the Participant such amounts as are then due to him or her under the Plan and shall promptly pay or transfer to or for the benefit of the Participant in the future such amounts as become due to him or her under the Plan.

(iv) Overpayments and Underpayments. As a result of uncertainty in the application of Code Section 280G at the time of an initial determination by the Auditors hereunder, it is possible that Payments will have been made by the Company that should not have been made (an "Overpayment") or that additional Payments that will not have been made by the Company could have been made (an "Underpayment"), consistent in each case with the calculation of the Reduced Amount hereunder. In the event that the Auditors, based upon the assertion of a deficiency by the Internal Revenue Service against the Company or the Participant that the Auditors believe has a high probability of success, determine that an Overpayment has been made, such Overpayment shall be treated for all purposes as a loan to the Participant which he or she shall repay to the Company, together with interest at the applicable federal rate provided in Code Section 7872(f)(2); provided, however, that no amount shall be payable by the Participant to the Company if and to the extent that such payment would not reduce the amount subject to taxation under Code Section 4999. In the event that the Auditors determine that an Underpayment has occurred, such Underpayment shall promptly be paid or transferred by the Company to or for the benefit of the Participant, together with interest at the applicable federal rate provided in Code Section 7872(f)(2).

(v) Related Corporations. For purposes of this Section 16(d), the term "Company" shall include affiliated corporations to the extent determined by the Auditors in accordance with Code Section 280G(d)(5).

17. Miscellaneous.

(a) Other Terms and Conditions. The grant of any Award may also be subject to other provisions (whether or not applicable to the Award granted to any other Participant) as the Committee determines appropriate, including, without limitation, provisions for:

(i) one or more means to enable Participants to defer the delivery of Shares or recognition of taxable income relating to Awards or cash payments derived from the Awards on such terms and conditions as the Committee determines, including, by way of example, the form and manner of the deferral election, the treatment of dividends paid on the Shares during the deferral period or a means for providing a return to a Participant on amounts deferred, and the permitted distribution dates or events (provided that if Shares would have otherwise been issued under an Award but for the deferral described in this paragraph, then such Shares shall be treated as if they were issued for purposes of Sections 6(a));

(ii) the payment of the purchase price of Options by delivery of cash or other Shares or other securities of the Company (including by attestation) having a then Fair Market Value equal to the purchase price of such Shares, or by delivery (including by fax) to the Company or its designated agent of an executed irrevocable option exercise form together with irrevocable instructions to a broker dealer to sell or margin a sufficient portion of the Shares and deliver the sale or margin loan proceeds directly to the Company to pay for the exercise price;

(iii) conditioning the grant or benefit of an Award on the Participant's agreement to comply with covenants not to compete, not to solicit employees and customers and not to disclose confidential information that may be effective during or after the Participant's employment or service, and/or provisions requiring the Participant to disgorge any profit, gain or other benefit received in connection with an Award as a result of the breach of such covenant;

(iv) the automatic grant of a new Option (the "replenishment Option") to a Participant who pays the exercise price of an existing Option in Shares; provided that the replenishment Option shall cover only that number of Shares that is used to pay the exercise price and shall expire at the same time as the original Option to which it relates;

(v) restrictions on resale or other disposition of Shares, including imposition of a retention period; and

(vi) compliance with federal or state securities laws and stock exchange requirements.

(b) Employment or Service. The issuance of an Award shall not confer upon a Participant any right with respect to continued employment or service with the Company or any Affiliate, or the right to continue as a Director. Unless determined otherwise by the Committee, for purposes of the Plan and all Awards, the following rules shall apply:

(i) a Participant who transfers employment between the Corporation and any Affiliate of the Company, or between the Company's Affiliates, will not be considered to have terminated employment;

(ii) a Participant who ceases to be a Non-Employee Director because he or she becomes an employee of the Company or an Affiliate shall not be considered to have ceased service as a Director with respect to any Award until such Participant's termination of employment with the Company and its Affiliates;

(iii) a Participant who ceases to be employed by the Company or an Affiliate of the Company and immediately thereafter becomes a Non-Employee Director, a non- employee director of any Affiliate, or a consultant to the Company or any Affiliate shall not be considered to have terminated employment until such Participant's service as a director of, or consultant to, the Company and its Affiliates has ceased; and

(iv) a Participant employed by an Affiliate of the Company will be considered to have terminated employment when such entity ceases to be an Affiliate of the Company.

Notwithstanding anything herein contained to the contrary, for purposes of an Award that is subject to Code Section 409A, if a Participant's termination of employment or service triggers the payment of compensation under such Award, then the Participant will be deemed to have terminated employment or service upon his or her "separation from service" within the meaning of Code Section 409A. Notwithstanding any other provision in this Plan or an Award to the contrary, if any Participant is a "specified employee" within the meaning of Code Section 409A as of the date of his or her "separation from service" within the meaning of Code Section 409A, then, to the extent required by Code Section 409A, any payment made to the Participant on account of such separation from service shall not be made before a date that is six months after the date of the separation from service.

(c) No Fractional Shares. No fractional Shares or other securities may be issued or delivered pursuant to this Plan, and the Committee may determine whether cash, other securities or other property will be paid or transferred in lieu of any fractional Shares or other securities, or whether such fractional Shares or other securities or any rights to fractional Shares or other securities will be canceled, terminated or otherwise eliminated.

(d) Unfunded Plan. This Plan is unfunded and does not create, and should not be construed to create, a trust or separate fund with respect to this Plan's benefits. This Plan does not establish any fiduciary relationship between the Company and any Participant or other person. To the extent any person holds any rights by virtue of an Award granted under this Plan, such rights are no greater than the rights of the Company's general unsecured creditors.

(e) Requirements of Law and Securities Exchange. The granting of Awards and the issuance of Shares in connection with an Award are subject to all applicable laws, rules and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required. Notwithstanding any other provision of this Plan or any Award Agreement, the Company has no liability to deliver any Shares under this Plan or make any payment unless such delivery or payment would comply with all applicable laws and the applicable requirements of any securities exchange or similar entity, and unless and until the Participant has taken all actions required by the Company in connection therewith. The Company may impose such restrictions on any Shares issued under the Plan as the Company determines necessary or desirable to comply with all applicable laws, rules and regulations or the requirements of any national securities exchanges.

(f) Governing Law. This Plan, and all agreements under this Plan, will be construed in accordance with and governed by the laws of the State of Delaware, without reference to any conflict of law principles. The parties agree that the exclusive venue for any legal action or proceeding with respect to this Plan, any Award or any Award Agreement, or for recognition and enforcement of any judgment in respect of this Plan, any Award or any Award Agreement, shall be a court sitting in the County of Los Angeles, or the Federal District Court for the Central District of California sitting in the County of Los Angeles, in the State of California, and further agree that any such action may be heard only in a "bench" trial, and any party to such action or proceeding shall agree to waive its right to assert a jury trial.

(g) Limitations on Actions. Any legal action or proceeding with respect to this Plan, any Award or any Award Agreement, must be brought within one year (365 days) after the day the complaining party first knew or should have known of the events giving rise to the complaint.

(h) Construction. Whenever any words are used herein in the masculine, they shall be construed as though they were used in the feminine in all cases where they would so apply; and wherever any words are used in the singular or plural, they shall be construed as though they were used in the plural or singular, as the case may be, in all cases where they would so apply. Titles of sections are for general information only, and this Plan is not to be construed with reference to such titles.

(i) Severability. If any provision of this Plan or any Award Agreement or any Award (i) is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction, or as to any person or Award, or (ii) would disqualify this Plan, any Award Agreement or any Award under any law the Committee deems applicable, then such provision should be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of this Plan, Award

Agreement or Award, then such provision should be stricken as to such jurisdiction, person or Award, and the remainder of this Plan, such Award Agreement and such Award will remain in full force and effect.

[END OF DOCUMENT]

Exhibit 10.2

ASTRANA HEALTH, INC.
2015 EQUITY INCENTIVE PLAN

RESTRICTED STOCK GRANT NOTICE

Astrana Health, Inc., a Delaware corporation (together with any successor thereof, the "Company"), pursuant to its 2015 Equity Incentive Plan, as amended from time to time (the "Plan"), hereby grants to the holder listed below ("Participant"), the number of shares of the Company's common stock, par value $0.001, set forth below (individually and collectively referred to as the "Restricted Shares"). The Restricted Shares are subject to all of the terms and conditions set forth herein and in the Restricted Stock Agreement attached hereto as Exhibit A (the "Restricted Stock Agreement") and the Plan, each of which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Grant Notice and the Restricted Stock Agreement.

Participant: __________

Grant Date: __________

Total Number of Restricted Shares: __________

Vesting Schedule: The Restricted Shares shall vest as follows:

Date	**Number of Shares**

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

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

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

ASTRANA HEALTH, INC.		**PARTICIPANT**	
By:		By:	
Name:	Brandon Sim	Name:	
Title:	Chief Executive Officer & President		

EXHIBIT A
TO RESTRICTED STOCK GRANT NOTICE

RESTRICTED STOCK AGREEMENT

Pursuant to the Restricted Stock Grant Notice (the "Grant Notice") to which this Restricted Stock Agreement (this "Agreement") is attached, Astrana Health, Inc., a Delaware corporation (together with any successor thereof, the "Company"), has granted to Participant restricted shares of the Company's common stock, par value $0.001 (the "Restricted Shares") under the Company's 2015 Equity Incentive Plan, as amended from time to time (the "Plan") as indicated in the Grant Notice.

1. General.

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

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

2. Grant.

2.1 Grant of Restricted Shares. In consideration of Participant's employment with or service to the Company or a Subsidiary and for other good and valuable consideration, effective as of the Grant Date set forth in the Grant Notice (the "Grant Date"), the Company grants to Participant the Restricted Shares, upon the terms and conditions set forth in the Plan and this Agreement, subject to adjustments as provided in Article 13 of the Plan.

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

3. Vesting, Delivery, Restrictions and Etc.

3.1 Vesting. Subject to the terms and conditions of the Plan, the Restricted Shares shall vest at such times as are set forth in the Grant Notice; provided, however, none of the Restricted Shares that has not become vested at the date of Participant's termination of employment or service for any reason, with or without cause (including, but not limited to, death, Disability or Retirement), shall thereafter become vested, except as may be otherwise provided by the Committee or as set forth in a written agreement between the Company and Participant.

3.2 Restrictions. Unless and until the Restricted Shares vest as set forth in the Grant Notice, Participant shall have no right to sell, assign, transfer, pledge or otherwise encumber Restricted Shares in any manner. Any purported attempt to sell, assign, transfer, pledge or otherwise encumber any Restricted Shares under this Agreement shall be void and shall result in the forfeiture and cancellation of such Restricted Shares. Upon Participant's termination of employment or service for any reason, with or without cause (including, but not limited to, death, Disability or Retirement), any Restricted Shares that are unvested as of the date of such termination of employment or service (and whose vesting is not accelerated pursuant to this Agreement or the Plan) shall be forfeited, and Participant shall have no further rights with respect to such Restricted Shares under this Agreement or otherwise.

3.3 Delivery. The Restricted Shares shall be registered in book entry in the name of Participant and shall not be transferred to Participant until the Restricted Shares have vested in accordance with this Agreement. Participant acknowledges that prior to the vesting of the Restricted Shares, the certificates representing Restricted Shares may be stamped with a legend indicating the possibility of cancellation and the restrictions on transfer. Upon vesting of any of the Restricted Shares, such Restricted Shares shall be transferred or delivered to Participant as soon as practicable thereafter. Upon such transfer or delivery to Participant, the vested Restricted Shares will not be subject to any restrictions other than those that may arise under the securities laws or the Company's policies.

3.4 Tax Withholding. Subject to Section 3.5 below, the vesting of the Restricted Shares under this Agreement will result in Participant's recognition of income for U.S. federal income tax purposes. The parties agree that to the extent the Company or any Subsidiary is required to withhold any federal, state, local, foreign or other taxes in connection with the vesting or the grant of the Restricted Shares, then such tax withholding shall be satisfied by the forfeiture of a number of Restricted Shares having a value equal to the required tax withholding (based on the Fair Market Value per Share on the applicable date), provided that in no event shall the value of the Restricted Shares forfeited to satisfy applicable tax withholding exceed the minimum amount of taxes required to be withheld or such other amount that will not result in a negative accounting impact, as determined by the Company. Notwithstanding the foregoing, to the extent authorized by the Committee, the Participant may be permitted to elect, in accordance with procedures adopted by the Company from time to time, to pay or provide for payment of any required tax withholding.

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

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

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

4. Other Provisions.

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

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

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

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

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

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

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

4.8 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth in Section 3.2 hereof, this Agreement shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns.

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

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

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

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

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

[END OF DOCUMENT]

ASTRANA HEALTH, INC.
2015 EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNIT GRANT NOTICE

Astrana Health, Inc., a Delaware corporation (together with any successor thereof, the "Company"), pursuant to its 2015 Equity Incentive Plan, as amended from time to time (the "Plan"), hereby grants to the holder listed below ("Participant") the number of restricted stock units set forth below (individually and collectively referred to as the "RSUs"). The RSUs are subject to all of the terms and conditions set forth herein and in the Restricted Stock Unit Agreement attached hereto as Exhibit A (the "RSU Agreement") and the Plan, each of which is incorporated herein by reference. Capitalized terms not specifically defined in this Grant Notice shall have the meanings specified in the Plan and/or RSU Agreement, unless the context clearly indicates otherwise.

Participant: ___________

Grant Date: ___________

Total Number of RSUs: ___________

Vesting Schedule: The RSUs shall vest as follows, subject to Participant's continuous employment or other service from the Grant Date until the applicable Vesting Date:

Vesting Date	**Number of RSUs Vesting**

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

[SIGNATURE PAGE FOLLOWS]

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

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

ASTRANA HEALTH, INC.		**PARTICIPANT**	
By:		By:	
Name:	Brandon Sim	Name:	
Title:	Chief Executive Officer & President		

EXHIBIT A

TO RESTRICTED STOCK UNIT GRANT NOTICE

RESTRICTED STOCK UNIT AGREEMENT

Pursuant to the Restricted Stock Unit Grant Notice (the "Grant Notice") to which this Restricted Stock Unit Agreement (this "Agreement") is attached, Astrana Health, Inc., a Delaware corporation (together with any successor thereof, the "Company"), has granted certain restricted stock units (the "RSUs") to Participant under the Company's 2015 Equity Incentive Plan, as amended from time to time (the "Plan") as indicated in the Grant Notice.

1. General.

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

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

2. Grant.

2.1 Grant of RSUs. In consideration of Participant's employment with or service to the Company or a Subsidiary and for other good and valuable consideration, effective as of the Grant Date set forth in the Grant Notice (the "Grant Date"), the Company grants to Participant the RSUs, upon the terms and conditions set forth in the Plan, the Grant Notice and this Agreement, subject to adjustments as provided in Article 16 of the Plan. Each RSU represents the contingent right to receive one Share and shall at all times be equal to the value of one Share.

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

3. Vesting, Restrictions, Settlement and Etc.

3.1 Vesting. Subject to the terms and conditions of the Plan, the RSUs shall vest at such times and subject to such conditions as are set forth in the Grant Notice; provided, however, that no RSUs that are unvested as of the date of Participant's termination of employment or service for any reason, with or without cause (including, but not limited to, death, Disability or Retirement), shall thereafter become vested, except as may be otherwise provided by the Committee or as set forth in a written agreement between the Company and Participant.

3.2 Restrictions. Participant shall have no right to sell, assign, transfer, pledge or otherwise encumber RSUs in any manner. Any purported attempt to sell, assign, transfer, pledge or otherwise encumber any RSUs under this Agreement shall be void and shall result in the forfeiture and cancellation of such RSUs. Upon Participant's termination of employment or service for any reason, with or without cause (including, but not limited to, death, Disability or Retirement), any RSUs that are unvested as of the date of such termination of employment or service (and whose vesting is not accelerated pursuant to this Agreement or the Plan) shall be forfeited, and Participant shall have no further rights with respect to such RSUs under this Agreement or otherwise.

3.3 Settlement. The RSUs shall be registered in book entry in the name of Participant until they have vested in accordance with this Agreement. Upon vesting of any of the RSUs, the Company shall deliver the corresponding number of Shares to Participant within 30 days following the date on which such RSUs vested. Upon such delivery to Participant, such Shares will not be subject to any restrictions other than those that may arise under the securities laws or the Company's policies.

3.4 Tax Withholding. To the extent the Company or any Subsidiary is required to withhold any federal, state, local, foreign or other taxes in connection with the delivery of Shares under this Agreement, then the Company or Subsidiary (as applicable) shall retain a number of Shares otherwise deliverable hereunder with a value equal to the required withholding (based on the Fair Market Value per Share on the applicable date); provided, however, that in no event shall the value of the Shares retained exceed the minimum amount of taxes required to be withheld or such other amount that will not result in a negative accounting impact to the Company, as determined by the Company. Notwithstanding the foregoing, to the extent authorized by the Committee, the Participant may be permitted to elect, in accordance with procedures adopted by the Company from time to time, to pay or provide for payment of any required tax withholding. To the extent that the Company or any Subsidiary is required to withhold any federal, state, local, foreign or other taxes at any time other than upon delivery of Shares under this Agreement, the Company, in its discretion may (a) require Participant to pay or provide for payment of the required tax withholding, or (b) satisfy the required tax withholding by deduction from any amount of compensation otherwise payable in cash to Grantee (including any cash dividend equivalent payments pursuant to Section 3.6 of this Agreement).

3.5 No Stockholder Rights. Participant shall not possess any incidents of ownership (including, without limitation, dividend and voting rights) in the Shares underlying the RSUs unless and until such Shares have been delivered to Participant in accordance with Section 3.3. The obligations of the Company pursuant to this Agreement are merely that of an unfunded and unsecured promise of the Company to deliver Shares (and cash dividend equivalents, if any, pursuant to Section 3.6 hereof) in the future and subject to the terms and conditions of this Agreement, and the rights of Participant hereunder are no greater than those of an unsecured general creditor. No Company assets shall be held or set aside as security for the Company's obligations pursuant to this Agreement.

3.6 Dividend Equivalents. From and after the Grant Date and until the earlier of (a) the time when the Shares underlying the vested RSUs (if any) are delivered to Participant in accordance with this Agreement, or (b) the time that the RSUs are forfeited in accordance with this Agreement, on each date, if any, that the Company pays a cash dividend to holders of its Shares generally, the Company will credit Participant's account hereunder with the right to receive a cash amount equal to the product of (x) the dollar amount of the cash dividend paid per Share to stockholders on such date multiplied by (y) the total number of unpaid RSUs credited to Participant's account under this Agreement as of such date. Subject to and conditioned upon the vesting of the underlying RSUs, the aggregate amount of any such dividend equivalents credited to Participant's account hereunder shall be paid to Participant in cash (without interest), at the same time and in the same proportion that the Shares underlying any vested RSUs are delivered to Participant, and the Participant's right to receive any such dividend equivalents shall be automatically and correspondingly forfeited to the extent that the RSUs are forfeited pursuant to the terms of this Agreement and the Plan.

3.7 Compensation Recovery Policy. The RSUs and any Shares that may be delivered pursuant to this Agreement are subject to forfeiture or repayment as may be provided pursuant to the Company's Compensation Recovery Policy (or any successor compensation recovery policy), as in effect from time to time.

4. Other Provisions.

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

4.2 Adjustments Upon Specified Events. The Committee may accelerate the vesting of all or a portion the RSUs in such circumstances as it, in its sole discretion, may determine. Participant acknowledges that the RSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

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

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

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

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

4.7 Section 409A of the Code. The Award of RSUs evidenced by this Agreement is intended to be exempt from, or to comply with, the requirements of Section 409A of the Code, and this Agreement shall be interpreted and administered in accordance with such intent. Accordingly, solely to the extent necessary to comply with the requirements of Section 409A of the Code: (a) the termination of Participant's employment or other service shall be interpreted to mean the Participant's "separation from service" within the meaning of Section 409A of the Code; (b) if Participant is a "specified employee" (as determined by the Company in accordance with Section 409A of the Code), settlement of any vested RSUs (and payment of any related dividend equivalents) as a result of Participant's separation from service shall be delayed until the first business day that is at least six months after the date of Participant's separation from service or, if earlier, the date of Participant's death; and (c) a Change of Control shall be interpreted to mean an event that qualifies as both a "Change of Control" as defined in the Plan and a "change in control event" within the meaning of Section 409A of the Code and Treasury Regulation §1.409A-3(i)(5). Notwithstanding the foregoing, the tax treatment of the RSUs is not warranted or guaranteed. Neither the Company and its Affiliates, nor their respective directors, officers, employees and advisers shall be held liable for any taxes, interest, penalties or other monetary amounts that may owed by the Participant or other taxpayer as a result of the Award of RSUs or this Agreement.

4.8 Amendments, Suspension and Termination. To the extent permitted by the Plan, the Grant Notice and this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Committee or the Board; provided, however, that except as may otherwise be provided by the Plan or Section 4.6 of this Agreement, no amendment, modification, suspension or termination of this Agreement shall adversely affect the RSUs in any material way without the prior written consent of Participant.

4.9 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 3.2 hereof, this Agreement shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns.

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

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

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

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

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

[END OF DOCUMENT]

Exhibit 10.4

ASTRANA HEALTH, INC.

OPTION CERTIFICATE
(Incentive Stock Option)

THIS IS TO CERTIFY that Astrana Health, Inc., a Delaware corporation (the "Company"), has granted to the individual named below ("Optionee") an incentive stock option (the "Option") to purchase shares of the Company's Common Stock (the "Shares") under its 2015 Equity Incentive Plan (the "Plan") and upon the terms and conditions set forth below and in the attached Stock Option Agreement:

Name of Optionee:	
Address of Optionee:	
Number of Shares:	
Option Exercise Price:	$ per share
Date of Grant:	
Option Expiration Date:	

Exercise Schedule: The Option shall become exercisable ("vest") as follows:

Date	Number of Shares
Commencing on ….	----- Shares per month

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

[SIGNATURE PAGE FOLLOWS]

Grant # ########

IN WITNESS WHEREOF, the Company has granted to Optionee the Option as of the Date of Grant set forth above.

ASTRANA HEALTH, INC.

By __
Its Chief Executive Officer

Optionee acknowledges that he or she has received a copy of the 2015 Equity Incentive Plan and the Stock Option Agreement related to this grant.

____
Name
Address:

____

____

Grant # ########

STOCK OPTION AGREEMENT
(Incentive Stock Option)

This STOCK OPTION AGREEMENT (this "Agreement") is made and entered into as of the Date of Grant set forth in the Option Certificate to which this Agreement is attached (the "Certificate") by and between Astrana Health, Inc., a Delaware corporation (the "Company"), and the optionee (the "Optionee") named in the Certificate.

Pursuant to the 2015 Equity Incentive Plan of the Company (the "Plan"), the Administrator (which term includes, for the purposes hereof, the Board, the Committee or any other Person that has authority to administer the Plan) has determined that Optionee is to be granted, on the terms and conditions set forth in this Agreement and in the Plan, an option to purchase shares of the Company's common stock (the "Common Stock"). It is intended that the option qualify as an "incentive stock option" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended from time to time (the "Code"). Capitalized terms not otherwise defined in this Agreement shall have the meanings ascribed to them in the Plan.

The Company and Optionee agree as follows:

1. Grant of Option. The Company hereby grants to Optionee, upon the terms and subject to the conditions set forth in this Agreement, an Option (the "Option") to purchase all or any portion of that number of shares of Common Stock set forth in the Certificate (the "Option Shares"), at the exercise price set forth in the Certificate (the "Exercise Price").

2. Vesting

2.1 The Option shall "vest" (that is, become exercisable) in installments upon and after the dates set forth under the caption "Exercise Schedule" in the Certificate. The installments shall be cumulative; i.e., the Option may be exercised, as to any or all Option Shares covered by an installment, at any time or times after the installment first becomes exercisable and until expiration or termination of the Option. In addition, the Option shall vest as to all Option Shares immediately preceding, and conditioned upon the closing of, a Change of Control.

2.2 No vesting shall occur after the Employment Termination Date (as defined in Section 4.2 of this Agreement).

2.3 Notwithstanding anything to the contrary contained in this Option Agreement, the Option may not be exercised, in whole or in part, unless and until any then-applicable requirements of all state and federal laws and regulatory agencies shall have been fully complied with to the satisfaction of the Company and its counsel.

3. Exercise of the Option.

3.1 The Option may be exercised, in whole or in part, only by delivery to the Company of:

3.1.1 written notice of the exercise of the Option in form identical to Exhibit "A" attached to this Agreement, the terms of which are incorporated herein by this reference, stating the number of Option Shares being purchased (the "Purchased Shares"); and

3.1.2. payment of the Exercise Price by any combination of (i) cash or cash equivalent; (ii) delivery of other Shares or other securities of the Company (including by attestation) valued at their then Fair Market Value, (iii) delivery (including by fax) to the Company or its designated agent of an executed irrevocable option exercise form together with irrevocable instructions to a broker dealer to sell or margin a sufficient portion of the Purchased Shares and deliver the sale or margin loan proceeds directly to the Company to pay for the Exercise Price, (iv) the surrender of Shares then issuable upon exercise of the Option, valued at their then Fair Market Value, and (v) with the approval of the Administrator, by delivery to the Company of such other consideration (such as a promissory note) acceptable to the Administrator.

3.2 Following receipt of the exercise notice, any other applicable documents and the payment referred to above, the Company shall, within 30 days, cause certificates representing the Purchased Shares to be delivered to Optionee either at Optionee's address set forth in the records of the Company or at such other address as Optionee may designate in writing to the Company (or, if no certificate is issued, by entry on the Company's books and records of the foregoing); provided; however, that the Company shall not be obligated to issue a fraction or fractions of a share otherwise issuable upon exercise of the Option, and may pay to Optionee, in cash or cash equivalent, the fair market value of any such fraction or fractions of a share as of the date of exercise.

3.3 If requested by the Administrator, Optionee shall also deliver this Agreement to the Secretary of the Company, who shall endorse hereon a notation of the exercise and return this Agreement to Optionee. The date of exercise of an Option that is validly exercised shall be deemed to be the date on which there shall have been delivered to the Administrator the instruments referred to in this Section 3. Optionee shall not be deemed to be a holder of any Option Shares pursuant to exercise of the Option until the date of issuance of a stock certificate to him or her for such shares following payment in full for the Option Shares purchased.

3.4 Optionee acknowledges and agrees that any income or other taxes due from Optionee with respect to the Option (upon exercise of the Option, the sale of Shares issued pursuant to the Option or otherwise) shall be Optionee's responsibility. Without limiting the foregoing, the parties agree that to the extent the Company or any Subsidiary is required to withhold any federal, state, local, foreign or other taxes in connection with the exercise of the Option, then the Company or Subsidiary (as applicable) shall retain a number of Shares otherwise deliverable hereunder with a value equal to the required withholding (based on the fair market value of the Shares on the applicable date); provided that in no event shall the value of the Shares retained exceed the minimum amount of taxes required to be withheld or such other amount that will not result in a negative accounting impact. Notwithstanding the foregoing, (a) to the extent permitted by the Administrator, Optionee may elect, in accordance with procedures adopted by the Company from time to time, to pay or provide for payment of any required tax withholding, and (b) in the event that the Company or any Subsidiary is required to withhold taxes at any time other than upon exercise of the Option, the Company may withhold applicable taxes from other compensation payable to Optionee or require Optionee to make arrangements satisfactory to the Company to provide for such tax withholding.

3.5 The Option and any Shares that may be delivered pursuant to this Agreement are subject to forfeiture or repayment as may be provided pursuant to the Company's Compensation Recovery Policy (or any successor compensation recovery policy), as in effect from time to time.

4. Termination of Option

4.1 The Option shall terminate and expire upon the earliest to occur of: (i) the Option Expiration Date set forth in the Option Certificate; (ii) the Termination Date; and (iii) any action taken by the Administrator in connection with a Change of Control or other transaction as provided in Section 16 of the Plan.

4.2 For purposes of this Agreement:

4.2.1 "Employment Termination Date" shall mean the first day Optionee is not an employee of the Company or any of its Affiliates. Optionee's employment shall not be deemed to terminate by reason of a transfer to or from the Company or an Affiliate or among such entities, or sick leave, military leave or other leave of absence approved by the Administrator, if the period of any such leave does not exceed 90 days or, if longer, if Optionee's right to reemployment by the Company or any Affiliate is guaranteed either contractually or by statute.

4.2.2 "Termination Date" shall be: (a) the date 90 days following the Employment Termination Date unless Optionee's employment is terminated For Cause or as a result of the death, Disability or Retirement of Optionee; (b) upon the Employment Termination Date if Optionee's employment is terminated For Cause; or (c) the date one year following the Employment Termination Date as a result of the death, Disability or Retirement of Optionee.

4.2.3 "For Cause" shall mean Optionee's loss of employment by the Company or any of its Affiliates due to Optionee's (a) willful breach or habitual neglect or continued incapacity to perform Optionee's required duties, (b) commission of acts of dishonesty, fraud, misrepresentation or other acts of moral turpitude in connection with Optionee's services to the Company or its Affiliates or which in the determination of the Administrator would prevent the effective performance of Optionee's duties or (c) termination For Cause under any employment agreement between the Company and Optionee (as "cause" is defined therein).

5. Adjustment. The number of shares and Exercise Price of this Option shall be subject to adjustment under the circumstances contemplated by the Plan and the Option Expiration Date may be accelerated by the Administrator upon the circumstances set forth in the Plan.

6. Change of Control. Upon the occurrence of a Change of Control or other transaction contemplated by Section 16 of the Plan, the Option shall be subject to adjustment and to any other actions of the Administrator as contemplated in the Plan. This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

7. Modification. Subject to the terms and conditions and within the limitations of the Plan, the Administrator may modify, extend or renew the Option or accept the surrender of, and authorize the grant of a new option in substitution for, the Option (to the extent not previously exercised). No modification of the Option shall be made which, without the consent of Optionee, would cause the Option to fail to continue to qualify as an "incentive stock option" within the meaning of Section 422 of the Code or would alter or impair any rights of Optionee under the Option.

8. Disqualifying Disposition. Optionee agrees that, should he or she make a "disposition" (as defined in Section 424(c) of the Code) of all or any of the Purchased Shares

within two years from the date of the grant of the Option or within one year after the issuance of such Purchased Shares, he or she shall immediately advise the Company in writing as to the occurrence of the sale and the price realized upon the sale of such Purchased Shares. Optionee agrees that he or she shall maintain all Purchased Shares in his or her name so long as he or she maintains beneficial ownership of such Purchased Shares.

9. Incorporation of Plan. This Agreement is made pursuant to the Plan, and it is intended, and shall be interpreted in a manner, to comply with the Plan. Any provision of this Agreement inconsistent with the Plan shall be superseded and governed by the Plan.

10. Restrictions on Sale of Purchased Shares. Optionee understands that: (a) unless the issuance of the Purchased Shares to Optionee upon exercise of the Option is registered under the Securities Act of 1933, as amended (the "Securities Act"), the Purchased Shares will be "restricted securities" within the meaning of Rule 144 under such Act; (b) the Purchased Shares may not be sold, transferred or assigned by the Optionee except pursuant to an effective registration statement under the Securities Act or an exemption from registration under the Securities Act; and (c) the Company is under no obligation to register or qualify the Purchased Shares or the Option Shares with the Securities and Exchange Commission, any state securities commission or any stock exchange to effect such compliance. Optionee agrees that any certificates evidencing Purchased Shares may bear a legend indicating that their transferability is restricted in accordance with applicable state and federal securities laws.

11. General Provisions.

11.1 Notices. All notices, requests, demands and other communications (collectively, "Notices") given pursuant to this Agreement shall be in writing, and shall be delivered by personal service, courier, or by United States first class, registered or certified mail, postage prepaid, addressed to the party at the address set forth on the signature page of this Agreement. Any Notice, other than a Notice sent by registered or certified mail, shall be effective when received; a Notice sent by registered or certified mail, postage prepaid return receipt requested, shall be effective on the earlier of when received or the third day following deposit in the United States mails. Any party may from time to time change its address for further Notices hereunder by giving notice to the other party in the manner prescribed in this Section.

11.2 Failure to Enforce Not a Waiver. The failure of the Company to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

11.3 Governing Law. This Agreement shall be governed by and construed in accordance with the law of the State of Delaware applicable to contracts made in, and to be performed within, that State.

11.4 Transfer of Rights under this Agreement. The Company may at any time transfer and assign its rights and delegate its obligations under this Agreement to any other person, corporation, firm or entity, with or without consideration.

11.5 Option Non-transferable. Optionee may not sell, transfer, assign or otherwise dispose of the Option except by will or the laws of descent and distribution, and only Optionee or his or her legal representative or guardian may exercise the Option during Optionee's lifetime.

11.6 No Right to Employment. Nothing in this Option shall interfere with or limit in any way the right of the Company or of any of its Affiliates to terminate Optionee's employment, consulting or advising at any time, nor confer upon Optionee any right to continue in the employ of, consult with or advise the Company or any of its Affiliates.

11.7 Successors and Assigns. Except to the extent specifically limited by the terms and provision of this Agreement, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns, heirs and personal representatives.

11.8 Miscellaneous. Titles and captions contained in this Agreement are inserted for convenience of reference only and do not constitute a part of this Agreement for any other purpose. Except as specifically provided herein, neither this Agreement nor any right pursuant hereto or interest herein shall be assignable by any of the parties hereto without the prior written consent of the other party hereto.

11.9 Tax Treatment. Optionee acknowledges that the tax treatment of the Option, the Option Shares or any events or transactions with respect thereto may be dependent upon various factors or events that are not determined by the Plan or this Agreement. The Company makes no representations with respect to and hereby disclaims all responsibility as to such tax treatment.

11.10 Delivery of Plan to Optionee. Optionee acknowledges that a copy of the Plan has been delivered to Optionee. The Optionee has read and understands the terms of the Plan and this Agreement, and agrees to be bound by their terms and conditions. The Optionee acknowledges that there may be adverse tax consequences upon the exercise of the Option or disposition of the Purchased Shares, and that the Optionee has been advised to consult a tax adviser prior to such time.

11.11 Further Assurances. Optionee shall promptly take all actions and execute all documents requested by the Company that the Company deems to be reasonably necessary to effectuate the term and intent of this Agreement.

11.12 Compliance with Laws and Exchange Requirements. The issuance and transfer of any Purchased Shares shall be subject to compliance by the Company and the Optionee with all applicable requirements of securities laws and with all applicable requirements of any stock exchange on which the shares may be listed at the time of such issuance or transfer.

11.13. No Rights as Stockholder. The Optionee shall have no rights as a stockholder of the Company with respect to any Option Shares until the Optionee exercises the Option in accordance with the terms of this Agreement and pursuant to the Plan.

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

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

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

The Certificate is the signature page of this Agreement.

EXHIBIT “A”

NOTICE OF EXERCISE

(To be completed and signed only upon exercise of the Option)

TO: Astrana Health, Inc.

The undersigned, the holder of the enclosed Stock Option Agreement (Incentive Stock Option), hereby irrevocably elects to exercise the purchase right represented by the Option and to purchase thereunder _____________* shares (the “Purchased Shares”) of Common Stock of Astrana Health, Inc. (the “Company”) and delivers herewith payment of the full Exercise Price of the Purchased Shares equal to $_________ as follows: [initial and complete applicable payment method]

______ in cash or check.

______ delivery of the following Shares or other securities of the Company (including by attestation) having a Fair Market Value on the date hereof equal to the Exercise Price: [describe the securities tendered] ____,

______ delivery to the Company or its designated agent of an executed irrevocable option exercise form together with irrevocable instructions to a broker-dealer to sell or margin a sufficient portion of the Purchased Shares and deliver the sale or margin loan proceeds directly to the Company to pay for the Exercise Price.

______ the surrender of __________ Purchased Shares having a Fair Market Value on the date hereof equal to the Exercise Price.

______ with the approval of the Administrator, by delivery to the Company of such other consideration (such as a promissory note) acceptable to the Administrator described as follows: ____.

Dated:

__
(Signature must conform in all respects to name of holder as specified on the face of the Option)

__

__
(Address)

__
Social Security Number

*Insert here the number of shares being exercised making all adjustments for stock splits, stock dividends or other additional Common Stock of the Company, other securities or property which, pursuant to the adjustment provisions of Section 5 of the Option, may be deliverable upon exercise.

Exhibit 10.5

ASTRANA HEALTH, INC.

OPTION CERTIFICATE
(Non-Qualified Stock Option)

THIS IS TO CERTIFY that Astrana Health, Inc., a Delaware corporation (the "Company"), has granted to the individual named below ("Optionee") a non-qualified stock option (the "Option") to purchase shares of the Company's Common Stock (the "Shares") under its 2015 Equity Incentive Plan (the "Plan") and upon the terms and conditions set forth below and in the attached Stock Option Agreement:

Name of Optionee:	
Number of Shares:	
Option Exercise Price:	$ per Share
Date of Grant:	
Option Expiration Date:	

Exercise Schedule: The Option shall become exercisable ("vest") as follows:

Date	Number of Shares
Commencing on ….	

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

[SIGNATURE PAGE FOLLOWS]

Grant # ########

In Witness Whereof, the Company has granted to Optionee the Option as of the Date of Grant set forth above.

ASTRANA HEALTH, INC.

By __
Its Chief Executive Officer

Optionee acknowledges that he or she has received a copy of the 2015 Equity Incentive Plan and the Stock Option Agreement related to this grant.

____
Name
Address:

____

____

Grant # ########

Exhibit 10.5

STOCK OPTION AGREEMENT
(Non-Qualified Stock Option)

This STOCK OPTION AGREEMENT (this "Agreement") is made and entered into as of the Date of Grant set forth in the Option Certificate to which this Agreement is attached (the "Certificate") by and between Astrana Health, Inc., a Delaware corporation (the "Company"), and the optionee (the "Optionee") named in the Certificate.

Pursuant to the 2015 Equity Incentive Plan of the Company (the "Plan"), the Administrator (which term includes, for the purposes hereof, the Board, the Committee or any other Person that has authority to administer the Plan) has determined that Optionee is to be granted, on the terms and conditions set forth in this Agreement and in the Plan, an option to purchase shares of the Company's Common Stock (the "Common Stock"). It is intended that the option not qualify as an "incentive stock option" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended from time to time (the "Code"). Capitalized terms not otherwise defined in this Agreement shall have the meanings ascribed to them in the Plan.

The Company and Optionee agree as follows:

1. Grant of Option. The Company hereby grants to Optionee, upon the terms and subject to the conditions set forth in this Agreement, an Option (the "Option") to purchase all or any portion of that number of shares of Common Stock set forth in the Certificate (the "Option Shares"), at the exercise price set forth in the Certificate (the "Exercise Price").

2. Vesting

2.1 The Option shall "vest" and become exercisable in installments upon and after the dates set forth under the caption "Exercise Schedule" in the Certificate. The installments shall be cumulative; i.e., the Option may be exercised, as to any or all Option Shares covered by an installment, at any time or times after the installment first becomes exercisable and until expiration or termination of the Option. In addition, the Option shall vest as to all Option Shares immediately preceding, and conditioned upon the closing of, a Change of Control.

2.2 No vesting shall occur after the Employment Termination Date (as defined in Section 4.2 of this Agreement).

2.3 Notwithstanding anything to the contrary contained in this Option Agreement, the Option may not be exercised, in whole or in part, unless and until any then-applicable requirements of all state and federal laws and regulatory agencies shall have been fully complied with to the satisfaction of the Company and its counsel.

3. Exercise of the Option.

3.1 The Option may be exercised, in whole or in part, only by delivery to the Company of:

3.1.1 written notice of the exercise of the Option in form identical to Exhibit "A" attached to this Agreement, the terms of which are incorporated herein by this reference, stating the number of Option Shares being purchased (the "Purchased Shares"); and

3.1.2 payment of the Exercise Price by any combination of (i) cash or cash equivalent; (ii) delivery of other Shares or other securities of the Company (including by attestation) valued at their then Fair Market Value, (iii) delivery (including by fax) to the

Company or its designated agent of an executed irrevocable option exercise form together with irrevocable instructions to a broker dealer to sell or margin a sufficient portion of the Purchased Shares and deliver the sale or margin loan proceeds directly to the Company to pay for the Exercise Price, (iv) the surrender of Shares then issuable upon exercise of the Option, valued at their then Fair Market Value, and (v) with the approval of the Administrator, by delivery to the Company of such other consideration (such as a promissory note) acceptable to the Administrator.

3.2 Following receipt of the exercise notice, any other applicable documents and the payment referred to above, the Company shall, within 30 days, cause certificates representing the Purchased Shares to be delivered to Optionee either at Optionee's address set forth in the records of the Company or at such other address as Optionee may designate in writing to the Company; provided; however, that the Company shall not be obligated to issue a fraction or fractions of a share otherwise issuable upon exercise of the Option, and may pay to Optionee, in cash or cash equivalent, the fair market value of any such fraction or fractions of a share as of the date of exercise.

3.3 If requested by the Administrator, Optionee shall also deliver this Agreement to the Secretary of the Company, who shall endorse hereon a notation of the exercise and return this Agreement to Optionee. The date of exercise of an Option that is validly exercised shall be deemed to be the date on which there shall have been delivered to the Administrator the instruments referred to in this Section 3. Optionee shall not be deemed to be a holder of any Option Shares pursuant to exercise of the Option until the date of issuance of a stock certificate to him or her for such shares following payment in full for the Option Shares purchased.

3.4 Optionee acknowledges and agrees that any income or other taxes due from Optionee with respect to the Option (upon exercise of the Option, the sale of Shares issued pursuant to the Option or otherwise) shall be Optionee's responsibility. Without limiting the foregoing, the parties agree that to the extent the Company or any Subsidiary is required to withhold any federal, state, local, foreign or other taxes in connection with the exercise of the Option, then the Company or Subsidiary (as applicable) shall retain a number of Shares otherwise deliverable hereunder with a value equal to the required withholding (based on the fair market value of the Shares on the applicable date); provided that in no event shall the value of the Shares retained exceed the minimum amount of taxes required to be withheld or such other amount that will not result in a negative accounting impact. Notwithstanding the foregoing, (a) to the extent permitted by the Administrator, Optionee may elect, in accordance with procedures adopted by the Company from time to time, to pay or provide for payment of any required tax withholding, and (b) in the event that the Company or any Subsidiary is required to withhold taxes at any time other than upon exercise of the Option, the Company may withhold applicable taxes from other compensation payable to Optionee or require Optionee to make arrangements satisfactory to the Company to provide for such tax withholding.

3.5 The Option and any Shares that may be delivered pursuant to this Agreement are subject to forfeiture or repayment as may be provided pursuant to the Company's Compensation Recovery Policy (or any successor compensation recovery policy), as in effect from time to time.

4. Termination of Option

4.1 The Option shall terminate and expire upon the earliest to occur of: (i) the Option Expiration Date set forth in the Option Certificate; (ii) the Termination Date; and (iii) any action taken by the Administrator in connection with a Change of Control or other transaction as provided in Section 16 of the Plan.

4.2 For purposes of this Agreement:

4.2.1 "Employment Termination Date" shall mean the first day Optionee is not a director, employee or consultant to the Company and its Affiliates. As long as Optionee is at least one of employee, director or consultant, the Employment Termination Date shall not be deemed to have occurred. For example, if Optionee is an employee and a director, the termination of employment as an employee while remaining a director shall not establish an Employment Termination Date (which would only be established if and when Optionee ceases to be a director). Optionee's employment shall not be deemed to terminate by reason of a transfer to or from the Company or an Affiliate or among such entities, or sick leave, military leave or other leave of absence approved by the Administrator, if the period of any such leave does not exceed 90 days or, if longer, if Optionee's right to reemployment by the Company or any Affiliate is guaranteed either contractually or by statute.

4.2.2 "Termination Date" shall be: (a) the date 90 days following the Employment Termination Date unless Optionee's employment is terminated For Cause or as a result of the death, Disability or Retirement of Optionee; (b) upon the Employment Termination Date if Optionee's employment is terminated For Cause; or (c) one year following the Employment Termination Date as a result of the death, Disability or Retirement of Optionee.

4.2.3 "For Cause" shall mean Optionee's loss of employment, directorship or consulting engagement by the Company or any of its Affiliates due to Optionee's (a) willful breach or habitual neglect or continued incapacity to perform Optionee's required duties, (b) commission of acts of dishonesty, fraud, misrepresentation or other acts of moral turpitude in connection with Optionee's services to the Company or its Affiliates or which in the determination of the Administrator would prevent the effective performance of Optionee's duties or (c) termination For Cause under any employment or consulting agreement between the Company and Optionee (as "cause" is defined therein).

5. Adjustment. The number of shares and Exercise Price of this Option shall be subject to adjustment under the circumstances contemplated by the Plan and the Option Expiration Date may be accelerated by the Administrator upon the circumstances set forth in the Plan.

6. Change of Control. Upon the occurrence of a Change of Control or other transaction contemplated by Section 16 of the Plan, the Option shall be subject to adjustment and to any other actions of the Administrator as contemplated in the Plan. This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

7. Modification. Subject to the terms and conditions and within the limitations of the Plan, the Administrator may modify, extend or renew the Option or accept the surrender of, and authorize the grant of a new option in substitution for, the Option (to the extent not previously exercised). No modification of the Option shall be made which, without the consent of Optionee, would alter or impair any rights of Optionee under the Option.

8. Incorporation of Plan. This Agreement is made pursuant to the Plan, and it is intended, and shall be interpreted in a manner, to comply with the Plan. Any provision of this Agreement inconsistent with the Plan shall be superseded and governed by the Plan.

9. Restrictions on Sale of Purchased Shares. Optionee understands that: (a) unless the issuance of the Purchased Shares to Optionee upon exercise of the Option is registered under the Securities Act of 1933, as amended (the "Securities Act"), the Purchased Shares will be "restricted securities" within the meaning of Rule 144 under such Act; (b) the Purchased Shares may not be sold, transferred or assigned by the Optionee except pursuant to an effective registration statement under the Securities Act or an exemption from registration under the Securities Act; and (c) the Company is under no obligation to register or qualify the Purchased Shares or the Option Shares with the Securities and Exchange Commission, any state securities commission or any stock exchange to effect such compliance. Optionee agrees that any certificates evidencing Purchased Shares may bear a legend indicating that their transferability is restricted in accordance with applicable state and federal securities laws.

10. General Provisions.

10.1 Notices. All notices, requests, demands and other communications (collectively, "Notices") given pursuant to this Agreement shall be in writing, and shall be delivered by personal service, courier, or by United States first class, registered or certified mail, postage prepaid, addressed to the party at the address set forth on the signature page of this Agreement. Any Notice, other than a Notice sent by registered or certified mail, shall be effective when received; a Notice sent by registered or certified mail, postage prepaid return receipt requested, shall be effective on the earlier of when received or the third day following deposit in the United States mails. Any party may from time to time change its address for further Notices hereunder by giving notice to the other party in the manner prescribed in this Section.

10.2 Failure to Enforce Not a Waiver. The failure of the Company to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

10.3 Governing Law. This Agreement shall be governed by and construed in accordance with the law of the State of Delaware applicable to contracts made in, and to be performed within, that State.

10.4 Transfer of Rights under this Agreement. The Company may at any time transfer and assign its rights and delegate its obligations under this Agreement to any other person, corporation, firm or entity, with or without consideration.

10.5 Option Non-transferable. Optionee may not sell, transfer, assign or otherwise dispose of the Option except by will or the laws of descent and distribution, and only Optionee or his or her legal representative or guardian may exercise the Option during Optionee's lifetime.

10.6 No Right to Employment. Nothing in this Option shall interfere with or limit in any way the right of the Company or of any of its Affiliates to terminate Optionee's employment, consulting or advising at any time, nor confer upon Optionee any right to continue in the employ of, consult with or advise the Company or any of its Affiliates.

10.7 Successors and Assigns. Except to the extent specifically limited by the terms and provision of this Agreement, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns, heirs and personal representatives.

10.8 Miscellaneous. Titles and captions contained in this Agreement are inserted for convenience of reference only and do not constitute a part of this Agreement for any other purpose. Except as specifically provided herein, neither this Agreement nor any right pursuant hereto or interest herein shall be assignable by any of the parties hereto without the prior written consent of the other party hereto.

10.9 Tax Treatment. Optionee acknowledges that the tax treatment of the Option, the Option Shares or any events or transactions with respect thereto may be dependent upon various factors or events that are not determined by the Plan or this Agreement. The Company makes no representations with respect to and hereby disclaims all responsibility as to such tax treatment.

10.10 Delivery of Plan to Optionee. Optionee acknowledges that a copy of the Plan has been delivered to Optionee. The Optionee has read and understands the terms of the Plan and this Agreement, and agrees to be bound by their terms and conditions. The Optionee acknowledges that there may be adverse tax consequences upon the exercise of the Option or disposition of the Purchased Shares, and that the Optionee has been advised to consult a tax adviser prior to such time.

10.11 Further Assurances. Optionee shall promptly take all actions and execute all documents requested by the Company that the Company deems to be reasonably necessary to effectuate the term and intent of this Agreement.

10.12 Compliance with Laws and Exchange Requirements. The issuance and transfer of any Purchased Shares shall be subject to compliance by the Company and the Optionee with all applicable requirements of securities laws and with all applicable requirements of any stock exchange on which the shares may be listed at the time of such issuance or transfer.

10.13 No Rights as Stockholder. The Optionee shall have no rights as a stockholder of the Company with respect to any Option Shares until the Optionee exercises the Option in accordance with the terms of this Agreement and pursuant to the Plan.

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

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

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

The Certificate is the signature page of this Agreement.

Exhibit 10.5

EXHIBIT "A"

NOTICE OF EXERCISE

(To be completed and signed only upon exercise of the Option)

TO: Astrana Health, Inc.

The undersigned, the holder of the enclosed Stock Option Agreement (Non-Qualified Stock Option), hereby irrevocably elects to exercise the purchase right represented by the Option and to purchase thereunder ____________* shares (the "Purchased Shares") of Common Stock of Astrana Health, Inc. (the "Company") and delivers herewith payment of the full Exercise Price of the Purchased Shares equal to $_________ as follows: [initial and complete applicable payment method]

______ in cash or check.

______ delivery of the following Shares or other securities of the Company (including by attestation) having a Fair Market Value on the date hereof equal to the Exercise Price: [describe the securities tendered] ____,

______ delivery to the Company or its designated agent of an executed irrevocable option exercise form together with irrevocable instructions to a broker-dealer to sell or margin a sufficient portion of the Purchased Shares and deliver the sale or margin loan proceeds directly to the Company to pay for the Exercise Price.

______ the surrender of __________ Purchased Shares having a Fair Market Value on the date hereof equal to the Exercise Price.

______ with the approval of the Administrator, by delivery to the Company of such other consideration (such as a promissory note) acceptable to the Administrator described as follows: ____.

Dated:

__

(Signature must conform in all respects to name of holder as specified on the face of the Option)

__

__

(Address)

__

Social Security Number

*Insert here the number of shares being exercised making all adjustments for stock splits, stock dividends or other additional Common Stock of the Company, other securities or property which, pursuant to the adjustment provisions of Section 5 of the Option, may be deliverable upon exercise.

PHYSICIAN SHAREHOLDER AGREEMENT

This **PHYSICIAN SHAREHOLDER AGREEMENT** (this **"Agreement"**), dated as of August 31, 2023, is granted and delivered by Thomas Lam, M.D. (**"Shareholder"**), a physician licensed under the laws of the State of California (the **"State"**), in favor of Network Medical Management, Inc. a California corporation (**"Manager"**), and Apollo Medical Holdings, Inc., a Delaware corporation (**"Apollo"**), and for the benefit of AP-AMH 2 Medical Corporation, a California professional medical corporation (**"Practice"** or "**AP-AMH 2**"). Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Management Agreement (as defined below). The parties acknowledge and agree that this Agreement shall be effective as of July 14, 2021, i.e., the date on which Practice's Articles of Incorporation were filed with the California Secretary of State (the "**Effective Date**").

BACKGROUND STATEMENT

A. Practice is a professional entity organized under the laws of the State to provide professional medical services. Shareholder is the legal and beneficial owner of one hundred percent (100%) of the issued and outstanding stock in Practice (the **"Shares"**). Practice has entered into that certain Administrative Services Agreement dated as of the date hereof by and between Practice and Manager (as amended or restated from time to time, the **"Management Agreement"**), pursuant to which Manager provides exclusive management and administrative services to Practice.

B. As the majority shareholder of Practice, Shareholder will substantially benefit from Manager's performance under the Management Agreement, including Manager's or Apollo's ability to extend credit to the Practice, and has the ability to impact Practice's compliance with certain terms of the Management Agreement. The purpose of this Agreement is to memorialize the agreement of Shareholder to act in accordance with the Management Agreement, and to the extent of Shareholder's personal authority, refrain from any action or inaction that would result in a breach by Practice of its obligations under the Management Agreement.

C. Pursuant to the Management Agreement, Manager has the exclusive right to provide management and administrative services to Practice. Manager has expended, and will continue to expend, significant resources, and has undertaken significant obligations, and will continue to incur significant obligations, to be in a position to perform its obligations under the Management Agreement. In consideration of such services, Practice has entered into certain covenants under the Management Agreement that assure Manager the exclusive right to provide management and administrative services to Practice. .

D. Apollo, as the sole shareholder of Manager, has the authority to cause Manager to enter into the Management Agreement. In light of the substantial benefits flowing directly to Practice and indirectly to Shareholder from Manager's performance of the Management Agreement, it is a condition to Apollo's causing Manager to enter into the Management Agreement that Shareholder execute and deliver this Agreement. Apollo and Manager are relying on this Agreement in their decision for Manager to enter into the Management Agreement and Manager would not enter into the Management Agreement without this Agreement.

E. Apollo is loaning money to Practice pursuant to (i) a Loan Agreement between Apollo and Practice, dated on or about the date hereof (as amended or restated from time to time, the **"Loan Agreement"**), (ii) a Security Agreement made by Practice in favor of Apollo, dated on or about the date hereof (as amended or restated from time to time, the **"Security Agreement"**), and (iii) a Secured Promissory Note made by Practice in favor of Apollo, dated on or about the date hereof (as amended or restated from time to time, the **"Note"** and, collectively with the Loan Agreement and Security Agreement, the **"Loan Documents"**). Apollo has required this Agreement to be executed as a condition to entering into the Loan Documents. The proceeds of Apollo's loans to Practice will provide substantial benefits and assistance to Practice and to Manager in the performance of Manager's obligations under the Management Agreement, including Manager's obligation to extend credit to the Practice; consequently, Shareholder will receive substantial benefits from Apollo's loans to Practice.

F. The parties are entering into this Agreement to memorialize the arrangement between the parties regarding the subject matter set forth herein that has been in effect since the Effective Date, and to set forth their respective rights and responsibilities during the term of this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Apollo to cause Manager to enter into the Management Agreement with Practice and Apollo to make loans to Practice, Shareholder hereby agrees as follows:

ARTICLE I
SHAREHOLDER COVENANTS

1.1 Compliance with Management Agreement and Loan Documents.

1.1.1 Without limiting any other obligation of Shareholder hereunder or of Practice under the Management Agreement, during the term of the Management Agreement, Shareholder shall not take any action, or fail to take any action, in his or her capacity as a shareholder, director or officer of Practice, that would cause Practice to breach the Management Agreement or any of the Loan Documents to which Practice is a party.

1.1.2 Whenever the Management Agreement requires Manager and Practice to agree on the amount of the management fees payable by Practice under the Management Agreement, Shareholder shall use his or her best efforts to cause Practice to negotiate in good faith and to reach an agreement on the amount of such management fees.

1.1.3 Shareholder agrees to be responsible for all damages suffered by Manager due to the affirmative actions or intentional omissions by Shareholder that result in a breach by Practice of its obligations under the Management Agreement or any Loan Document (such that the breach would not have occurred but for Shareholder's affirmative action or intentional omission in connection therewith).

1.2 Issuance, Transfer of Shares. Except as otherwise provided herein or in the Loan Documents, neither the Shareholder nor his estate, heirs or devisees shall sell, assign, transfer, gift, pledge, hypothecate, encumber or otherwise dispose of, whether voluntarily, involuntarily, by operation of law or otherwise, any or all of the Shares which the Shareholder now owns or may hereafter acquire. In addition,

the Shareholder shall not cause Practice to authorize, approve or declare any dividend or other distribution with respect to the Shares. In furtherance of the foregoing, concurrently with the execution hereof, Shareholder agrees to place a restrictive legend on any certificates representing Shares that reads substantially as follows:

> "THE SHARES REPRESENTED BY THIS CERTIFICATE, AND THE TRANSFER THEREOF, ARE SUBJECT TO THE PROVISIONS OF A PHYSICIAN SHAREHOLDER AGREEMENT IN FAVOR OF APOLLO MEDICAL HOLDINGS, INC. AND NETWORK MEDICAL MANAGEMENT, INC., DATED AS OF AUGUST 31, 2023 (A COPY OF WHICH IS ON FILE IN, AND MAY BE EXAMINED AT, THE PRINCIPAL OFFICE OF THE CORPORATION), AND NO TRANSFER OF THE SHARES REPRESENTED HEREBY OR OF SHARES ISSUED IN EXCHANGE THEREFOR SHALL BE VALID OR EFFECTIVE UNLESS AND UNTIL THE TERMS AND CONDITIONS OF SUCH AGREEMENT SHALL HAVE BEEN FULFILLED."

1.3 Obligations Concerning Certain Actions.

1.3.1 The Shareholder and Practice shall provide written notice (the "Notice") to Apollo of any vote or action (an "Action") to be taken at any time or from time-to-time by the Shareholder in his capacity as Practice's sole shareholder or as its sole director with respect to any of the matters set forth below:

(a) The lease, sale, exchange, transfer, mortgage or other assignment or disposal of all or substantially all of Practice's assets;

(b) The merger, consolidation, or reorganization of Practice;

(c) The issuance of any shares of Practice's stock or any warrant, option, right or other security convertible into or exchangeable for capital stock of Practice, or the creation of any new class or series of stock;

(d) The sale, exchange, transfer, mortgage or other assignment or disposal of any of the Shares;

(e) The adoption, amendment, restatement, repeal or modification of this Agreement, the Articles of Incorporation and/or the Bylaws of Practice;

(f) The formation of any subsidiaries, joint ventures, or other entities by Practice or in which Practice has an equity or debt interest;

(g) Any action related to the amendment, modification or termination of any agreements with Apollo and/or Manager (or any successor);

(h) Any action concerning legal matters or the management of financial affairs or resources of Practice;

(i) The delegation of any authority with respect to the affairs of Practice by the Shareholder to any other person or entity;

(j) The nomination or election of any person other than the Shareholder to Practice's Board of Directors;

(k) Except in connection with the Loan Documents, incurrence of extraordinary indebtedness (other than indebtedness incurred with respect to normal accounts payable or otherwise in the ordinary course of business) by Practice in excess of Five Thousand Dollars ($5,000), whether as a demand or term loan, a line of credit, or other form of short-term or long-term debt;

(l) Except in connection with the Loan Documents, entry into any material agreement pertaining to the business of Practice;

(m) Liquidation or dissolution of Practice; and/or

(n) Entry into any agreement with any other person or entity to do any of the foregoing.

1.3.2 No Action Permitted During the Notice Period. The Notice shall be given by the Shareholder at least thirty (30) days prior to taking any Action; provided that, if the Shareholder is required by law to act prior to the expiration of such 30-day period, the Shareholder shall give such written notice to Apollo as early as possible prior to the time that the Shareholder is required to act (such 30-day period, or less if required by law, is referred to as the "Notice Period"). During the Notice Period, the Shareholder shall not take or ratify the Action described in the Notice.

1.3.3 Notice Requirements. The Notice shall include a description of the contemplated Action and copies of all relevant documents and materials. Within ten (10) days after Apollo's receipt of the Notice, Apollo may reasonably request additional documentation and materials related to the contemplated vote or action, and the Shareholder shall promptly provide the same to the requesting party; provided that, unless otherwise required by law, the Notice Period shall be extended by the number of days between the date of any request for additional documentation and the date such additional documentation is delivered to the requesting party.

1.3.4 Action Taken in Contravention is Null and Void. Any Action taken by the Shareholder or Practice in contravention of the Shareholder's obligations to provide the Notice or to refrain from taking an Action within the Notice Period, shall be null and void and of no force or effect to the extent permitted by applicable law.

1.4 General.

1.4.1 Shareholder agrees that his obligations hereunder are absolute and unconditional, and such obligations shall not be discharged, limited or otherwise affected by (i) any amendment, modification, supplement to, discharge or waiver of any provisions of the Management Agreement or Loan Documents or (ii) any other circumstance that might otherwise constitute a legal or equitable discharge or defense available to Practice or Shareholder.

1.4.2 No obligation of Shareholder hereunder shall be discharged other than by complete performance of such obligation.

1.4.3 Shareholder agrees that, pursuant to this Agreement, Shareholder shall deliver to Apollo, for Apollo to hold for the term of this Agreement, (i) an undated and signed irrevocable stock power with regard to its stock in Practice, (ii) an undated and signed resignation of Shareholder's position as officer and/or director, as applicable, of Practice, and (iii) Shareholder's stock certificate in Practice.

1.4.4 Shareholder shall maintain Shareholder's license to practice medicine in the State, and Shareholder shall notify Apollo immediately upon the loss of such licensure or the commencement of any proceeding or action that may result in the loss of such licensure.

ARTICLE II
APOLLO'S ACQUISITION RIGHT

2.1 Apollo's Acquisition Right.

(a) In support and furtherance of Shareholder's obligations under this Agreement and for the consideration received herewith, Shareholder agrees that at any time or from time to time during the term of this Agreement, Apollo may designate a third party who is permitted under California law to be a shareholder of Practice (a **"Permitted Transferee"**) with the right (the **"Acquisition Right"**) (a) to acquire Shareholder's Shares for a purchase price of $100.00, or (b) to acquire from Practice, for a purchase price of $100.00, a number of equity interests in Practice that, if issued to the Permitted Transferee, would result in such Permitted Transferee's holding a 51% ownership interest in Practice (the "Share Transfer").

(b) The Acquisition Right shall be exercisable by Apollo by delivering written notice of such exercise and payment to Shareholder or Practice, as applicable, and upon exercise, Shareholder shall be obligated to assign and transfer the Shares or to cause Practice to issue new equity interests (as applicable), free and clear of all liens, encumbrances, claims of third parties, security interests, mortgages, pledges, agreements, options and rights of others of any kind whatsoever, whether or not filed, recorded or perfected. In furtherance of, but without limiting, the foregoing, at any time an "Event of Default" is in existence under the Loan Documents, Apollo shall have the right to exercise its Acquisition Right in favor of a Permitted Transferee approved by Apollo. On or before the Share Transfer, the Shareholder shall execute all such documentation, if any, required or convenient to transfer and convey all of the Shareholder's right, title and interest in and to the Shares.

ARTICLE III
GENERAL

3.1 Term. This Agreement shall remain in full force and effect until such time as Shareholder no longer holds an ownership interest in any capital stock or other equity interests of Practice.

3.2 Representations. Each of the parties acknowledge, agree and represent and warrant to each other as follows:

(a) This Agreement is substantially similar to the Physician Shareholder Agreement dated May 10, 2019, entered into among Shareholder, Manager, Apollo and AP-AMH Medical Corporation, a California professional medical corporation ("**AP-AMH**").

(b) This Agreement reflects the intention of Shareholder and Apollo, at the time of the formation of Practice, to execute this Agreement on the date Practice was formed.

(c) Until August 2023, the parties were not aware that this Agreement had not been properly executed.

(d) Prior to the date that Practice was formed, consideration was given by Apollo, Shareholder, and legal counsel as to whether AP-AMH could be used to fulfil the functions of AP-AMH 2 or whether a new, "clean" entity (i.e., AP-AMH 2) was a better option. It was decided that a "clean" entity was more desirable due to the complicated organizational structure of AP-AMH. Similarly, at such time, Shareholder was aware that his legal ownership of AP-AMH 2 would be subject to substantially similar restrictions as his ownership of AP-AMH and had explicitly agreed to such restrictions. Notwithstanding such understanding, Apollo and Shareholder inadvertently neglected to execute this Agreement at the time AP-AMH 2 was formed.

(e) Between the date AP-AMH 2 was formed through the date this Agreement will be executed, Shareholder and Apollo acted in a manner consistent with the terms of this Agreement, and both parties were legally bound during such period by their mutual belief that the terms of this Agreement already were in effect.

3.3 Arbitration. Any dispute hereunder shall be settled exclusively by binding arbitration before a single arbitrator in accordance with the Rules of Procedure for Arbitration of the American Health Lawyers Association (AHLA) Alternative Dispute Resolution Service, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Such arbitration shall occur in the city where Practice is located within sixty (60) days after a party gives notice to the other party of its election to trigger this arbitration clause. The arbitrator shall be chosen in accordance with the rules of the AHLA Alternative Dispute Resolution Service then in effect. If the AHLA Alternative Dispute Resolution Service is no longer in effect, then the arbitration shall be conducted as set out above by the American Arbitration Association in accordance with the Commercial Rules of the American Arbitration Association then in effect. The arbitrator may award attorneys' fees and costs to the prevailing party. The arbitrator shall prepare in writing and provide to the parties an award including factual findings and the reasons on which their decision is based. The arbitrator shall not have the power to commit errors of law or legal reasoning, and the award may be vacated or corrected on appeal to a court of competent jurisdiction for any such error. The parties shall share the costs of the arbitrator equally between them. Each party shall bear its own expenses of preparation for and participation in arbitration. The statute of limitations applicable to any claim shall be determined as if such claim were being asserted in the State where Practice is located, and such statute of limitations shall apply to preclude arbitration of any claim hereunder not brought within the applicable limitation period. Notwithstanding anything herein to the contrary, the parties reserve the right to proceed at any time in any court having jurisdiction or by self-help to exercise or prosecute the following remedies, as applicable: (i) all rights of self-help, including peaceful occupation of real property and collection of rents, set off, and peaceful possession of personal property, (ii) pre-judgment garnishment or attachment of property, (iii) a preliminary injunction or temporary restraining order to preserve the status quo or to enforce a party's rights under any provision set forth herein, and (iv) when applicable, a judgment by confession of judgment. Preservation of these remedies does not limit the power of the arbitrator to grant similar remedies that may be requested by a party in a dispute. The agreement to arbitrate set forth in this Section may only be enforced by the parties to this Agreement and their permitted successors and assigns, shall survive the termination or breach of

this Agreement, and shall be construed pursuant to and governed by the provisions of the Federal Arbitration Act, 9 U.S.C. §1, et seq.

3.4 Waiver of Jury Trial. To the fullest extent permitted by law, the parties hereby waive the right to trial by jury.

3.5 Entire Agreement. This Agreement expresses the entire agreement between the parties hereto regarding the subject matter hereof and supersedes any prior or contemporaneous written or oral understanding or agreement.

3.6 Legal Events. If any law is adopted or amended or any rule or regulation is published for public comment, promulgated or modified, any administrative ruling, advisory opinion or judicial interpretation in any jurisdiction is issued or modified or any court or administrative tribunal in any jurisdiction issues any decision, judgment, order or interpretation, which, in the reasonable judgment of one party draws into question the terms of this Agreement in a manner that may materially and adversely affect a party's or any party's affiliate's licensure, accreditation, certification, or ability to bill, to claim, to present a bill or claim, or to receive payment or reimbursement from any payor or that may subject such party to a substantial risk of prosecution or civil monetary penalty, then the parties shall modify this Agreement to the minimum extent necessary to eliminate the illegal or unenforceable aspects hereof, while remaining consistent with the intent of this Agreement in its original form.

3.7 Amendments; Waivers. No amendment, modification, or waiver of any provision of this Agreement shall be binding unless in writing and signed by the party against whom the operation of such amendment, modification, or waiver is sought to the enforced. No delay in the exercise of any right shall be deemed a waiver thereof, and no waiver of a right or remedy in a particular instance shall constitute a waiver of such right or remedy generally. In addition, this Agreement shall not be amended, terminated, supplemented or superseded without the prior written consent of Apollo's Board of Directors.

3.8 Waiver. A waiver of any breach on any one occasion shall not constitute a waiver of any other or subsequent breach whether of like or different nature. No delay or failure by any party to insist upon the strict performance of any term of this Agreement, or to exercise any right or remedy available upon any breach of this Agreement, shall operate as a waiver thereof, and no single or partial exercise of any right or remedy under this Agreement shall preclude other or further exercise thereof or the exercise of any other right, power or privilege. No course of dealing between the parties shall be effective to change, modify or discharge any provision of this Agreement or to constitute a waiver of any default hereunder.

3.9 Assignment. Neither Practice nor Shareholder shall assign this Agreement or any of its rights or obligations under this Agreement without the prior written consent of Apollo. Each of Apollo and Manager shall have a right to assign this Agreement in connection with a transfer of all or substantially all of such party's business, whether by sale, merger or otherwise. Shareholder specifically agrees that Manager shall have the right to perform its obligations hereunder through any affiliate without Shareholder's consent.

3.10 Successors and Assigns. All of the provisions herein contained shall be binding upon and inure to the benefit of the heirs, successors and permitted assigns of the parties hereto to the same extent as if such heirs, successors and permitted assigns were in each case named as a party to this Agreement.

3.11 Severability. If any provision contained in this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained therein, except as otherwise expressly provided in this Agreement. The parties hereto agree that if a court determines that any of the covenants contained herein is unreasonable, void or invalid for any reason whatsoever, then such covenant shall be modified as the court, or jury if applicable, shall determine to be fair and reasonable, IT BEING THE INTENT OF THE PARTIES HERETO TO BE SUBJECT TO AN AGREEMENT FOR THE NECESSARY PROTECTION OF THE LEGITIMATE INTERESTS OF APOLLO AND MANAGER, WHICH IS NOT UNDULY HARSH IN CURTAILING THE LEGITIMATE RIGHTS OF SHAREHOLDER. Shareholder acknowledges and agrees that the provisions herein do not deprive him/her of the ability to find employment and maintain a reasonable personal income.

3.12 Covenants Independent. The covenants contained herein shall be construed as independent agreements and the existence of any claim which Shareholder may have against Apollo and/or Manager will not constitute a defense to the enforcement by Apollo and/or Manager by injunctive relief or otherwise, of the provisions contained herein.

3.13 Notices. Any notices required or permitted to be given under this Agreement shall be given in writing to each other party and shall be deemed to be given (i) if deposited in the United States mail, postage prepaid, certified mail, return receipt requested, on the third (3rd) day following mailing or (ii) if deposited with a commercial overnight delivery service, on the day following deposit. Notice shall be addressed to the recipient at the address set forth below, or such other address or addresses as Party may designate from time to time by notice satisfactory under this section:

To Shareholder:

Thomas Lam, M.D.
1668 S. Garfield Ave., 2nd Floor
Alhambra, CA 91801

To Practice:

AP-AMH 2 Medical Corporation
1668 S. Garfield Ave., 2nd Floor
Alhambra, CA 91801

To Apollo:

Apollo Medical Holdings, Inc.
1668 S. Garfield Ave., 2nd Floor
Alhambra, CA 91801

To Manager:

Network Medical Management, Inc.
1668 S. Garfield Ave., 2nd Floor
Alhambra, CA 91801

3.14 Further Assurances. At any time and from time to time, each party agrees, without further consideration, to take such actions and to execute and deliver such documents as may be necessary to effectuate the purposes of this Agreement.

3.15 Captions. The paragraph captions contained in this Agreement are inserted only as a matter of convenience of reference and in no way define, limit or describe the scope of this Agreement, nor the intent of any provision thereof.

3.16 Counterparts. This Agreement may be executed simultaneously in two or more counterparts each of which shall be deemed an original, and all of which, when taken together, constitute

one and the same document. The signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart. Signatures transmitted by facsimile transmission or electronically shall be deemed originals for this purpose.

3.17 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State.

3.18 Construction. Notwithstanding the general rules of construction, both parties were given an equal opportunity to negotiate the terms and conditions of this Agreement and agree that the identity of the drafter of this Agreement is not relevant to any interpretation of the terms and conditions of this Agreement.

3.19 Number and Gender. In this Agreement, the masculine, feminine or neuter gender, and the singular or plural number, shall each be deemed to include the other, whenever the context so requires.

3.20 Spousal Consent. Shareholder shall cause his or her spouse to execute an Adoption, Ratification and Consent of Spouse, substantially in the form of Exhibit A attached hereto, signifying such spouse's consent to this Agreement and such spouse's agreement that any rights that such spouse may have, as a result of a community property or other interest in the Shares, shall be subject to the provisions of this Agreement. It is intended by this Agreement that Shareholder shall subject his or her entire interest in the Shares to the terms of this Agreement, irrespective of any community property or other interest of his or her spouse. The provisions of this Section shall survive the termination of this Agreement.

[Signatures continued on next page]

IN WITNESS WHEREOF, Shareholder has executed this Physician Shareholder Agreement as of the date and year first above written.

"Shareholder":

Thomas Lam, M.D.

ACCEPTED AND AGREED
as of the date first above written:

"Apollo":

APOLLO MEDICAL HOLDINGS, INC.

DocuSigned by:

By: Chandan Basho
E3A8FAB293DD451...
Chandan Basho,
Chief Strategy Officer and Chief Financial Officer

"Manager":

NETWORK MEDICAL MANAGEMENT, INC.

DocuSigned by:

By: Chandan Basho
E3A8FAB293DD451...
Chandan Basho,
Chief Strategy Officer and Chief Financial Officer

"Practice":

AP-AMH 2 MEDICAL CORPORATION

By: ______________________
Thomas Lam, M.D.
Chief Executive Officer

Exhibit A

ADOPTION, RATIFICATION AND CONSENT OF SPOUSE

1. I am the spouse of Thomas Lam, M.D., and do hereby certify that I have carefully read the foregoing Physician Shareholder Agreement attached hereto (the "Agreement") relating to the shares of capital stock of AP-AMH 2 Medical Corporation, a California professional corporation, owned by my spouse (the "Shares").

2. I am aware that, under to the terms of the Agreement, my spouse agrees to sell and have fixed the value and terms of any sale of all of his shares of AP-AMH 2 Medical Corporation, including any community property interest I may have therein.

3. I understand the meaning and effect of the Agreement, and I fully and freely consent to, approve, and join in the purpose of such Agreement. I do hereby subject, to the terms of the Agreement, any community property interest I may have in the Shares, and I promise and agree to execute any and all instruments and to do any and all things necessary or proper to accomplish the purposes set forth in the Agreement. In consideration of the benefits to me, I hereby agree to be bound by the terms and conditions of the Agreement, as surviving spouse, heir, devisee, or legatee in the event that I survive my spouse.

4. I hereby agree that my spouse is the manager of the Shares subject to the Agreement.

5. I acknowledge that my execution of this Adoption, Ratification and Consent of Spouse will affect (i) my ability to dispose of any community interest I may have in the Shares at my death, and (ii) my succession to said interest in the Shares. I direct that the residuary clause of each of my wills shall not be deemed to apply to my community property interest, if any, in the Shares.

6. **I HAVE BEEN ADVISED TO SEEK INDEPENDENT LEGAL REPRESENTATION TO ADVISE ME OF MY INTERESTS AND RIGHTS, IF ANY, IN SUCH SHARES AND ACKNOWLEDGE THAT I HAVE HAD THE OPPORTUNITY TO SEEK SUCH INDEPENDENT LEGAL COUNSEL.**

Executed at Los Angeles County, California.

Spouse of Thomas Lam, M.D.:

Sign Name: Jeanette Lam

Print Name: JEANETTE LAM

Date: 09/08/2023

EXECUTION VERSION

AMENDMENT NO. 1
TO
PHYSICIAN SHAREHOLDER AGREEMENT

This AMENDMENT NO. 1 (this "Amendment") to that certain Physician Shareholder Agreement, dated as of August 31, 2023 (as amended or otherwise modified, the "Agreement"), granted and delivered by Thomas Lam, M.D., a physician licensed under the laws of the State of California ("Shareholder"), in favor of Network Medical Management, Inc., a California corporation ("Manager"), and Apollo Medical Holdings, Inc., a Delaware corporation ("Apollo"), and for the benefit of AP-AMH 2 Medical Corporation, a California professional medical corporation ("Practice"), is made and entered into by Shareholder, Manager, Apollo, and Practice as of October 19, 2023. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Agreement.

WHEREAS, the Agreement was originally entered into as of August 31, 2023; and

WHEREAS, the undersigned seek to amend the Agreement to clarify the extent of certain obligations of and restrictions on the Shareholder with respect to the Practice and its subsidiaries.

NOW, THEREFORE, BE IT RESOLVED, that in consideration of the mutual promises and covenants contained in this Amendment, the undersigned agree as follows:

1. **Subsidiaries**. A new Section 1.3.5 is hereby added to the Agreement to read as follows:

> "1.3.5 Subsidiaries. Notwithstanding anything to the contrary in this Agreement, for the avoidance of doubt, the obligations of and restrictions on Shareholder for any Action with respect to the Practice shall also, out of an abundance of caution, apply to any Action with respect to the Practice's subsidiaries."

2. **Continuing Effect**. Except as specifically amended above, all of the terms and conditions of the Agreement shall remain in full force and effect.

3. **Counterparts**. This Amendment may be executed and delivered by electronic signature and in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first written above.

SHAREHOLDER:

THOMAS LAM, M.D.

____
Thomas Lam, M.D.

MANAGER:

NETWORK MEDICAL MANAGEMENT, INC.

By: Chandan Basho
Name: Chandan Basho
Title: Chief Strategy Officer and Chief Financial Officer

APOLLO:

APOLLO MEDICAL HOLDINGS, INC.

By: Chandan Basho
Name: Chandan Basho
Title: Chief Strategy Officer and Chief Financial Officer

PRACTICE:

AP-AMH 2 MEDICAL CORPORATION

By: ______________________________
Name: Thomas Lam, M.D.
Title: Chief Executive Officer

[Signature Page to Amendment No. 1 to Physician Shareholder Agreement]

ASTRANA HEALTH, INC.
EMPLOYEE STOCK PURCHASE PLAN

(Amended and Restated Effective February 26, 2024)

1. Establishment and Purpose of Plan. This Astrana Health, Inc. Employee Stock Purchase Plan (the "Plan") was adopted by the Board effective April 21, 2023 and approved by the stockholders of the Company at the 2023 Annual Meeting of Stockholders. The purpose of the Plan is to provide to eligible service providers of the Company and its Designated Subsidiaries opportunities to purchase shares of the Company's Common Stock. The Plan includes two components: a Code Section 423 Component (the "423 Component") and a non-Code Section 423 Component (the "Non-423 Component"). It is intended for the 423 Component to constitute an "employee stock purchase plan" within the meaning of Section 423(b) of the Code, pursuant to which Purchase Rights may be granted to Eligible Employees, and the 423 Component shall be interpreted in accordance with that intent. Under the Non-423 Component, which is not intended to qualify as an "employee stock purchase plan" within the meaning of Section 423(b) of the Code, Purchase Rights may be granted to Eligible Employees and Consultants pursuant to rules, procedures or sub-plans adopted by the Administrator and designed to achieve tax, securities laws or other objectives. Except as otherwise provided herein, the Non-423 Component shall operate and be administered in the same manner as the 423 Component. Unless otherwise defined herein, capitalized terms used in this Plan shall have the meanings ascribed to them in Section 2. The Plan is amended and restated as set forth herein, effective February 26, 2024.

2. Definitions.

(a) "423 Component" has the meaning set forth in Section 1.

(b) "Administrator" means the Committee (or a delegate appointed in accordance with Section 4(b)).

(c) "Board" means the Board of Directors of the Company.

(d) "Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor thereto. A reference to any specific section of the Code shall also be deemed to be a reference to the provisions of any section of the final treasury regulations issued by the U.S. Department of the Treasury under the Code, as amended from time to time, under that Code section.

(e) "Committee" means the Compensation Committee of the Board (or any other committee or subcommittee of the Board which the Board may appoint to administer the Plan). Subject to the discretion of the Board, the Committee shall be composed entirely of individuals who meet the qualifications of (i) a "non-employee director" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and (ii) any other qualifications required by the applicable exchange on which the Common Stock is traded.

(f) "Common Stock" means the Company's common stock, par value $0.001 per share.

(g) "Company" means Astrana Health, Inc., a Delaware corporation (formerly known as Apollo Medical Holdings, Inc.), or any successor corporation.

(h) "Compensation" means, except as otherwise determined by the Administrator, an Eligible Employee's (or, with respect to the Non-423 Component, a Consultant's) base pay and cash incentive bonus otherwise payable during an Offering, prior to salary reduction (such as pursuant to Sections 125, 132(f) or 401(k) of the Code), as determined by the Administrator. The Administrator shall have the discretion to determine the application of this definition to Participants, including those outside working outside the United States.

(i) "Consultant" means an individual who performs services for the Company or a Subsidiary as an independent contractor and in a capacity other than as an employee or a member of a board of directors.

(j) "Designated Subsidiary" means any present or future Subsidiary that has been designated by the Administrator to participate in the Plan. The Administrator may so designate any Subsidiary, or revoke any such designation, at any time and from time to time, either before or after the Plan is approved by the stockholders, and may further designate such Designated Subsidiaries as participating in the 423 Component or the Non-423 Component. The Administrator may also determine which Subsidiaries may be excluded from participation in the Plan, to the extent consistent with Section 423 of the Code or as implemented under the Non-423 Component, and which Designated Subsidiaries shall participate in separate Offerings. For purposes of clarity, under the 423 Component, only those Subsidiaries that qualify as "subsidiary corporations" to the Company within the meaning of Section 424(f) of the Code may be Designated Subsidiaries with respect to any Offering under the 423 Component.

(k) "Eligible Employee" has the meaning set forth in Section 6.

(l) "Enrollment Form" means an agreement, which may be electronic, pursuant to which an Eligible Employee (or, with respect to the Non-423 Component, a Consultant) may elect to enroll in the Plan, to authorize a new level of payroll deductions, or to stop payroll deductions and withdraw from an Offering.

(m) "Exercise Date" means the last Trading Day of a Purchase Period.

(n) "Fair Market Value" on any given date means the closing price of the Common Stock on the applicable Trading Day, as reported on the NASDAQ Stock Market or such other national securities exchange upon which the Common Stock may be listed at the time.

(o) "Non-423 Component" has the meaning set forth in Section 1.

(p) "Offering" means an offering to Eligible Employees (or, with respect to the Non-423 Component, Consultants) to purchase Common Stock under the Plan. Unless otherwise determined by the Administrator, each Offering under the 423 Component in which Eligible Employees of one or more Designated Subsidiaries may participate may be deemed a separate offering for purposes of Section 423 of the Code, even if the dates of the applicable Offering are identical, and the provisions of the Plan will separately apply to each Offering. With respect to Offerings under the 423 Component, the terms of separate Offerings need not be identical, provided that all Eligible Employees granted a Purchase Right in a particular Offering under the 423 Component will have the same rights and privileges, except as otherwise may be permitted by Code Section 423; Offerings under the Non-423 Component need not satisfy such requirements.

(q) "Offering Date" means the first Trading Day of an Offering.

(r) "Parent" means a "parent corporation" with respect to the Company, as defined in Section 424(e) of the Code.

(s) "Participant" means: (i) with respect to the 423 Component, an Eligible Employee as provided in Section 6 who has enrolled in the Plan in compliance with the provisions of Section 7; and (ii) with respect to the Non-423 Component, an Eligible Employee or Consultant whom the Administrator has determined to be eligible to participate in the Non-423 Component pursuant to Section 6 and who has enrolled in the Plan in compliance with the provisions of Section 7.

(t) "Plan" means the Astrana Health, Inc. Employee Stock Purchase Plan, as set forth in this document and as it may be amended from time to time.

(u) "Purchase Period" means the period of time specified within an Offering beginning on the Offering Date and ending on the Exercise Date.

(v) "Purchase Price" has the meaning set forth in Section 11.

(w) "Purchase Right" has the meaning set forth in Section 11.

(x) "Reorganization Event" means: (i) the sale of all or substantially all of the assets of the Company on a consolidated basis to an unrelated person or entity; (ii) a merger, reorganization or consolidation pursuant to which the holders of the Company's aggregate outstanding voting power and outstanding stock immediately prior to such transaction do not own a majority of the aggregate outstanding voting power and outstanding stock or other equity interests of the resulting or successor entity (or its ultimate parent, if applicable) immediately upon completion of such transaction; (iii) the sale of all of the Common Stock to an unrelated person, entity or group thereof acting in concert; or (iv) any other transaction in which the owners of the Company's outstanding voting power immediately prior to such transaction do not own at least a majority of the outstanding voting power of the Company or any successor entity immediately upon completion of the transaction other than as a result of the acquisition of securities directly from the Company.

(y) "SEC" means the United States Securities and Exchange Commission.

(z) "Subsidiary" means (i) with respect to the 423 Component, a "subsidiary corporation" of the Company within the meaning Section 424(f) of the Code, and (ii) with respect to the Non-423 Component, any entity that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under the common control with, the Company, whether or not such entity is a "subsidiary corporation" of the Company within the meaning of Section 424(f) of the Code.

(aa) "Trading Day" means a day on which the NASDAQ Capital Market (or such other national securities exchange upon which the Common Stock may be listed at the time) is open for trading.

3. Share Reserve. Subject to adjustment as provided in Section 15, the maximum aggregate number of shares of Common Stock that may be issued under the Plan shall be 5,000,000 shares, which shall consist of authorized but unissued shares, treasury shares, shares acquired on the open market, or any combination thereof. If an outstanding Purchase Right for any reason expires or is terminated or canceled without the issuance of shares of Common Stock thereunder, the shares of Common Stock allocable to the unexercised portion of that Purchase Right shall again be available for issuance under the Plan. For the avoidance of doubt, up to the maximum number of shares of Common Stock reserved under this Section 3 may be used to satisfy purchases of Common Stock under the 423 Component, and any remaining portion of such maximum number of shares may be used to satisfy purchases of Common Stock under the Non-423 Component.

4. Administration.

(a) In General. The Plan shall be administered by the Administrator. The Administrator has full authority at any time to: (i) adopt, alter and repeal such rules, guidelines and practices for the administration of the Plan and for its own acts and proceedings as it shall deem advisable and appoint such agents as it deems appropriate for the proper administration of the Plan; (ii) interpret and construe, reconcile any inconsistency in, correct any default in and supply any omission in, and apply the terms of the Plan and any Enrollment Form or other instrument or agreement relating to the Plan; (iii) determine the terms and conditions of any right to purchase shares of Common Stock under the Plan; (iv) make all determinations and take all actions it deems advisable for the administration of the Plan, including to accommodate the specific requirements of local laws, regulations and procedures for jurisdictions outside the United States, such as adopting rules and procedures regarding payment of interest (if any), conversion of local currency, payroll tax, withholding procedures and handling of stock certificates that vary with local requirements outside of the United States, and adopting sub-plans applicable to particular Designated Subsidiaries or locations, which sub-plans may be necessary or appropriate to permit the participation in the Plan by employees who are foreign nationals or employed outside the United States, as further set forth in Section 17 below; (v) determine eligibility and decide all disputes arising in connection with the Plan, including whether Eligible Employees will participate in the 423 Component, whether Eligible Employees or Consultants will participate in the Non-423 Component, and which Subsidiaries will be Designated Subsidiaries under the 423 Component or the Non-423 Component; (vi) amend an outstanding right to purchase shares of Common Stock, including any amendments to a right that may be necessary for purposes of effecting a transaction contemplated under Section 15 or Section 16 (including, but not limited to, an amendment to the class or type of stock that may be issued pursuant to the exercise of a right or the Purchase Price applicable to a right), provided that the amended right otherwise conforms to the terms of the Plan; and (vii) otherwise supervise and take any other actions necessary or desirable for the administration of the Plan. All interpretations and decisions of the Administrator shall be binding on all persons, including the Company and the Participants. Neither the Administrator nor any member of the Board, the Committee or any other individual exercising administrative authority with respect to the Plan shall be liable for any action or determination made in good faith with respect to the Plan or any Purchase Right granted hereunder.

(b) Delegation. Subject to applicable laws, the Administrator may delegate administrative authority hereunder to one or more officers of the Company or to such other individual or group as the Administrator may determine in its discretion.

(c) Authority of the Board. The Board may reserve to itself any or all of the authority or responsibility of the Administrator under the Plan or may act as the Administrator of the Plan for any or all purposes. To the extent the Board has reserved any such authority or responsibility or during any time that the Board is acting as Administrator of the Plan, the Board shall have all the powers of the Administrator hereunder, and any reference in the Plan to the Administrator (other than in this Section 4(c)) shall include the Board.

5. Offerings. The Company will make one or more Offerings to Eligible Employees to purchase Common Stock under the 423 Component and may make one or more Offerings to Eligible Employees and/or Consultants under the Non-423 Component. The Administrator shall, in its discretion, designate the period of any Offering, provided that no Offering shall exceed 27 months in duration. Unless and until the Administrator determines otherwise, each Offering shall be for a Purchase Period of 6 months beginning on the first day of a calendar quarter and ending on the last day of the next succeeding calendar quarter. Subject to applicable law, the Administrator, or its delegate, retains the discretion to impose trading restrictions or holding requirements on Common Stock purchased with respect to a particular Offering. If the Administrator elects to impose such restrictions or requirements, the restrictions or requirements will be described in the enrollment materials for the applicable Offering.

6. Eligibility.

(a) Except as otherwise provided in this Section 6 (including, but not limited to, the provisions of Section 6(d) regarding the Non-423 Component), all individuals classified as employees on the payroll records of the Company and each Designated Subsidiary shall be eligible to participate in any one or more of the Offerings under the Plan ("Eligible Employees"). Notwithstanding the foregoing, no Participant may be granted a Purchase Right under the 423 Component if such Participant, immediately after the Purchase Right was granted, would be treated as owning stock possessing 5% or more of the total combined voting power or value of all classes of stock of the Company or any Parent or Subsidiary. For purposes of the preceding sentence, the attribution rules of Section 424(d) of the Code shall apply in determining the stock ownership of a Participant, and all stock which the Participant has a contractual right to purchase shall be treated as stock owned by the Participant. Further notwithstanding the foregoing, the

Administrator may determine, prior to the beginning of an Offering, that one or more of the following categories of Eligible Employees shall not be eligible to participate in the Plan with respect to such Offering (provided that any such determination shall be applied in a consistent manner to all employees of the applicable corporation(s)):

(i) Employees who have been employed by the Company or a Designated Subsidiary for fewer than two years (or such shorter period of time as may be specified by the Administrator);

(ii) Employees who customarily work not more than twenty (20) hours per week (or such shorter period of time as may be specified by the Administrator);

(iii) Employees who customarily work not more than five (5) months per calendar year (or such shorter period of time as may be specified by the Administrator);

(iv) "Highly compensated employees" (as defined in Section 414(q) of the Code), or a subset of highly compensated employees specified by the Administrator who (A) are officers of the Company and subject to the disclosure requirements of Section 16(a) of the Securities Exchange Act of 1934 as amended, and/or (B) have compensation (within the meaning of Section 415(c)(3) of the Code) exceeding an amount specified by the Administrator that is higher than the amount provided in Section 414(q)(1)(B)(i) of the Code for the applicable calendar year; or

(v) Employees who are citizens or residents of a non-U.S. jurisdiction, if the grant of a purchase right under the Plan to such an employee would be prohibited under the laws of such jurisdiction, or if compliance with the laws of such jurisdiction would cause the Plan to violate the requirements of Section 423 of the Code.

(b) Notwithstanding any other provision herein, individuals who are not classified as employees of the Company or a Designated Subsidiary for purposes of the Company's or applicable Designated Subsidiary's payroll system on the Offering Date are not considered to be "Eligible Employees" of the Company or any Designated Subsidiary and shall not be eligible to participate in the 423 Component with respect to such Offering. In the event any such individuals are reclassified as employees of the Company or a Designated Subsidiary for any purpose, including, without limitation, common law or statutory employees, by any action of any third party, including, without limitation, any government agency, or as a result of any private lawsuit, action or administrative proceeding, such individuals shall, notwithstanding such reclassification, remain ineligible for participation in the 423 Component. Notwithstanding the foregoing, the exclusive means for individuals who are not classified as of an Offering Date as employees of the Company or a Designated Subsidiary on the Company's or Designated Subsidiary's payroll system to become eligible to participate in an Offering under the 423 Component is through an amendment to this Plan, duly executed by the Company, which specifically renders such individuals eligible to participate herein. For purposes of the Plan, in accordance with Treas. Reg. § 1.421-1(h)(2), the employment relationship shall be treated as continuing intact while the individual is on military leave, sick leave or other leave of absence approved by the Company or a Designated Subsidiary that does not exceed three months and during any period longer than three months if the individual's right to reemployment is guaranteed by statute or contract.

(c) The Administrator retains the discretion to determine which Eligible Employees may participate in the 423 Component pursuant to and consistent with Treasury Regulation §§ 1.423-2(e) and (f), and which Eligible Employees and Consultants may participate in the Non-423 Component.

(d) Notwithstanding anything in this Section 6 to the contrary, in the case of an Offering under the Non-423 Component, (i) an Eligible Employee (or group of Eligible Employees) may be excluded from, or included in, participation in the Non-423 Component or an Offering as the Administrator may determine, in its sole discretion; and (ii) a Consultant (or group of Consultants) may be included in, or excluded from, participation in the Non-423 Component or an Offering as the Administrator may determine, in its sole discretion.

7. Participation.

(a) Participants on Offering Date. An Eligible Employee (or, with respect to the Non-423 Component, a Consultant) may elect to participate in the Plan by properly completing and submitting an Enrollment Form (in the manner described in Section 7(b)) by such deadline as shall be established by the Administrator for the Offering and in accordance with enrollment procedures established by the Administrator. Participation in the Plan is entirely voluntary.

(b) Enrollment. The Enrollment Form shall (i) state a whole percentage or, to the extent permitted by the Administrator, a fixed dollar amount, to be deducted from an Eligible Employee's (or, with respect to the Non-423 Component, a Consultant's) Compensation per pay period during an Offering, (ii) authorize the purchase of Common Stock in each Offering in accordance with the terms of the Plan and (iii) specify the exact name or names in which shares of Common Stock purchased for such individual are to be issued pursuant to Section 13. An eligible individual who does not enroll in an Offering in accordance with these procedures shall be deemed to have waived participation in such Offering.

(c) Automatic Re-Enrollment. Except as otherwise determined by the Administrator prior to an Offering Date, the deduction rate selected in the Enrollment Form shall remain in effect for subsequent Offerings unless the Participant (i) submits a new Enrollment Form authorizing a new level of payroll deductions in accordance with Section 9, (ii) withdraws from the Plan in accordance with Section 10, or (iii) terminates employment or other service or otherwise becomes ineligible to participate in the Plan.

(d) Electronic Submission of Enrollment Form. The Administrator may specify that Enrollment Forms to be submitted to the Company pursuant to this Section 7 or Section 10 below are to be submitted electronically via the Company's intranet or the internet site of a third party or via email or any other means of electronic delivery specified by the Administrator.

(e) Notwithstanding the foregoing, participation in the 423 Component shall neither be permitted nor denied contrary to the requirements of the Code.

8. Participant Contributions. Subject to the annual dollar amount limitation set forth in Section 11(b), each Eligible Employee (or, with respect to the Non-423 Component, each eligible Consultant) may, by submitting an Enrollment Form as described in Section 7(b), authorize payroll deductions, in whole percentages, at a minimum of 1% up to a maximum of 25% of such individual's Compensation (or such other maximum percentage deduction as may be determined by the Administrator), or, to the extent permitted by the Administrator, in a fixed dollar amount, such individual's Compensation (between such minimum and maximum dollar amount as specified by the Administrator prior to the applicable Offering), to be deducted on a pro rata basis for each pay period during an Offering. Payroll deductions shall commence on the first payroll date following the Offering Date and end on the last payroll date on or before the last day of the Offering. Payroll deductions shall be made in accordance with the Eligible Employee's (or, with respect to the Non-423 Component, the Consultant's) election; however, if the Eligible Employee (or, with respect to the Non-423 Component, the Consultant) elects to contribute in whole percentages, due to rounding or other administrative reasons, the actual percentage contributed may be less than the elected percentage. The Company shall maintain notional book accounts showing the amount of payroll deductions made by each Participant for each Purchase Period, but the Company will not hold payroll deductions in a trust or in any segregated account, unless otherwise determined by the Administrator or required by applicable law. No interest shall accrue or be paid on payroll deductions, except as may be required by applicable law. If required under applicable law or if specifically provided in the Offering, in either case as and to the extent determined by the Administrator, in addition to or instead of making contributions by payroll deduction, a Participant may make contributions through a payment by cash, check, or wire transfer prior to an Exercise Date, in such manner as may be directed by the Administrator. Any reference to "payroll deductions" in this Section 8 (or in any other section of the Plan) shall similarly cover contributions by other means made pursuant to this Section 8.

9. Deduction Changes. Except as may be determined by the Administrator in advance of an Offering, a Participant may not increase or decrease his or her payroll deduction during any Offering, but may increase or decrease his or her payroll deduction with respect to the next Offering (subject to the limitations of Section 10) by filing a new Enrollment Form by such deadline as shall be established by the Administrator for the Offering. The Administrator may, in advance of any Offering, establish rules permitting a Participant to increase, decrease or terminate his or her payroll deduction during an Offering.

10. Withdrawal. A Participant may withdraw from participation in the Plan by submitting to the Company a revised Enrollment Form indicating his or her election to withdraw (in accordance with such procedures as may be established by the Administrator). The Participant's withdrawal shall be effective as of the next business day, or as soon as practicable thereafter. Following a Participant's withdrawal, the Company shall promptly refund such individual's entire account balance under the Plan to him or her (after payment for any Common

Stock purchased before the effective date of withdrawal). Partial withdrawals are not permitted. Such an individual may not begin participation again during the remainder of the Offering, but may enroll in a subsequent Offering in accordance with Section 7.

11. Grant of Purchase Rights.

(a) On each Offering Date, the Company shall grant to each Participant in the Plan the right to purchase ("Purchase Right"), on the Exercise Date and at the Purchase Price hereinafter provided for, the lowest of (i) a number of shares of Common Stock determined by dividing such Participant's accumulated payroll deductions on such Exercise Date by the Purchase Price (as defined herein); (ii) 920 shares of Common Stock; or (iii) such other lesser maximum number of shares as shall have been established by the Administrator in advance of the Offering (in each case subject to adjustment pursuant to Section 15 or Section 16); provided, however, that such Purchase Right shall be subject to the limitations set forth below. Each Participant's Purchase Right shall be exercisable only to the extent of such Participant's accumulated payroll deductions on the Exercise Date. The purchase price for each share purchased under each Purchase Right shall be as determined by the Administrator in advance of the applicable Offering (the "Purchase Price"), provided that in no event shall the Purchase Price be less than the lesser of 85% of the Fair Market Value of the Common Stock on the Offering Date or 85% of the Fair Market Value of the Common Stock on the Exercise Date.

(b) Notwithstanding the foregoing, no Participant may be granted a Purchase Right which permits the Participant's rights to purchase stock under the 423 Component, and any other employee stock purchase plan (described in Section 423 of the Code) of the Company and its Parents and Subsidiaries, to accrue at a rate which exceeds $25,000 of the fair market value of such stock (determined on the Offering Date) for each calendar year in which the Purchase Right is outstanding at any time. The purpose of the limitation in the preceding sentence is to comply with Section 423(b)(8) of the Code and shall be applied taking Purchase Rights into account in the order in which they were granted.

12. Exercise of Purchase Right and Purchase of Shares. Each individual who continues to be a Participant in the Plan on the Exercise Date shall be deemed to have exercised his or her Purchase Right on such date and shall acquire from the Company such number of whole shares (and/or fractional shares, as determined by the Administrator) of Common Stock reserved for the purpose of the Plan as the Participant's accumulated payroll deductions on such date shall purchase at the Purchase Price, subject to any other limitations contained in the Plan. Unless otherwise determined by the Administrator in advance of an Offering, any amount remaining in a Participant's account after the purchase of shares on an Exercise Date of an Offering solely by reason of any inability to purchase a fractional share shall be carried forward to the next Offering; any other balance remaining in a Participant's account at the end of an Offering shall be refunded to the Participant promptly.

13. Issuance of Shares. Shares of Common Stock may be issued under the Plan, and certificates (if any) representing shares of Common Stock purchased under the Plan may be issued only in the name of the Participant, or, to the extent permitted by the Administrator in its discretion in the name of the Participant and another person of legal age as joint tenants with rights of survivorship, or in the name of a broker authorized by the Participant to be his, her or their, nominee for such purpose. Participants will not have any voting, dividend, or other rights of a stockholder with respect to the shares of Common Stock until such shares have been delivered pursuant to this Section 13. All transactions under this Plan are subject to the Company's insider trading policy as may be in effect from time to time. This includes any blackout period prohibition or requirement to obtain mandatory pre-clearance of transactions such as enrollment, withdrawal, or trading. If the standard enrollment period is scheduled to occur during a blackout period, arrangements will be made to allow for restricted insiders to update their elections during the preceding open trading window.

14. Rights on Termination or Transfer of Employment or Other Service. If a Participant's employment or other service terminates for any reason, or if the Participant's status changes such that the Participant is no longer an Eligible Employee (or, in the case of the Non-423 Component, an eligible Consultant), before the Exercise Date for any Purchase Period, no payroll deduction shall be taken from any Compensation due and owing to the Participant and the balance in the Participant's notional account shall be paid—as if such Participant had withdrawn from the Plan under Section 10—to such Participant or, in the case of such Participant's death, (a) to the participant's designated beneficiary, if any, to the extent that the Administrator, in its discretion, has permitted the designation of a beneficiary, or (b) otherwise, to the Participant's estate. A Participant shall be deemed to have terminated employment or other service, for this purpose, if the entity by which the Participant is employed or with which the Participant has a service relationship, ceases to be a Designated Subsidiary, or if the Participant's employment or other service is transferred to any entity other than the Company or a Designated Subsidiary. Unless otherwise determined by the Administrator, a Participant whose employment transfers between, or whose employment or other service terminates with an immediate rehire (with no break in service) by, a Designated Subsidiary or the Company shall not be treated as having terminated employment or other service for purposes of participating in the Plan or an Offering; provided, however, that if a Participant transfers from an Offering under the 423 Component to an Offering under the Non-423 Component, the exercise of the Participant's Purchase Right shall be qualified under the 423 Component only to the extent that such exercise complies with Section 423 of the Code. If a Participant transfers from an Offering under the Non-423 Component to an Offering under the 423 Component, the exercise of the Participant's Purchase Right shall remain non-qualified under the Non-423 Component.

15. Adjustment in Case of Changes Affecting Common Stock. Subject to any required action by the stockholders of the Company, in the event of any change in the Common Stock effected without receipt of consideration by the Company, whether through merger, consolidation, reorganization, reincorporation, recapitalization, reclassification, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of shares, exchange of shares, or similar change in the capital structure of the Company, or in the event of payment of a dividend or distribution to the stockholders of the Company in a form other than Common Stock (excepting normal cash dividends) that has a material effect on the Fair Market Value of shares of Common Stock, appropriate adjustments shall be made in the number and class of shares subject to the Plan, the limit on the shares which may be purchased by any Participant during an Offering (as described in Section 11(a)) and the number of shares of Common Stock subject to, and the Purchase Price of, each outstanding Purchase Right, in order to prevent dilution or enlargement of Participants' rights under the Plan. Any fractional share resulting from an adjustment pursuant to this Section 15 shall be rounded down to the nearest whole number, and in no event may the Purchase Price of any Purchase Right be decreased to an amount less than the par value, if any, of the stock subject to the Purchase Right. The adjustments determined by the Administrator pursuant to this Section 15 shall be final, binding and conclusive.

16. Reorganization Events. In connection with a Reorganization Event, the Administrator may take such actions with respect to outstanding Purchase Rights as the Administrator deems appropriate, consistent with applicable law and the treatment of the 423 Component as an "employee stock purchase plan" within the meaning of Section 423(b) of the Code, including, any one or more of the following:

(a) provide that Purchase Rights shall be assumed, or substantially equivalent Purchase Rights shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof);

(b) upon written notice to Participants, provide that all outstanding Purchase Rights will be terminated as of the effective date of the Reorganization Event and that all such outstanding Purchase Rights will become exercisable to the extent of accumulated payroll deductions as of a date specified by the Administrator in such notice, which date shall not be less than ten (10) days preceding the effective date of the Reorganization Event;

(c) upon written notice to Participants, provide that all outstanding Purchase Rights will be cancelled as of a date prior to the effective date of the Reorganization Event and that all accumulated payroll deductions will be returned to the Participant on such date;

(d) in the event of a Reorganization Event under the terms of which holders of Common Stock will receive, upon consummation thereof, a cash payment for each share surrendered in the Reorganization Event, make or provide for a cash payment to a Participant equal to the excess, if any, of (1) the amount of cash payable for a Common Share pursuant to the Reorganization Event times the number of shares of Common Stock subject to the Participant's Purchase Right over (2) the aggregate Purchase Price of the Common Stock subject to such Purchase Right, in exchange for the termination of such Purchase Right;

(e) provide that, in connection with a liquidation or dissolution of the Company, Purchase Rights shall convert into the right to receive liquidation proceeds (net of the Purchase Price thereof); or

(f) any combination of the foregoing.

For purposes of clause (a) above, a Purchase Right shall be considered assumed if, following consummation of the Reorganization Event, the Purchase Right confers the right to purchase, for each share of Common Stock subject to the Purchase Right immediately prior to the consummation of the Reorganization Event, the consideration (whether cash, securities, or other property) received as a result of the Reorganization Event by holders of Common Stock for each share of Common Stock held immediately prior to the consummation of the Reorganization Event (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); provided, however, that if the consideration received as a result of the Reorganization Event is not solely common stock of the acquiring or succeeding corporation (or an affiliate thereof), the Company may, with the consent of the acquiring or succeeding corporation, provide for the consideration to be received upon the exercise of Purchase Rights to consist solely of common stock of the acquiring or succeeding corporation (or an affiliate thereof) equivalent in value (as determined by the Administrator) to the per share consideration received by holders of outstanding shares of Common Stock as a result of the Reorganization Event.

In addition, with respect to any outstanding Purchase Right under the 423 Component of the Plan, any action taken under this Section 16 shall be consistent with the intent that such Purchase Rights comply with Section 423 of the Code, unless otherwise expressly determined by the Administrator. The Plan shall in no event be construed to restrict in any way the Company's right to undertake a dissolution, liquidation, merger, consolidation or other Reorganization Event.

17. Special Rules and Sub-Plans. Notwithstanding anything herein to the contrary, the Administrator may adopt special rules or sub-plans applicable to Participants who are employees of or Consultants to a particular Designated Subsidiary, whenever the Administrator determines that such rules are necessary or appropriate for the implementation of the Plan in a jurisdiction where such Designated Subsidiary has employees or Consultants, regarding, without limitation, eligibility to participate in the Plan, handling and making of payroll deductions or contribution by other means, establishment of bank or trust accounts to hold payroll deductions, payment of interest, conversion of local currency, obligations to pay payroll tax, withholding procedures and handling of share issuances, any of which may vary according to applicable requirements; provided that if such special rules or sub-plans are inconsistent with the requirements of Section 423 of the Code, any employees subject to such special rules or sub-plans shall participate in the Non-423 Component, and Purchase Rights granted thereunder will not be required by the terms of the Plan to comply with Section 423 of the Code.

18. Amendment, Suspension and Termination of the Plan.

(a) Amendment of the Plan. The Board may at any time and from time to time amend the Plan in any respect, except that, without the approval by the stockholders of the Company within 12 months of such Board action, no amendment shall be made increasing the number of shares approved for the Plan or making any other change that would require stockholder approval under the requirements of any stock exchange upon which the shares may then be listed or in order for the 423 Component of the Plan, as amended, to qualify as an "employee stock purchase plan" under Section 423(b) of the Code. In no event may any amendment be made which would cause the 423 Component of the Plan to fail to comply with Section 423 of the Code.

(b) Suspension of the Plan. The Administrator may, at any time, suspend the Plan; provided that the Company shall provide notice to the Participants prior to the effectiveness of such suspension. The Administrator may resume the operation of the Plan following any such suspension; provided that the Company shall provide notice to the Participants prior to the date of termination of the suspension period. A Participant shall remain a Participant in the Plan during any suspension period (unless the Participant withdraws pursuant to Section 10). However, no Purchase Rights shall be granted or exercised, and no payroll deductions shall be made in respect of any Participant, during the suspension period.

(c) Termination of the Plan. The Board reserves the right to terminate the Plan, in whole or in part, at any time. The Plan shall terminate upon the date when all shares of Common Stock reserved under Section 3 of the Plan have been purchased, or upon such earlier date as may be determined by the Board. Upon termination of the Plan, all amounts in the accounts of Participants shall be promptly refunded.

19. Insufficient Shares. If the total number of shares of Common Stock that would otherwise be purchased on any Exercise Date plus the number of shares of Common Stock purchased under previous Offerings under the Plan exceeds the maximum number of shares issuable under the Plan, the shares then available shall be apportioned in a manner consistent with the requirements of Section 423(b)(4) and (5) of the Code and the regulations thereunder among Participants in proportion to the amount of payroll deductions accumulated on behalf of each Participant that would otherwise be used to purchase Common Stock on such Exercise Date.

20. Notification Upon Sale of Shares Under 423 Component. Each Participant shall agree, by enrolling in the 423 Component of the Plan, to give the Company prompt notice of any disposition of shares purchased under the Plan where such disposition occurs within two years after the date of grant of the Purchase Right pursuant to which such shares were purchased or within one year after the date such shares were purchased.

21. Equal Rights and Privileges. Notwithstanding any provision of the Plan to the contrary and in accordance with Section 423 of the Code, all Eligible Employees participating in the 423 Component shall have the same rights and privileges.

22. General.

(a) No Right to Purchase Rights; No Stockholder Rights; No Right to Employment or other service. No person shall have any right to be granted any Purchase Right under the Plan. No person shall have any rights as a stockholder with respect to any Common Stock to be issued under the Plan prior to the issuance thereof. The Plan is not a contract of employment or service, and the terms of employment or service of any Participant shall not be affected in any way by the Plan except as specifically provided in the Plan. The establishment of, enrollment in, or grant of a Purchase Right under the Plan shall not be construed as giving any person the right to be retained in the employ or other service of the Company or any Subsidiary. Further, the Company and each Subsidiary expressly reserves the right at any time to dismiss an employee or Consultant, free from any liability or any claim under the Plan, except as expressly provided herein.

(b) Purchase Rights Not Transferable. Except as provided herein, or to the extent otherwise required by applicable law, no Participant may alienate, commute, anticipate, assign, pledge, encumber, transfer, or dispose of any Purchase Rights hereunder, which Purchase Rights and the right to receive them are expressly declared to be nonassignable and nontransferable. Further, notwithstanding any other provision of the Plan to the contrary, Purchase Rights under the 423 Component are not transferable by a Participant other than by will or the laws of descent and distribution and are exercisable during the Participant's lifetime only by the Participant.

(c) Application of Funds. All funds received or held by the Company under the Plan may be combined with other corporate funds and may be used for any corporate purpose, unless otherwise required under applicable law.

(d) Governmental Regulations. The Company's obligation to sell and deliver Common Stock under the Plan is subject to the completion of any registration or qualification of the Common Stock under any U.S. or non-U.S. local, state or federal securities or exchange control law, or under rulings or regulations of the SEC or of any other governmental regulatory body, and to obtaining any approval or other clearance from any U.S. and non-U.S. local, state or federal governmental agency, which registration, qualification or approval the Company may, in its absolute discretion, deem necessary or advisable. The Company is under no obligation to register or qualify the Common Stock with the SEC or any other U.S. or non-U.S. securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of such stock. If, pursuant to this Section 22, the Administrator determines that the shares of Common Stock will not be issued to any Participant, all accumulated payroll deductions will be promptly refunded, without interest (unless otherwise required pursuant to applicable law), to the Participant, without any liability to the Company or any of its Subsidiaries.

(e) Successors and Assigns. The Plan shall be binding on the Company and its successors and assigns.

(f) Entire Plan. This Plan constitutes the entire plan with respect to the subject matter hereof and supersedes all prior plans with respect to the subject matter hereof.

(g) Compliance with Applicable Law. The obligations of the Company with respect to payments under the Plan are subject to compliance with all applicable laws and regulations. Common Stock shall not be issued with respect to a right to purchase unless the issuance and delivery of the shares of Common Stock pursuant thereto shall comply with all applicable provisions of law, including, without limitation, the Securities Act of 1933 and the Securities Exchange Act of 1934 (each as amended) and the requirements of any stock exchange upon which the shares may then be listed.

(h) Severability of Provisions. If any provision of the Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, and the Plan shall be construed and enforced as if such provision had not been included.

(i) Governing Law. This Plan and all Purchase Rights and actions taken thereunder shall be governed by, and construed in accordance with, applicable federal law and, to the extent not preempted by applicable federal law, the laws of the State of Delaware, applied without regard to conflict of law principles.

(j) Tax Withholding. Participation in the Plan is subject to any applicable U.S. and non-U.S. federal, state or local tax withholding requirements on income the Participant realizes in connection with the Plan. Each Participant agrees, by entering the Plan, that the Company or any Subsidiary may, but shall not be obligated to, withhold from a Participant's wages, salary or other compensation at any time the amount necessary for the Company or any Subsidiary to meet applicable withholding obligations, including any withholding required to make available to the Company or any Subsidiary any tax deductions or benefits attributable to the sale or disposition of Common Stock by such Participant. In addition, the Company or any Subsidiary may, but shall not be obligated to, withhold from the proceeds of the sale of Common Stock or any other method of withholding that the Company or any Subsidiary deems appropriate to the extent permitted by U.S. Treasury Regulation Section 1.423-2(f) with respect to the 423 Component. The Company shall not be required to issue any Common Stock under the Plan until any such obligations are satisfied.

(k) Section 409A of the Code. The 423 Component of the Plan is intended to be exempt from the provisions of Section 409A of the Code, and any ambiguities herein shall be interpreted to so be exempt from Section 409A of the Code. The Non-423 Component is intended to be exempt from, or to comply with, the provisions of Section 409A of the Code, any ambiguities herein shall be interpreted in accordance with such intent. Notwithstanding the foregoing, neither the Company, the Board, the Committee nor the Administrator shall have any liability to a Participant or any other party if a Purchase Right to purchase Common Stock under the Plan that is intended to be exempt from or compliant with Section 409A of the Code is not so exempt or compliant, or for any action taken by the Administrator with respect thereto. The Company makes no guaranty or warranty of the tax treatment of Purchase Rights under the Plan, under Section 409A or otherwise.

(l) Incapacity. Any benefit payable to or for the benefit of a minor, an incompetent person, or other person incapable of accepting receipt shall be deemed paid when paid to such person's guardian, agent or attorney-in-fact under a power of attorney, or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge any liability or obligation of the Board, the Administrator, the Company and any Designated Subsidiary, and all other parties with respect thereto.

(m) Headings and Captions; Rules of Construction. The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan. Whenever used in the Plan, words in the masculine gender shall be deemed to refer to females as well as to males; words in the singular shall be deemed to refer also to the plural; and references to a statute or statutory provision shall be construed as if they referred also to that provision (or to a successor provision of similar import) as currently in effect, as amended, or as reenacted, and to any regulations and other formal guidance of general applicability issued thereunder. Except where otherwise indicated, references to Sections are references to sections of this Plan.

(n) Unfunded Status of Plan. The Plan is unfunded and shall not create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between any Participant (or beneficiary thereof), on the one hand, and the Company, any Designated Subsidiary, the Board, the Administrator, or any other person, on the other hand.

[END OF DOCUMENT]

Exhibit 10.49

ASTRANA HEALTH, INC.
NONQUALIFIED DEFERRED COMPENSATION PLAN

(Amended and Restated Effective February 26, 2024)

RECITALS

This Nonqualified Deferred Compensation Plan (the "Plan") is adopted by Astrana Health, Inc. (the "Company"), a Delaware corporation, for the benefit of its Eligible Individuals. The purpose of the Plan is to offer selected Eligible Individuals who contribute significantly to the future business success of the Company an opportunity to elect to defer a portion of their Base Salary, Bonus Compensation, and/or Independent Contractor Compensation, and to provide a deferred compensation vehicle to which the Company may credit Company Contribution amounts pursuant to the terms of the Plan.

The Plan is an unfunded plan maintained primarily for the purpose of providing deferred compensation for a select group of management or highly-compensated Employees, and as such, is intended to be exempt from the provisions of Parts 2, 3, and 4 of Title I of the Employee Retirement Income Security Act of 1974 by operation of Sections 201(2), 301(a)(3) and 401(a)(1) thereof. The Plan will be administered, operated and construed in accordance with this intention.

The Plan is intended to comply in form and operation with all applicable law, including, to the extent applicable, the requirements of Internal Revenue Code Section 409A and will be administered, operated and construed in accordance with this intention.

Accordingly, the Plan, as adopted and made effective as of July 1, 2023, is amended and restated as set forth herein, effective February 26, 2024.

ARTICLE 1
DEFINITIONS

The words and phrases defined in this Article shall have the meaning set out in the definition, unless the context in which the word or phrase appears reasonably requires a broader, narrower or different meaning.

1.1 **"Account"** shall mean all bookkeeping accounts pertaining to a Participant which are maintained by the Plan Administrator or Plan recordkeeper to reflect the Company's obligation to the Participant under the Plan, including a Deferral Account, a Company Contribution Account (if any), and Scheduled Withdrawal Account(s) (if any). The Plan Administrator or Plan recordkeeper shall establish additional subaccounts that the Plan Administrator considers necessary to reflect the entire interest of the Participant under the Plan.

1.2 **"Affiliate"** shall mean any business entity other than the Company that is a member of a controlled group of corporations, within the meaning of Section 414(b) of the Code, of which such Company is a member; any other trade or business (whether or not incorporated) under common control, within the meaning of Section 414(c) of the Internal Revenue Code.

1.3 **"Base Salary"** shall mean a Participant's base annual salary excluding incentive and discretionary bonuses and other non-regular forms of compensation, before reductions for contributions to or deferrals under any pension, deferred compensation or benefit plans sponsored by the Company.

1.4 **"Beneficiary" or "Beneficiaries"** shall mean one or more persons, trusts, estates or other entities, designated by a Participant in accordance with the Plan, that are entitled to receive benefits under the Plan upon the death of a Participant.

1.5 **“Beneficiary Designation Form”** shall mean the form established from time to time by the Plan Administrator that a Participant completes, signs, and returns to the Plan Administrator to designate one or more Beneficiaries.

1.6 **“Bonus Compensation”** shall mean amounts paid to a Participant by the Company in the form of incentive compensation or any other bonus designated by the Company before reductions for contributions to or deferrals under any pension, deferred compensation or benefit plans sponsored by the Company.

1.7 **“Cause”** shall mean conduct by a Participant determined by the Company to be: (a) gross negligence or willful malfeasance in the performance of his or her duties; (b) actions or omissions that harm the Company and are undertaken or omitted knowingly or are criminal or fraudulent or involve material dishonesty or moral turpitude; (c) being indicted in a court of law for any felony or for a crime involving misuse or misappropriation of Company funds; or (d) breach of fiduciary duty to the Company.

1.8 **“Change in Control”** shall mean and shall include a change in ownership of the Company, a change in effective control of the Company, or a change in the ownership of a substantial portion of the assets of the Company, within the meaning of Internal Revenue Code Section 409A and as described in Treasury Regulation §§1.409A-3(i)(5)(v), (vi) and (vii).

1.9 **“Claimant”** shall mean a Participant or a Beneficiary who believes that he or she is entitled to a benefit under this Plan or being denied a benefit to which he or she is entitled hereunder.

1.10 **“Code”** shall mean the U.S. Internal Revenue Code of 1986, as amended, or any successor statue, and the Treasury Regulations and other authoritative guidance issued thereunder.

1.11 **“Company”** shall mean Astrana Health, Inc., and its successors and assigns, unless otherwise provided in this Plan, or any other corporation or business organization which, with the consent Astrana Health, Inc., or its successors or assigns, assumes the Company’s obligations under this Plan, or any Affiliate which agrees, with the consent of Astrana Health, Inc., or its successors or assigns, to become a party to the Plan.

1.12 **“Company Contribution”** shall mean the deferred compensation amount credited on behalf of a Participant by the Company to the Company Contribution Account, as described in Section 5.2.

1.13 **“Company Contribution Account”** shall mean a subaccount of a Participant’s Account consisting of: (a) the sum of the Company Contribution amounts (if any) for any Plan Year, plus (b) Deemed Investment gains or losses credited or debited thereon, less (c) any distributions made to the Participant or his or her Beneficiary that relate to the Participant’s Company Contribution Account, and tax withholding amounts deducted (if any) from said Account.

1.14 **“Deemed Investment”** shall mean the notional conversion of the balance held in a Participant’s Account(s) into shares or units of the Deemed Investment Options that are used as measuring devices for determining the value of a Participant’s Account(s).

1.15 **“Deemed Investment Options”** shall mean the hypothetical securities or other investments described under Section 6.1 from which the Plan Administrator may select to be used as measuring devices to determine the Deemed Investment gains or losses of a Participant’s Account(s). A Participant shall have no real or beneficial ownership in the security or other investment represented by the Deemed Investment Options.

1.16 **“Deferral Account”** shall mean a subaccount of a Participant’s Account consisting of: (a) the sum of a Participant’s Deferral Amounts for any Plan Year or Performance Period that may be allocated, in whole or in part, by a Participant pursuant to his or her Deferral Election to the Deferral Account, plus (b) Deemed Investment gains or losses credited or debited thereon, less (c) any distributions made to the Participant or his or her Beneficiary that relate to the Participant's Deferral Account, and tax withholding amounts deducted (if any) from said Account.

1.17 **"Deferral Amount"** shall mean that portion of a Participant's Base Salary, Bonus Compensation, and/or Independent Contractor Compensation that a Participant elects to defer for any Plan Year or Performance Period.

1.18 **"Deferral Election"** shall mean an election by an Eligible Individual on an Election Form approved by the Plan Administrator (in a paper or electronic format) to defer a portion of his or her Base Salary, Bonus Compensation, and/or Independent Contractor Compensation in accordance with the provisions of Article 3.

1.19 **"Disability" or "Disabled"** shall be defined as a condition of a Participant whereby he or she has been deemed disabled by the Social Security Administration or has been determined to be disabled in accordance with a disability insurance program of the Company, provided that the disability insurance program covers the Participant and the definition of disability applied under such program complies with Code Section 409A. Upon the request of the Plan Administrator, the Participant must submit proof to the Plan Administrator of the Social Security Administration's or disability insurance provider's determination.

1.20 **"Effective Date"** shall mean July 1, 2023.

1.21 **"Election Form"** shall mean the form or forms established from time to time by the Plan Administrator (in a paper or electronic format) on which the Participant makes certain designations as required under the terms of this Plan.

1.22 **"Eligibility Date"** shall mean the date designated by the Plan Administrator on which an Eligible Individual shall become eligible to participate in the Plan.

1.23 **"Eligible Individual"** shall mean an Employee or Independent Contractor who is selected by the Company to participate in the Plan. Participation in the Plan is limited to a select group of the Company's key management or highly compensated employees and independent contractors.

1.24 **"Employee"** shall mean an individual who provides services to the Company in the capacity of a common law employee of the Company.

1.25 **"ERISA"** shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

1.26 **"Independent Contractor"** shall mean an individual providing services to the Company who has been designated by the Company as an independent contractor, as reflected by the fact that the individual receives 1099 income from the Company.

1.27 **"Independent Contractor Compensation"** shall mean the total amount of cash remuneration that is paid by the Company to an Independent Contractor with respect to his or her service for the Company.

1.28 **"Participant"** shall mean an Eligible Individual of the Company who is designated as eligible to participate in this Plan in accordance with the provisions of Article 2.

1.29 **"Performance Period"** shall mean, with respect to any Bonus Compensation, the period of time over which such Bonus Compensation is earned.

1.30 **“Plan”** shall mean this Nonqualified Deferred Compensation Plan, as evidenced by this written instrument, Participation Agreements, Election Forms, and any other forms as may be required by the Plan Administrator, as amended from time to time. For purposes of Section 409A, the portion of the amounts deferred by a Participant and Deemed Investment gains or losses credited or debited thereon, shall be considered an elective account balance plan as defined in Treasury Regulations §1.409A-1(c)(2)(i)(A), or as otherwise provided by the Code; the portion of the amounts deferred as Company Contributions together with Deemed Investment gains or losses credited or debited thereon, shall be considered a nonelective account balance plan as defined in Treasury Regulations §1.409A-1(c)(2)(i)(B), or as otherwise provided in the Code.

1.31 **“Plan Administrator”** shall mean the Company or its designee. The Plan Administrator shall appoint delegates and service providers as it, in its sole discretion, deems necessary to properly administer the Plan, and may from time to time consult with legal counsel. No person who is a Plan Administrator shall participate in an action on a matter which applies solely to that person.

1.32 **“Plan Year”** shall mean for the first Plan Year, the period beginning on the Effective Date and ending December 31 of the same calendar year; and thereafter shall mean a twelve (12) month period beginning January 1 of each calendar year and continuing through December 31 of such calendar year during which the Plan is in effect.

1.33 **“Scheduled Withdrawal Account”** shall mean a subaccount of a Participant’s Account consisting of:

(a) the sum of a Participant’s Deferral Amounts for any Plan Year or Performance Period that may be allocated, in whole or in part, by the Participant pursuant to his or her Deferral Election to a Scheduled Withdrawal Account, plus

(b) Deemed Investment gains or losses credited or debited thereon less (c) any distributions made to the Participant or his or her Beneficiary, and tax withholding amounts that relate to the Participant’s Scheduled Withdrawal Account, and tax withholding amounts deducted (if any) from said Account.

1.34 **“Section 409A”** shall mean Code Section 409A and the Treasury Regulations or other authoritative guidance issued thereunder.

1.35 **“Separation from Service” or “Separates from Service”** shall mean a Participant has experienced a termination of employment or service with the Company. Whether a termination of employment or service has occurred is determined based on whether the facts and circumstances indicate that the Company and the Participant reasonably anticipated that no further services would be performed after a certain date or that the level of bona fide services the Participant would perform after such date (whether as an Employee or as an Independent Contractor) would permanently decrease to no more than twenty percent (20%) of the average level of bona fide services performed (whether as an Employee or an Independent Contractor) over the immediately preceding thirty-six (36) month period (or the full period during which the Participant performed services for the Company, if that is less than thirty-six (36) months).

1.36 **“Specified Time”** shall mean, with respect to a Participant’s Scheduled Withdrawal Account, the date on which the Scheduled Withdrawal Account shall be paid to the Participant.

1.37 **“Treasury Regulation” or “Treasury Regulations”** shall mean regulations promulgated by the Internal Revenue Service for the U.S. Department of the Treasury, as they may be amended from time to time.

1.38 **“Unforeseeable Emergency”** shall mean: (a) a severe financial hardship to a Participant resulting from an illness or accident of the Participant, the Participant’s spouse, the Participant’s Beneficiary, or the Participant’s dependents (as defined in Code Section 152 (without regard to Code Sections 152(b)(1), (b)(2), and (d)(1)(B)); (b) loss of the Participant’s property due to casualty; or (c) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The Plan Administrator will determine whether a Participant incurs an Unforeseeable Emergency based on the relevant facts and circumstances and in accordance with Treasury Regulations §1.409A-3(i)(3).

1.39 **"Valuation Date"** shall mean the date a Participant's Account is to be valued for purposes of providing benefits under the terms of the Plan. The Valuation Date shall be interpreted as each day at the close of business of the New York Stock Exchange (currently 4:00 p.m. Eastern Time), on days that the New York Stock Exchange is open for trading or any other day on which there is sufficient trading in securities of the applicable fund to materially affect the unit value of the fund and the corresponding unit value of the Participant's Deemed Investment Option(s).

ARTICLE 2
ELIGIBILITY AND PARTICIPATION

2.1 **Requirements for Participation.** Every Eligible Individual selected by the Company on the Effective Date shall be eligible to become a Participant on the Effective Date. Before the beginning of each Plan Year, or such other times as determined by the Company, the Company shall select those Employees and Independent Contractors who shall be Eligible Individuals for such Plan Year.

2.2 **Election to Participate; Benefits of Participation.** Each Eligible Individual may become a Participant in the Plan by executing and submitting to the Plan Administrator, a Participation Agreement, a Deferral Election, and any other Election Form within the time period specified by the Plan Administrator and Section 409A. If an Eligible Individual fails to meet all requirements contained in this Section 2.2 within the period required, that Eligible Individual shall not be entitled to participate in the Plan during such Plan Year. In addition, the Plan Administrator may establish from time to time such other enrollment requirements permitted by Section 409A as it determines in its sole discretion are necessary or desirable.

2.3 **Re-employment.** The re-employment of a former Participant or re-engagement of a former Independent Contractor by the Company shall not entitle such individual to become a Participant hereunder. Such individual shall not become a Participant until the individual is again designated as an Eligible Individual in accordance with Section 2.1. If a Participant who has experienced a Separation from Service is receiving installment distributions and is re-employed or re-engaged by the Company, distributions due to the Participant shall not be suspended.

2.4 **Ceasing to be an Eligible Individual.** The Plan Administrator may remove an Eligible Individual from further active participation in the Plan at its discretion. If this occurs, the Participant shall not have additional amounts credited to the Company Contribution Account and shall be prevented from making Participant Deferral Elections for subsequent Plan Years or Performance Periods. Any existing Deferral Election shall continue in effect for the remainder of the Plan Year or Performance Period and may only be cancelled in accordance with Section 3.4(b) hereof.

2.5 **Termination of Participation.** A Participant will cease to be a Participant as of the date on which his or her entire Account balance has been distributed or forfeited.

ARTICLE 3
DEFERRAL ELECTIONS

3.1 **Minimum and Maximum Deferral Limits.** For each Plan Year and/or Performance Period (as applicable), a Participant shall specify the percentage of Base Salary, Bonus Compensation, and/or Independent Contractor Compensation to be deferred subject to the minimums or maximums established by the Plan Administrator and communicated to the Participant on the Election Form.

3.2 **Deferral Elections – First Year of Eligibility.**

(a) **Application.** This Section 3.2 applies to each Eligible Individual who first becomes eligible to participate in the Plan. The Plan Administrator shall determine (in accordance with Treasury Regulation

§1.409A-2(a)(7)(ii)) the date upon which a Participant who ceased being eligible to participate in the Plan, can again become eligible to participate in the Plan.

(b) **Deferral Election.** An Eligible Individual described in Section 3.2(a) may elect to defer receipt of Base Salary or Independent Contractor Compensation earned during such Plan Year or his or her Bonus Compensation earned during a Performance Period by filing a Deferral Election with the Plan Administrator in accordance with the following rules:

(i) Timing; Irrevocability. The Deferral Election must be filed with the Plan Administrator by, and shall become irrevocable as of, the thirtieth (30^{th}) day following the Participant's Eligibility Date (or such earlier date as specified by the Plan Administrator).

(ii) Base Salary and Independent Contractor Compensation. The Deferral Election shall only apply to Base Salary and Independent Contractor Compensation earned during such calendar year beginning with the first payroll period that begins immediately after the date the Deferral Election becomes irrevocable. Base Salary and Independent Contractor Compensation payable after the last day of a calendar year solely for services performed during the final payroll period, described in Section 3401(b) of the Code, containing December 31 of such year shall be treated as earned during the subsequent calendar year.

(iii) Bonus Compensation. Where a Deferral Election is filed in the first year of eligibility but after the commencement of the Performance Period, then, except as otherwise provided in Section 3.3 below, the Deferral Election shall only apply to that portion of Bonus Compensation earned for such Performance Period equal to the total amount of the Bonus Compensation earned during such Performance Period multiplied by a fraction, the numerator of which is the number of days beginning on the day immediately after the date that the Deferral Election becomes irrevocable and ending on the last day of the Performance Period, and the denominator of which is the total number of days in the Performance Period.

3.3 **Annual Deferral Elections.** Unless Section 3.2 applies, each Eligible Individual may elect to defer receipt of Base Salary and Independent Contractor Compensation for a Plan Year or his or her Bonus Compensation for a Performance Period, by filing a Deferral Election with the Plan Administrator in accordance with the following rules:

(a) Base Salary and Independent Contractor Compensation. The Deferral Election with respect to Base Salary and Independent Contractor Compensation must be filed with the Plan Administrator by, and shall become irrevocable following, December 31 (or such earlier date as specified by the Plan Administrator on the Deferral Election) of the calendar year next preceding the calendar year for which such amounts would otherwise be earned.

(b) Bonus Compensation. The Deferral Election with respect to Bonus Compensation must be filed with the Plan Administrator by, and shall become irrevocable following, December 31 (or such earlier date as specified by the Plan Administrator on the Deferral Election) of the calendar year next preceding the first day of the Performance Period for which such Bonus Compensation would otherwise be earned. If the Company has a fiscal year other than the calendar year, Bonus Compensation relating to services in the fiscal year of the Company, of which no amount is paid or payable during the fiscal year, may be deferred at the Participant's election if the Deferral Election is made not later than the close of the Company's fiscal year next preceding the first fiscal year in which the Participant performs any services for which such Bonus Compensation is payable. Any Deferral Election with respect to Bonus Compensation that constitutes "performance-based compensation" under Treasury Regulation §1.409A-1(e)(1), must be filed with the Plan Administrator by, and

shall become irrevocable as of, the date that is six (6) months before the end of the applicable Performance Period (or such earlier date as specified by the Plan Administrator on the Deferral Election), provided that in no event may such Deferral Election be filed after such Bonus Compensation has become "readily ascertainable" within the meaning of Section 409A.

3.4 **Duration and Cancellation of Deferral Elections.**

(a) Duration. Once irrevocable, a Deferral Election shall only be effective for the Plan Year or Performance Period with respect to which such election was timely filed with the Plan Administrator. Except as provided in Section 3.4(b), a Deferral Election, once irrevocable, cannot be cancelled or altered during a Plan Year or Performance Period.

(b) Cancellation.

(i) The Plan Administrator may cancel a Participant's Deferral Election where such cancellation occurs by the later of: (A) the end of the Participant's taxable year, or (B) the fifteenth (15th) day of the third (3rd) month following the date the Participant incurs a "disability," in accordance with Treasury Regulation §1.409A-3(j)(4)(xii). For purposes of this Section 3.4(b)(i), a disability refers to any medically determinable physical or mental impairment resulting in the Participant's inability to perform duties of his or her position or any substantially similar position, where such impairment can be expected to result in death or can be expected to last for a continuous period of not less than six (6) months, in accordance with Treasury Regulation §1.409A-3(i)(3).

(ii) The Plan Administrator must cancel a Participant's Deferral Election due to an Unforeseeable Emergency distribution. If a Participant's Deferral Election is cancelled with respect to a particular calendar year or Performance Period, the Participant may complete a new Deferral Election for a subsequent Plan Year or Performance Period, only in accordance with Section 3.3.

3.5 **Withholding and Crediting of Deferral Amounts.** For each Plan Year, the Base Salary and Independent Contractor Compensation portions of the Deferral Amount shall be withheld from each regularly scheduled payroll in approximately equal amounts (or as otherwise specified by the Plan Administrator), as adjusted from time to time for increases and decreases in Base Salary or Independent Contractor Compensation (if the Participant's Deferral Election is expressed as a percentage). The Bonus Compensation portion of the Deferral Amount shall be withheld as soon as administratively feasible following the time the Bonus Compensation otherwise would be paid to the Participant, whether or not this occurs during the Plan Year or Performance Period as the case may be. Deferral Amounts shall be credited to the Participant's Deferral Account and/or to a Scheduled Withdrawal Account as soon as administratively feasible following the time such amounts would otherwise have been paid to a Participant.

ARTICLE 4
ACCOUNT ALLOCATION AND DISTRIBUTION ELECTIONS

4.1 **Establishment of Account(s).** The Plan Administrator shall establish and maintain a Deferral Account, a Company Contribution Account, and Scheduled Withdrawal Accounts for each Plan Year, as applicable, in the name of each Participant.

4.2 **Account Allocation.** Concurrent with any Deferral Election, a Participant may make an irrevocable election to allocate all or a portion of his or her elected Deferral Amount to the Plan Year Deferral Account and/or a Plan Year Scheduled Withdrawal Account. To the extent that a Participant does not designate the Account to which Deferral Amounts will be allocated for a Plan Year, or such designation is ambiguous or does not comply with the terms of the Plan, such Deferral Amounts shall be allocated and credited to the Participant's Deferral Account.

Company Contributions shall not be allocated to a Scheduled Withdrawal Account, and instead shall be allocated to a Plan Year Company Contribution Account.

4.3 **Scheduled Withdrawal Account Elections.** If a Participant elects to allocate Deferral Amounts for a Plan Year into a Scheduled Withdrawal Account in accordance with Section 4.2, the Participant shall make an election as to the year in which payment will commence to be paid from that Scheduled Withdrawal Account (the "Specified Time"). A

Participant may elect to receive a distribution of a Scheduled Withdrawal Account no sooner than January 15th of the fifth (5th) Plan Year following the Plan Year of the deferral unless otherwise stated in the Election Form. (For example: If a Participant elects to allocate 2023 Deferral Amounts into a Scheduled Withdrawal Account, the earliest date these Deferral Amounts could be distributed would be January 15, 2028). A Participant must also elect whether a Scheduled Withdrawal Account will be paid in a lump sum or in annual installments of up to four (4) years. To the extent that the designations are ambiguous or do not comply with the terms of this Section, then that Scheduled Withdrawal Account shall be paid at the earliest permissible date in accordance with this Section and/or in a lump sum.

4.4 **Other Distribution Elections.** Within thirty (30) days following a Participant's Eligibility Date, and during each subsequent annual enrollment thereafter, a Participant must elect whether to be paid in a lump sum or in five (5), ten (10), fifteen (15), or twenty (20) installments for a Separation from Service; and shall make a one-time election within thirty (30) days following the initial Eligibility Date to be paid in a lump sum or five (5) annual installments for Disability and death. To the extent that a Participant does not designate the form of payment or such designation is ambiguous or does not comply with the terms of the Plan, the Participant shall be deemed to have elected to be paid in a lump sum.

ARTICLE 5
COMPANY CONTRIBUTIONS

5.1 **Company Contributions.** Each Plan Year, the Company may make Company Contributions to the Plan on behalf of a Participant in such amount as the Company shall determine in its sole discretion. The Company is under no obligation to make a Company Contribution for a Plan Year, and Company Contributions, if made, need not be uniform among Participants. Any Company Contribution shall be credited to the Participant's Company Contribution Account on such date as determined by the Company.

ARTICLE 6
DEEMED INVESTMENT GAINS OR LOSSES

6.1 **Deemed Investment Options.** The Plan Administrator will determine the available Deemed Investment Options for purposes of crediting or debiting the Deemed Investment gains or losses to the Account. The Plan Administrator may discontinue, substitute, or add Deemed Investment Options in its sole discretion on a prospective basis. Any discontinuance, substitution, or addition of a Deemed Investment Option will take effect as soon as administratively practicable. The Deemed Investment Options are to be used for measurement purposes only, and the Plan Administrator's selection of any such Deemed Investment Option, the allocation of such Deemed Investment Options to the Account, the calculation of additional amounts, and the crediting or debiting of such amounts to the Account shall not be considered or construed in any manner as an actual investment of the Account. The Plan Administrator will not be responsible in any manner to any Participant, Beneficiary or other person for any damages, losses, liabilities, costs or expenses of any kind arising in connection with any designation or elimination of a Deemed Investment Option. Without limiting the foregoing, the Account shall at all times be a bookkeeping entry only and shall not represent any investment made on his or her behalf by the Plan Administrator. A Participant (or Beneficiary) shall at all times remain an unsecured creditor of the Company. Any liability or obligation of the Company to any Participant, former Participant, or Beneficiary with respect to a right to payment shall be based solely upon contractual obligations created by this Plan.

6.2 **Participant's Allocation of Deemed Investment Options.** Each Participant shall have the right to direct the Plan Administrator as to how the Participant's Deferral Amounts and Company Contributions shall be deemed to be invested among the Deemed Investment Options offered under the Plan, subject to any rule, policy, practice or procedure adopted by the Plan Administrator. As of each Valuation Date, the Participant's Account(s) will be credited or debited to reflect the performance of the Deemed Investment Options elected by the Participant. If a Deemed Investment Option selected by a Participant sustains a loss, the Participant's Account(s) shall be reduced to reflect such loss. If the Participant fails to elect a Deemed Investment Option the Deemed Investment shall be based on an investment as may be established by the Plan Administrator.

6.3 **Participant Responsibilities.** Each Participant is solely responsible for any and all consequences of his or her investment directions made pursuant to this Article 6. Neither the Company, any of its directors, officers or employees, nor the Plan Administrator has any responsibility to any Participant or other person for any damages, losses, liabilities, costs or expenses of any kind arising in connection with any investment direction made by a Participant pursuant to this Article 6.

6.4 **No Required Investment of Company Assets.** Notwithstanding anything contained herein to the contrary, the Company reserves the right to invest its assets, including any assets that may have been set aside for the purpose of funding the benefits to be provided under the Plan, at its own discretion, and such assets shall remain the property of the Company, or may be held in a trust, as the case may be, subject to the claims of the general creditors of the Company, and no Participant shall have any right to any portion of such assets other than as an unsecured general creditor of the Company.

ARTICLE 7
VESTING / FORFEITURES / TAXES

7.1 **Participant Accounts.** A Participant shall at all times be one hundred percent (100%) vested in his or her Deferral Account and Scheduled Withdrawal Account(s).

7.2 **Company Contribution Account.** Unless otherwise described in a Participant's Participation Agreement, Company Contributions shall be tracked separately for each Plan Year and shall become one hundred percent (100%) vested on December 31st of the fifth (5th) Plan Year following the year the contribution is credited to the Participant's Account. For example: Company Contributions credited in 2023 will 100% vest on December 31, 2028; contributions credited in 2024 will 100% vest on December 31, 2029; contributions credited in 2025 will 100% vest on December 31, 2030; and so on.

7.3 **Accelerated Vesting.** Notwithstanding the foregoing vesting schedule, a Participant's Company Contribution Account shall become one hundred percent (100%) vested upon the earliest of the following events to occur while employed by the Company: (a) Disability; (b) death; (c) a Change in Control; or (d) at the discretion of the Company.

7.4 **Forfeiture.** Notwithstanding any other provision to the contrary herein, in the event a Participant's employment is terminated for Cause, no benefits of any kind will be due or payable by the Company under the terms of this Plan from the Participant's Company Contribution Account and all rights of the Participant, his or her designated Beneficiary, executors, or administrators, or any other person, to receive payments thereof shall be forfeited. Additionally, a Participant will forfeit any portion of an Account that is not vested upon Separation from Service.

7.5 **Taxes and Withholding.** Deferral Amounts, Company Contributions, and Deemed Investment gains and/or losses on each are subject to the Federal Insurance Contribution Act (FICA), the Federal Unemployment Tax Act (FUTA), and the Self-Employment Contributions Act (SECA) for Independent Contractors, to the extent provided under applicable Code provisions, and benefits payable under the Plan are subject to all applicable federal, state, city, income, employment or other taxes as may be required to be withheld or paid. A Participant is solely responsible for the payment of all individual tax liabilities relating to any such benefits.

ARTICLE 8
PAYMENT OF ACCOUNT(S)

8.1 **Payments in General.**

(a) **Payment Events.**

(i) A Participant (or, in the event of the death of the Participant, the Participant's Beneficiary) shall be entitled to a benefit equal to the Participant's vested Account(s) balance upon the earliest to occur of Separation from Service, Disability, or death.

(ii) Unless the vested balance of a Participant's Scheduled Withdrawal Account has been paid earlier in accordance with this Section 8.1(a)(i), the Participant shall be entitled to a benefit equal to such vested balance at the Specified Time.

(b) **Source of Payments.** The Company will pay, from its general assets, the portion of any benefit payable pursuant to this Article 8 that is attributable to a Participant's Account, and all costs, charges and expenses relating thereto.

(c) **Minimum Threshold for Installment Payments.** If the vested Account balance at the due date of the first installment is fifty thousand dollars ($50,000) or less, payment of the vested Account shall be made instead in a lump sum and no installments shall be available hereunder. This lump sum minimum threshold does not apply to Scheduled Withdrawal Accounts.

(d) **Subsequent Deferral Elections.** Upon the Company's approval, a Participant may delay the time of a payment or change the form of payment as expressly provided under this Section 8.1(d) and Section 409A (hereinafter, a "Subsequent Deferral Election"). Notwithstanding the foregoing, a Subsequent Deferral Election cannot accelerate any payment. A Subsequent Deferral Election which delays payment or changes the form of payment is permitted only if all of the following requirements are met:

(i) The Subsequent Deferral Election does not take effect until at least twelve (12) months after the date on which the Subsequent Deferral Election is made and approved by the Plan Administrator;

(ii) If the Subsequent Deferral Election relates to a payment based on Separation from Service or at a Specified Time, the Subsequent Deferral Election must result in payment being deferred for a period of not less than five (5) years from the date the first amount was scheduled to be paid;

(iii) If the Subsequent Deferral Election relates to a payment at a Specified Time, the Participant must make the Subsequent Deferral Election not less than twelve (12) months before the date the first amount was scheduled to be paid.

For purposes of applying this Section 8.1(d), installment payments shall be treated as a "single payment." Any election made pursuant to this Section shall be made on such Election Forms or electronic media as is required by the Plan Administrator, in accordance with the rules established by the Plan Administrator and shall comply with all requirements of Section 409A.

8.2 **Separation from Service.** In the event of a Participant's Separation from Service (other than for death), the Company shall pay the Participant in the form of payment elected in accordance with Section 4.4. Payment shall be made or commence on January 1st of the calendar year following the date of Separation from

Service and each January 15th thereafter in the case of installment payments. The amount of each payment shall be determined by dividing the value of the Participant's vested Account balance(s) as of December 31st prior to the January 15th payment date by the number of payments remaining to be paid.

(a) **Required Delay for Specified Employee of a Public Company.** If a Participant is considered a "specified employee" of a public company, pursuant to Code Section 409A(a)(2)(B)(i), then solely to the extent necessary to avoid penalties under Section 409A, payments to be made as a result of a Separation from Service under this Article may not commence earlier than six (6) months after the Participant's Separation from Service. In the event a distribution is delayed pursuant to this paragraph, any amounts otherwise payable during the six months shall be accumulated and paid in a lump sum on the first day of the seventh month following Separation from Service.

8.3 **Disability.** In the event a Participant becomes Disabled while employed by the Company, the Company shall pay to the Participant his or her Account balance in the form of payment elected by the Participant in accordance with Section 4.4. Payment shall be made or commence within ninety (90) days following the date of Disability. The amount of each payment shall be determined by dividing the value of the Participant's Account balance as of the Disability (and each anniversary of Disability for subsequent installment payments) by the number of payments remaining to be paid.

8.4 **Death.**

(a) While Employed. In the event of a Participant's death while employed by the Company, the Company shall pay the Participant's vested Account balance in the form of payment elected by the Participant in accordance with Section 4.4. Payment shall be made or commence within ninety (90) days following the date of the Participant's death. The amount of each payment shall be determined by dividing the value of the Participant's Account balance as of the date of death (and each anniversary of the date of death for subsequent installment payments) by the number of payments remaining to be paid.

(b) During Installments. In the event of a Participant's death after installments have commenced, as applicable, but before receiving all installments owed, the Company shall continue to pay any remaining installments to the Participant's Beneficiary in accordance with the schedule the installments would have otherwise been paid to the Participant.

(c) During a Delay. In the event of a Participant's death after becoming entitled to a benefit but before payment is made or commences, as applicable, the Company shall pay the Participant's Beneficiary the same benefit the Participant would have received in accordance with the schedule the payment would have otherwise been paid to the Participant.

8.5 **Payment at a Specified Time.** A Participant shall be paid a Scheduled Withdrawal Account on January 15th (and each January 15th thereafter in the case of installment payments) of the year elected and in the form of payment elected by the Participant in accordance with Section 4.3. The amount of each payment shall be determined by dividing the value of the Participant's Scheduled Withdrawal Account balance as of December 31st prior to the January 15th payment date by the number of payments remaining to be paid. Notwithstanding anything contained herein to the contrary, should an event occur that triggers a payment under Separation from Service, Disability, or death, any Account balances subject to a Participant's Scheduled Withdrawal Account(s) that have not yet begun to be paid shall not be paid under the election as to time and form of the Participant's Scheduled Withdrawal Account, but instead shall be paid, in time and form, in accordance with the event that triggers the distribution and as permitted under Section 409A. Any Scheduled Withdrawal Accounts already in payout will continue to be paid in accordance with the Participant's Deferral Election for that Scheduled Withdrawal Account.

8.6 **Payment due to an Unforeseeable Emergency.** A Participant shall have the right to request, on a form provided by the Plan Administrator, a payment of all or a portion of his or her vested Account balance, in a lump sum payment due to an Unforeseeable Emergency. The Plan Administrator shall have the sole discretion to determine, in accordance with the standards under Section 409A, whether to grant such a request and the amount to be paid pursuant to such request.

(a) Determination of Unforeseeable Emergency. Whether a Participant is faced with an Unforeseeable Emergency permitting a lump sum payment is to be determined based on the relevant facts and circumstances of each case, but, in any case, a payment on account of an Unforeseeable Emergency may not be made to the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets, to the extent the liquidation of such assets would not cause severe financial hardship, or by cessation of deferrals under the Plan. Payments because of an Unforeseeable Emergency must be limited to the amount reasonably necessary to satisfy the emergency need (which may include amounts necessary to pay any federal, state, local, or foreign income taxes or penalties reasonably anticipated to result from the payment).

(b) Payment of Account. Payment shall be made within thirty (30) days following the determination by the Plan Administrator that a payment will be permitted under this Section 8.6.

8.7 **Permissible Payment Accelerations.** Except as specifically permitted herein or in other sections of this Plan, no acceleration of the time or schedule of any payment may be made hereunder. Notwithstanding the foregoing, payments may be accelerated hereunder by the Company (without any direct or indirect election on the part of any Participant), in accordance with the provisions of Treasury Regulation §1.409A-3(j)(4) and any subsequent guidance issued by the United States Treasury Department. Accordingly, payments may be accelerated, in accordance with the provisions of Treasury Regulation §1.409A-3(j)(4) in the following circumstances: (a) in limited cashouts (but not in excess of the limit under Code Section 402(g)(1)(B)); (b) to pay employment-related taxes; or (c) to pay any taxes that may become due at any time that the Plan fails to meet the requirements of Section 409A (but in no case shall such payments exceed the amount to be included in income as a result of the failure to comply with the requirements of Section 409A).

8.8 **Rights of Participant and Beneficiary.**

(a) Creditor Status of Participant and Beneficiary. The Plan constitutes the unfunded, unsecured promise of the Company to make payments to a Participant or Beneficiary in the future and shall be a liability solely against the general assets of the Company. The Company shall not be required to segregate, set aside or escrow any amounts for the benefit of a Participant or Beneficiary. A Participant and Beneficiary shall have the status of a general unsecured creditor of the Company and may look only to the Company and its general assets for payment of benefits under the Plan.

(b) Investments. In its sole discretion, the Company may acquire insurance policies, annuities or other financial vehicles for the purpose of providing future assets of the Company to meet its anticipated liabilities under the Plan. Such policies, annuities or other investments shall at all times be and remain unrestricted general property and assets of the Company. A Participant and his or her designated Beneficiary shall have no rights, other than as general creditors, with respect to such policies, annuities or other acquired assets. In the event that the Company purchases an insurance policy or policies insuring the life of a Participant or Employee, to allow the Company to recover or meet the cost of providing benefits, in whole or in part, hereunder, no Participant or Beneficiary shall have any rights whatsoever in said policy or the proceeds therefrom. The Company shall be the sole owner and beneficiary of any such insurance policy or property and shall possess and may exercise all incidents of ownership therein. No insurance policy with regard to any director, "highly compensated employee," or "highly compensated individual," as defined in

Code Section 101(j) shall be acquired before satisfying the Code Section 101(j) “Notice and Consent” requirements.

8.9 **Discharge of Obligations.** The payment to a Participant or his or her Beneficiary of the Account balance in full shall discharge all obligations of the Company to such Participant or Beneficiary under the Plan.

ARTICLE 9
BENEFICIARY DESIGNATION

9.1 **Designation of Beneficiaries.**

(a) Each Participant may designate any person or persons (who may be named contingently or successively) to receive any benefits payable under the Plan upon the Participant’s death, and the designation may be changed from time to time by the Participant by filing a new designation. Each designation will revoke all prior designations by the same Participant, shall be in the form prescribed by the Company, and shall be effective only when signed by the Participant and filed with the Company during the Participant’s lifetime.

(b) In the absence of a valid Beneficiary designation, or if, at the time any benefit payment is due to a Beneficiary, there is no living Beneficiary validly named by the Participant, the Company shall pay the benefit payment to the Participant’s spouse, if then living, and if the spouse is not then living to the Participant’s then living descendants, if any, *per stirpes*, and if there are no living descendants, to the Participant’s estate. In determining the existence or identity of anyone entitled to a benefit payment, the Company may rely conclusively upon information supplied by the Participant’s personal representative, executor, or administrator.

(c) A Participant’s designation of a Beneficiary will not be revoked or changed automatically by any future marriage or divorce. Should the Participant wish to change the designated Beneficiary in the event of a future marriage or divorce, the Participant will have to do so by means of filing a new designation.

(d) If a question arises as to the existence or identity of anyone entitled to receive a death benefit payment under the Plan, or if a dispute arises with respect to any death benefit payment under the Plan, the Company may distribute the payment to the Participant’s estate without liability for any tax or other consequences, or may take any other action which the Company deems to be appropriate.

9.2 **Information to be furnished by Participants and Beneficiaries; Inability to Locate Participants or Beneficiaries.** Any communication, statement or notice addressed to a Participant or to a Beneficiary at his or her last post office address as shown on the Company’s records shall be binding on the Participant or Beneficiary for all purposes of the Plan. The Company shall not be obliged to search for any Participant or Beneficiary beyond the sending of a registered letter to such last known address.

9.3 **Facility of Payment.** If the Plan Administrator determines in its discretion that a benefit is to be paid to a minor, to a person legally declared incompetent, or to a person legally deemed incapable of handling the disposition of that person’s property, the Plan Administrator may direct payment of such benefit to the guardian, legal representative or person having care or custody of such minor, incompetent person or incapable person. The Plan Administrator may require proof of incompetence, minority or guardianship as it may deem appropriate prior to payment of the benefit. Any distribution of a benefit shall be a distribution for the account of the Participant and the Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such distribution amount.

ARTICLE 10
PLAN AMENDMENT

10.1 **Right to Amend.** Subject to Section 409A, the Company, by action of its board of directors or similar governing body, shall have the right to amend the Plan, at any time and with respect to any provisions hereof, and all parties hereto or claiming any interest hereunder shall be bound by such amendment; provided, however, that no such amendment shall deprive a Participant or a Beneficiary of a benefit amount accrued hereunder prior to the date of the amendment without written consent of the Participant or Beneficiary.

10.2 **Amendments Required By Law.** Notwithstanding the provisions of Section 10.1, the Plan may be amended by the Company at any time, retroactively if required, if found necessary, in the opinion of the Company, in order to ensure that the Plan is characterized as a "top-hat" plan of deferred compensation maintained for a select group of management or highly compensated employees as described under ERISA sections 201(2), 301(a)(3), and 401(a)(1), to conform the Plan to the provisions of Section 409A, and to conform the Plan to the requirements of any other applicable law (including but not limited to ERISA and the Code). No such amendment shall be considered prejudicial to any interest of a Participant or a Beneficiary hereunder.

ARTICLE 11
PLAN TERMINATION

11.1 **Company's Right to Suspend Plan.** The Company reserves the right to suspend the operation of the Plan for a fixed or indeterminate period of time, in its sole discretion. In the event of a suspension of the Plan, during the period of the suspension, the Company shall continue all aspects of the Plan other than crediting of Company Contributions, and Deferral Amounts shall be suspended effective with the first day of the Plan Year following the date the Plan is suspended. Payments of distributions will continue to be made during the period of the suspension in accordance with Article 8.

11.2 **Plan Termination and Liquidation under Section 409A.** Notwithstanding anything to the contrary in Section 11.1, any acceleration of the payment of benefits due to Plan termination and liquidation shall comply with the following subparagraphs, but only as permitted in accordance with Section 409A and Treasury Regulation §1.409A-3(j)(4)(ix). The Company may distribute all Participants' vested Account balances, determined as of the date of the termination of the Plan, subject to the terms below:

(a) Upon the Company's termination of this and all other arrangements that would be aggregated with this Plan pursuant to Treasury Regulation §1.409A-1(c) if a Participant participated in such arrangements ("Similar Arrangements"), provided that: (i) the termination does not occur proximate to a downturn in the financial health of the Company; (ii) all termination distributions are made no earlier than twelve (12) months and no later than twenty-four (24) months following such termination; and (iii) the Company does not adopt any new arrangement that would be a Similar Arrangement for a minimum of three (3) years following the date the Company takes all necessary action to irrevocably terminate and liquidate the Plan.

(b) Upon the Company's dissolution taxed under Code Section 331, or with approval of a bankruptcy court, provided that the amounts deferred under the Plan are included in the Participant's gross income in the latest of: (i) the calendar year in which the Plan terminates; (ii) the calendar year in which the amount is no longer subject to a substantial risk of forfeiture; or (iii) the first calendar year in which the payment is administratively practicable; or

(c) Within thirty (30) days before or twelve (12) months after a Change in Control, provided that all distributions are made no later than twelve (12) months following such termination of the Plan and further provided that all the Company's Similar Arrangements are terminated so the Participant and all participants in the Similar Arrangements are required to receive all amounts of compensation deferred under the terminated arrangements within twelve (12) months of the termination of the Plan.

ARTICLE 12
PLAN ADMINISTRATION

12.1 **Plan Administrator Duties.** The Plan Administrator shall be responsible for the management, operation, and administration of the Plan. When making a determination or calculation, the Plan Administrator shall be entitled to rely on information furnished by the Company, the Participants, or Beneficiaries. No provision of this Plan shall be construed as imposing on the Plan Administrator any fiduciary duty under ERISA or other law, or any duty similar to any fiduciary duty under ERISA or other law.

12.2 **Plan Administrator Authority.** The Plan Administrator shall enforce this Plan in accordance with its terms, shall be charged with the general administration of this Plan, and shall have all powers necessary to accomplish its purposes, including, but not by way of limitation, the following:

(a) To construe and interpret the terms and provisions of this Plan and to reconcile any inconsistency, in its sole and absolute discretion;

(b) To compute and certify the amount payable to a Participant and his or her Beneficiaries; to determine the time and manner in which such benefits are paid; and to determine the amount of any withholding taxes to be deducted;

(c) To maintain all records that may be necessary for the administration of this Plan;

(d) To provide for the disclosure of all information and the filing or provision of all reports and statements to a Participant, Beneficiaries, and governmental agencies as shall be required by law;

(e) To make and publish such rules for the regulation of this Plan and procedures for the administration of this Plan so long as such rules or procedures are not inconsistent with the terms hereof;

(f) To administer this Plan's claims procedures;

(g) To approve the forms and procedures for use under this Plan; and

(h) To employ such persons or organizations, including without limitation, actuaries, attorneys, accountants, independent fiduciaries, recordkeepers and administrative consultants, to render advice or perform services with respect to the responsibilities of the Plan Administrator under the Plan.

12.3 **Binding Effect of Decision.** The decision or action of the Plan Administrator with respect to any question arising out of or in connection with the administration, interpretation, and application of this Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in this Plan.

12.4 **Compensation and Expenses.** The Plan Administrator shall serve without compensation for services rendered hereunder. The Plan Administrator is authorized at the expense of the Company to employ such legal counsel and/or Plan recordkeeper as it may deem advisable to assist in the performance of its duties hereunder. Expense and fees in connection with the administration of this Plan shall be paid by the Company.

12.5 **Compliance with Section 409A**.

(a) Notwithstanding anything contained herein to the contrary, the interpretation and distribution of Participants' benefits under the Plan shall be made in a manner and at such times as to comply with all applicable provisions of Section 409A and the regulations and guidance promulgated thereunder, or an exception or exclusion therefrom to avoid the imposition of any accelerated or additional taxes. Any defined terms shall be construed consistent with Section 409A and any terms not specifically defined shall have the meaning set forth in Section 409A.

(b) The intent of this Section is to ensure that the Participants are not subject to any tax liability or interest penalty, by reason of the application of Code Section 409A(a)(1) as a result of any failure to comply with all the requirements of Section 409A, and this Section shall be interpreted in light of, and consistent with, such requirements. This Section shall apply to distributions under the Plan, but only to the extent required in order to avoid taxation of, or interest penalties on, a Participant under Section 409A. These rules shall also be deemed modified or supplemented by such other rules as may be necessary, from time to time, to comply with Section 409A.

ARTICLE 13
CLAIMS PROCEDURES

13.1 **Claims Procedure.** This Article is based on Department of Labor Regulation Section 2560.503-1. If any provision of this Article conflicts with the requirements of those regulations, the requirements of those regulations will prevail. A Claimant who has not received benefits under the Plan that he or she believes should be paid shall make a claim for such benefits as follows:

(a) Initiation - Written Claim. The Claimant initiates a claim by submitting a written request for the benefits to the Plan Administrator. The Plan Administrator will, upon written request of a Claimant, make available copies of all forms and instructions necessary to file a claim for benefits or advise the Claimant where such forms and instructions may be obtained. If the claim relates to Disability benefits, then the Plan Administrator shall designate a sub-committee to conduct the initial review of the claim (and applicable references below to the Plan Administrator shall mean such sub-committee).

(b) Timing of Company Response. The Plan Administrator shall respond to such Claimant within ninety (90) days after receiving the claim. If the Plan Administrator determines that special circumstances require additional time for processing the claim, the Plan Administrator can extend the response period by an additional ninety (90) days by notifying the Claimant in writing prior to the end of the initial 90-day period that an additional period is required. In the event that the claim for benefits pertains to Disability, the Plan Administrator shall provide written response within forty-five (45) days, but can extend this response period by an additional thirty (30) days, if necessary, due to circumstances beyond the Plan Administrator's control. Any notice of extension must set forth the special circumstances requiring an extension of time and the date by which the Plan Administrator expects to render its decision.

(c) Notice of Decision. If the Plan Administrator denies the claim, in whole or in part, the Plan Administrator shall notify the Claimant in writing of such denial. The Plan Administrator shall write the notification in a manner calculated to be understood by the Claimant. The notification shall set forth:

(i) The specific reasons for the denial;
(ii) A reference to the specific provisions of the Plan on which the denial is based;
(iii) A description of any additional information or material necessary for the Claimant to perfect the claim and an explanation of why it is needed;
(iv) An explanation of the Plan's review procedures and the time limits applicable to such procedures; and

(v) A statement of the Claimant’s right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review.

13.2 **Review Procedure.** If the Plan Administrator denies the claim, in whole or in part, the Claimant shall have the opportunity for a full and fair review by the Plan Administrator of the denial, as follows:

(a) Initiation - Written Request. To initiate the review, the Claimant, within sixty (60) days after receiving the Plan Administrator’s notice of denial, must file with the Plan Administrator a written request for review.

(b) Review of a Disability Benefit Claim. If the Claimant’s initial claim is for Disability benefits, any review of a denied claim shall be made by members of the Plan Administrator other than the original decision maker(s) and such person(s) shall not be a subordinate of the original decision maker(s).

(c) Additional Submissions - Information Access. The Claimant shall then have the opportunity to submit written comments, documents, records and other information relating to the claim. The Plan Administrator shall also provide the Claimant, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the Claimant’s claim for benefits.

(d) Considerations on Review. In considering the review, the Plan Administrator shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. Additional considerations shall be required in the case of a claim for Disability benefits. For example, the claim will be reviewed without deference to the initial adverse benefits determination and, if the initial adverse benefit determination was based in whole or in part on a medical judgment, the Plan Administrator will consult with a health care professional with appropriate training and experience in the field of medicine involving the medical judgment. The health care professional who is consulted on appeal will not be the same individual who was consulted during the initial determination or the subordinate of such individual. If the Plan Administrator obtained the advice of medical or vocational experts in making the initial adverse benefits determination (regardless of whether the advice was relied upon), the Plan Administrator will identify such experts.

(e) Timing of Company Response. The Plan Administrator shall respond in writing to such Claimant within sixty (60) days after receiving the request for review. If the Plan Administrator determines that special circumstances require additional time for processing the claim, the Plan Administrator can extend the response period by an additional sixty (60) days by notifying the Claimant in writing, prior to the end of the initial 60-day period that an additional period is required. The notice of extension must set forth the special circumstances and the date by which the Plan Administrator expects to render its decision.

(f) Notice of Decision. The Plan Administrator shall notify the Claimant in writing of its decision on review. The Plan Administrator shall write the notification in a manner calculated to be understood by the Claimant. The notification shall set forth:

(i) The specific reasons for the denial;

(ii) A reference to the specific provisions of the Plan on which the denial is based;

(iii) A statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the Claimant's claim for benefits; and

(iv) A statement of the Claimant's right to bring a civil action under ERISA Section

502(a).

13.3 **Calculation of Time Periods.** For purposes of the time periods specified in this Article, the period of time during which a benefit determination is required to be made begins at the time a claim is filed in accordance with the Plan procedures without regard to whether all the information necessary to make a decision accompanies the claim. If a period of time is extended due to a Claimant's failure to submit all information necessary, the period for making the determination shall be tolled from the date the notification is sent to the Claimant until the date the Claimant responds.

13.4 **Exhaustion of Remedies.** A Claimant must follow the claims review procedures under this Plan and exhaust his or her administrative remedies before taking any further action with respect to a claim for benefits.

13.5 **Failure of Plan to Follow Procedures.** If the Plan fails to establish or follow the claims procedures required by this Article, a Claimant shall be deemed to have exhausted the administrative remedies available under the Plan and shall be entitled to immediately pursue any available remedy under ERISA Section 502(a) on the basis that the Plan has failed to provide a reasonable claims procedure that would yield a decision on the merits of the claim. The Claimant may request a written explanation of the violation from the Plan, and the Plan must provide such explanation within ten (10) days, including a specific description of its bases, if any, for asserting that the violation should not cause the administrative remedies to be deemed exhausted. If a court rejects the Claimant's request for immediate review on the basis that the Plan met the standards for the exception, the claim shall be considered as re-filed on appeal upon the Plan's receipt of the decision of the court. Within a reasonable time after the receipt of the decision, the Plan shall provide the claimant with notice of the resubmission.

13.6 **Arbitration.** If a Claimant continues to dispute the benefit denial based upon completed performance of the Plan or the meaning and effect of the terms and conditions thereof, then the Claimant must submit the dispute to an arbitrator for final arbitration. The arbitrator shall be selected by mutual agreement of the Company and the Claimant. The arbitrator shall operate under any generally recognized set of arbitration rules. The parties hereto agree that they and their heirs, personal representatives, successors and assigns shall be bound by the decision of such arbitrator with respect to any controversy properly submitted to it for determination. Where a dispute arises as to the Company's discharge of a Participant for Cause, such dispute shall likewise be submitted to arbitration as above described and the parties hereto agree to be bound by the decision thereunder.

ARTICLE 14
MISCELLANEOUS

14.1 **Validity.** In case any provision of this Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

14.2 **Nonassignability.** Neither any Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage, or otherwise encumber, transfer, hypothecate, alienate, or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part hereof, which are, and all rights to which are expressly declared to be, unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony, or separate maintenance owed by a Participant or any other person, be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency, or be transferable to a spouse as a result of a property settlement or otherwise. If any Participant, Beneficiary, or successor in interest is adjudicated bankrupt or purports to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber transfer, hypothecate, alienate, or convey in advance of actual receipt, the amount, if any, payable hereunder, or any part thereof, the Plan Administrator, in its discretion, may cancel such distribution or payment (or any part thereof) to or for the benefit of such Participant, Beneficiary, or successor in interest in such manner as the Plan Administrator shall direct.

14.3 **Not a Contract of Employment.** The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between the Company and the Employee. Nothing in this Plan shall be deemed to give the Employee the right to be retained in the service of the Company as an Employee or otherwise or to interfere with the right of the Company to discipline or discharge the Employee at any time.

14.4 **Governing Law.** The Plan shall be administered, construed and governed in all respects under and by the laws of State of Delaware, without reference to the principles of conflicts of law (except and to the extent preempted by applicable federal law).

14.5 **Notice.** Any notice, consent or demand required or permitted to be given under the provisions of this Plan shall be in writing and shall be signed by the party giving or making the same. If such notice, consent or demand is mailed, it shall be sent by United States certified mail, postage prepaid, addressed to the addressee's last known address as shown on the records of the Company. The date of such mailing shall be deemed the date of notice consent or demand. Any person may change the address to which notice is to be sent by giving notice of the change of address in the manner aforesaid.

14.6 **Coordination with Other Benefits.** The benefits provided for a Participant or a Participant's Beneficiary under this Plan are in addition to any other benefits available to such Participant under any other plan or program for employees of the Company. This Plan shall supplement and shall not supersede, modify, or amend any other such plan or program except as may otherwise be expressly provided herein.

14.7 **Unclaimed Benefits.** In the case of a benefit payable on behalf of such Participant, if the Plan Administrator is unable to locate the Participant or Beneficiary to whom such benefit is payable after reasonable efforts have been undertaken by the Plan Administrator to locate such party(ies), such Plan benefit may be forfeited to the Company upon the Plan Administrator's determination. Notwithstanding the foregoing, if, subsequent to any such forfeiture, the Participant or Beneficiary to whom such Plan benefit is payable makes a valid claim for such Plan benefit, such forfeited Plan benefit shall be paid by the Plan Administrator to the Participant or Beneficiary, without interest, from the date it would have otherwise been paid.

[END OF DOCUMENT]

ASTRANA HEALTH, INC.
EMPLOYMENT INDUCEMENT AWARD PLAN
(Amended and Restated Effective February 26, 2024)

ARTICLE I.
PURPOSE

This Plan was established effective as of November 15, 2023, the date of approval of the Plan by the Board. The Plan's purpose is to enhance the Company's ability to attract and motivate individuals who are expected to make important contributions to the Company and its Subsidiaries by providing such individuals with equity-based incentive awards as inducements to enter into employment with the Company or a Subsidiary. The Plan is intended to be exempt from stockholder approval pursuant to Nasdaq Stock Market Rule 5635(c)(4) as a plan providing exclusively for "employment inducement" awards (within the meaning of Nasdaq Stock Market Rule 5635(c)(4)). Capitalized terms used in the Plan are defined in Article XI. The Plan is amended and restated as set forth herein, effective February 26, 2024.

ARTICLE II.
ELIGIBILITY

Eligible Individuals are eligible to be granted Awards under the Plan, subject to the limitations described herein.

ARTICLE III.
ADMINISTRATION AND DELEGATION

9.1 Administration. The Plan is administered by the Committee. The Board may reserve to itself any of the authority of the Committee or may act as the Administrator of the Plan for any or all purposes; provided, however, that any action taken by the Board in connection with the administration of the Plan shall not be deemed approved by the Board unless such actions are approved by a majority of the Independent Directors. Awards under the Plan will be approved by (a) the Committee, which shall be comprised entirely of Independent Directors, or (b) a majority of the Company's Independent Directors.

9.2 Powers of the Administrator. The Administrator has authority to determine which Eligible Individuals receive Awards, grant Awards and establish the terms and conditions of Awards, subject to the conditions and limitations in the Plan. The Administrator also has the authority to take all actions and make all determinations under the Plan, to interpret the Plan and Award Agreements and to adopt, amend and repeal Plan administrative rules, guidelines and practices as it deems advisable, including, but not limited to, the adoption of procedures from time to time intended to ensure that an individual is an Eligible Individual prior to the granting of any Awards to such individual under the Plan (including, without limitation, a requirement, if any, that such individual certify to the Company prior to the receipt of an Award under the Plan that he or she has not previously been employed by the Company or any Subsidiary, or if previously employed, has had a bona fide period of non-employment, and that the grant of Awards under the Plan is an inducement material to his or her agreement to enter into employment with the Company or any Subsidiary). The Administrator may correct defects and ambiguities, supply omissions and reconcile inconsistencies in the Plan or any Award Agreement as it deems necessary or appropriate to administer the Plan and any Awards. The Administrator's determinations under the Plan are in its sole discretion and will be final and binding on all persons having or claiming any interest in the Plan or any Award.

ARTICLE IV.
STOCK AVAILABLE FOR AWARDS

9.1 Number of Shares. Subject to adjustment under Article VIII and the terms of this Article IV, the maximum number of Shares that may be delivered pursuant to Awards under the Plan shall be 500,000 Shares. Shares issued under the Plan may consist of authorized but unissued Shares, Shares purchased on the open market or treasury Shares.

9.2 Share Recycling. If all or any part of an Award expires, lapses or is forfeited, canceled, surrendered, reacquired, settled in cash or terminated without the issuance of Shares, the unused Shares covered by the Award will, as applicable, become or again be available for Awards under the Plan. In addition, Shares delivered (either by actual delivery or attestation) to the Company by a Participant to satisfy the applicable exercise or purchase price of an Award and/or to satisfy any applicable tax withholding obligation with respect to an Award (including Shares retained by the Company from the Award) will, as applicable, become or again be available for Awards under the Plan. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards shall not count against the Share limit set forth in Section 4.1.

ARTICLE V.
STOCK OPTIONS AND STOCK APPRECIATION RIGHTS

9.1 General. The Administrator may grant Options or Stock Appreciation Rights to Eligible Individuals subject to the limitations in the Plan. The Administrator will determine the number of Shares covered by each Option and Stock Appreciation Right and the conditions and limitations applicable to the exercise of each Option and Stock Appreciation Right. A Stock Appreciation Right will entitle the Participant (or other person entitled to exercise the Stock Appreciation Right) to receive from the Company upon exercise of the exercisable portion of the Stock Appreciation Right an amount determined by multiplying the excess, if any, of the Fair Market Value of one Share on the date of exercise over the exercise price per Share of the Stock Appreciation Right by the number of Shares with respect to which the Stock Appreciation Right is exercised, subject to any limitations of the Plan or that the Administrator may impose, and payable in cash, Shares or a combination of the two as the Administrator may determine or provide in the Award Agreement.

9.2 Exercise Price. The Administrator will establish the exercise price of each Option and Stock Appreciation Right, which exercise price will not be less than 100% of the Fair Market Value on the Grant Date of the Option or Stock Appreciation Right.

9.3 Duration. Each Option or Stock Appreciation Right will be exercisable at such times and as specified in the Award Agreement, provided that the term of an Option or Stock Appreciation Right will not exceed ten years. Notwithstanding the foregoing and unless determined otherwise by the Company, in the event that on the last business day of the term of an Option or Stock Appreciation Right (a) the exercise of the Option or Stock Appreciation Right is prohibited by Applicable Law, as determined by the Company, or (b) Shares may not be purchased or sold by the applicable Participant due to any Company insider trading policy (including blackout periods) or a "lock-up" agreement undertaken in connection with an issuance of securities by the Company, the term of the Option or Stock Appreciation Right shall be automatically extended until the date that is 30 days after the end of the legal prohibition, black-out period or lock-up agreement, as determined by the Company; provided, however, in no event shall the extension last beyond the ten year term (or any shorter maximum, if applicable) of the applicable Option or Stock Appreciation Right.

9.4 Exercise. Options and Stock Appreciation Rights may be exercised by delivering to the Company (or its Agent) a written notice of exercise, in a form the Administrator approves (which may be electronic and provided through an online platform maintained by an Agent), signed by the person authorized to exercise the Option or Stock Appreciation Right, together with, as applicable, payment in full of the exercise price for the number of Shares for which an Option is exercised. Unless the Administrator otherwise determines, an Option or Stock Appreciation Right may not be exercised for a fraction of a Share. The exercise price of an Option may be paid, in the discretion of the Administrator and as set forth in the applicable Award Agreement: (a) in cash or its equivalent; (b) by tendering (either by actual delivery or attestation) previously acquired Shares having an aggregate Fair Market Value at the time of exercise equal to the aggregate exercise price; (c) by a cashless exercise (including by withholding Shares deliverable upon exercise or through a broker-assisted arrangement to the extent permitted by Applicable Laws); (d) by a combination of the methods described in the foregoing clauses (a), (b) and/or (c); or (e) through any other method approved by the Administrator in its discretion. As soon as practicable after receipt of the notification of exercise and full payment of the exercise price, the Company shall cause the appropriate number of Shares to be issued to the Participant.

ARTICLE VI.
RESTRICTED STOCK; RESTRICTED STOCK UNITS

9.1 General. The Administrator may grant Restricted Stock, or the right to purchase Restricted Stock, to any Eligible Individual, subject to the Company's right to repurchase all or part of such Shares at their issue price or other stated or formula price from the Participant (or to require forfeiture of such Shares) if conditions the Administrator specifies in the Award Agreement are not satisfied before the end of the applicable restriction period or periods that the Administrator establishes for such Award. In addition, the Administrator may grant Restricted Stock Units to any Eligible Individual, which may be subject to vesting and forfeiture conditions during the applicable restriction period or periods, as set forth in an Award Agreement. The Administrator will determine and set forth in the Award Agreement the terms and conditions for each Restricted Stock and Restricted Stock Unit Award, subject to the conditions and limitations contained in the Plan.

9.2 Restricted Stock.

(a) Dividends. Participants holding Shares of Restricted Stock will be entitled to all ordinary cash dividends paid with respect to such Shares, provided, however, that the Administrator may provide in the Award Agreement that payment of any such ordinary cash dividends may deferred and contingent upon the vesting of the Restricted Stock. In addition, unless the Administrator provides otherwise, if any dividends or distributions are paid in Shares or other property, other than an ordinary cash dividend, the Shares or other property will be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid.

(b) Stock Certificates. The Company may require that the Participant deposit in escrow with the Company (or its designee) any stock certificates issued in respect of Shares of Restricted Stock, together with a stock power endorsed in blank.

9.3 Restricted Stock Units.

(a) Settlement. The Administrator may provide that settlement of Restricted Stock Units will occur upon or as soon as reasonably practicable after the Restricted Stock Units vest or will instead be deferred, on a mandatory basis or at the Participant's election, in a manner intended to comply with Section 409A.

(b) Stockholder Rights. A Participant will have no rights of a stockholder with respect to Shares subject to any Restricted Stock Unit unless and until the Shares are delivered in settlement of the Restricted Stock Unit.

ARTICLE VII.
OTHER STOCK-BASED AWARDS; DIVIDEND EQUIVALENTS

7.1 Other Stock-Based Awards. Other Stock-Based Awards may be granted to Participants, which may include fully vested Shares or Awards that are valued in whole or in part by reference to, or otherwise based on the Fair Market Value of, Shares, in each case subject to any conditions and limitations in the Plan. Other Stock-Based Awards may be paid in Shares, cash or other property, or any combination of the foregoing, as the Administrator determines. Subject to the provisions of the Plan, the Administrator will determine the terms and conditions of each Other Stock-Based Award, including any purchase price, performance goal(s) (which may be based on the Performance Criteria), transfer restrictions, and vesting conditions, which will be set forth in the applicable Award Agreement.

7.2 Dividend Equivalents. A grant of Restricted Stock Units or Other Stock-Based Award may provide a Participant with the right to receive Dividend Equivalents, and no dividends or Dividend Equivalents shall be payable with respect to Options or Stock Appreciation Rights. Dividend Equivalents may be paid currently or credited to an account for the Participant, settled in cash or Shares and subject to the same restrictions on transferability and forfeitability as the Award with respect to which the Dividend Equivalents are paid and subject to other terms and conditions as set forth in the Award Agreement. Except as otherwise determined by the Administrator and set forth in the applicable Award Agreement, Dividend Equivalents with respect to an Award shall only be paid out to the Participant to the extent that the vesting conditions applicable to the underlying Award are satisfied.

ARTICLE VIII.
ADJUSTMENTS; CHANGE OF CONTROL

8.1 Equity Restructurings and Other Corporate Transactions. In the event of any equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, or any successor thereto), such as a stock dividend, stock split, reverse stock split, spinoff, rights offering, or recapitalization through a large, nonrecurring cash dividend, the Committee shall cause there to be an equitable adjustment in the number and kind of Shares specified in Section 4.1 of the Plan and, with respect to outstanding Awards, in the number and kind of Shares subject to outstanding Awards and the exercise price or other price of Shares subject to outstanding Awards, in each case to prevent dilution or enlargement of the rights of Participants. In the event of any other change in corporate capitalization, or in the event of a merger, consolidation, liquidation, or similar transaction, the Committee may, in its sole discretion, cause there to be an equitable adjustment as described in the foregoing sentence, to prevent dilution or enlargement of rights; provided, however, that, unless otherwise determined by the Committee, the number of Shares subject to any Award shall always be rounded down to a whole number. Moreover, in the event of any such transaction or event, the Committee, in its discretion, may provide in substitution for any or all outstanding Awards such alternative consideration (including cash) as it, in good faith, may determine to be equitable in the circumstances, and may require in connection therewith the surrender of all Awards so replaced. Notwithstanding the foregoing, the Committee shall not make any adjustment pursuant to this Section 8.1 that would (a) cause an Award that is otherwise exempt from Section 409A to become subject to Section 409A, or (b) cause an Award that is subject to Section 409A to fail to satisfy the requirements of Section 409A. The determination of the Committee as to the foregoing adjustments, if any, shall be conclusive and binding on all Participants and any other persons claiming under or through any Participant.

8.2 Change of Control.

(a) In General. The Administrator may specify, either in an Award Agreement or at the time of a Change of Control, whether an outstanding Award shall become vested and/or payable, in whole or in part, as a result of a Change of Control.

(b) Stock Options and Stock Appreciation Rights Not Assumed. If, in connection with a Change of Control, any Options and Stock Appreciation Rights issued under the Plan are not assumed, or if substitute Options and Stock Appreciation Rights are not issued by the successor or affiliate thereof in the Change of Control transaction, or if the assumed or substituted awards fail to contain similar terms and conditions as the Award prior to the Change of Control or fail to preserve, to the extent applicable, the benefit to be provided to the Participant as of the date of the Change of Control, including but not limited to the right of the Participant to receive shares upon exercise of the Option or Stock Appreciation Right that are registered for sale to the public pursuant to an effective registration statement filed with the U.S. Securities and Exchange Commission, then (i) each holder of an Option or Stock Appreciation Right that is outstanding as of the date of the Change of Control who is an employee of the Company or any Subsidiary shall have the right, and (ii) the Administrator, in its sole discretion, may grant to a holder of an Option or Stock Appreciation Right that is outstanding as of the date of the Change of Control who is not an employee of the Company or any Subsidiary the right, exercisable by written notice to the Company (or its successor in the Change of Control transaction) within 30 days after the Change of Control (but not beyond the Option's or Stock Appreciation Right's expiration date), to receive, in exchange for the surrender of the Option or Stock Appreciation Right, an amount of cash equal to the excess of the greater of the Fair Market Value of the Shares determined on the Change of Control date or the Fair Market Value of the Shares on the date of surrender of the Option or Stock Appreciation Right (to the extent vested and not yet exercised) that is so surrendered over the exercise price of the Award. If the Committee so determines prior to the Change of Control, any such Option or Stock Appreciation Right that is not exercised or surrendered prior to the end of such 30-day period will be cancelled.

(c) Other Awards. If, in connection with the Change of Control, the Shares issued to a Participant as a result of the accelerated vesting or payment of Restricted Stock Restricted Stock Units, Other Stock-Based Awards or Dividend Equivalents under this subsection (c) are not registered for sale to the public pursuant to an effective registration statement filed with the U.S. Securities and Exchange Commission, then each holder of such Shares shall have the right, exercisable by written notice to the Company (or its successor in the Change of Control transaction) within 30 days after the Change of Control, to receive, in exchange for the surrender of such Shares an amount of cash equal to the greater of the Fair Market Value of a Share on the Change of Control date or the Fair Market Value of such Share on the date of surrender.

(d) Cancellation Right. The Administrator may, in its discretion and without the consent of Participants, either by the terms of the Award Agreement applicable to any Award or by resolution adopted prior to the occurrence of the Change of Control, provide that any outstanding Award (or a portion thereof) shall, upon the occurrence of such Change of Control, be cancelled in exchange for a payment in cash or other property (including shares of the resulting entity in connection with a Change of Control) in an amount equal to the excess, if any, of the Fair Market Value of the Shares subject to the Award, over any exercise price related to the Award, which amount may be zero if the Fair Market Value of a Share on the date of the Change of Control does not exceed the exercise price per Share of the applicable Award.

8.3 General. Except as expressly provided in the Plan or the Administrator's action under the Plan, no Participant will have any rights due to any subdivision or consolidation of Shares of any class, dividend payment, increase or decrease in the number of Shares of any class or dissolution, liquidation, merger, or consolidation of the Company or other corporation. Except as expressly provided with respect to an equity restructuring under Section 8.1 or the Administrator's action under the Plan, no issuance by the Company of Shares of any class, or securities convertible into Shares of any class, will affect, and no adjustment will be made regarding, the number of Shares subject to an Award or the Award's grant or exercise price. The existence of the Plan, any Award Agreements and the Awards granted hereunder will not affect or restrict in any way the Company's right or power to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, (ii) any merger, consolidation dissolution or liquidation of the Company or sale of Company assets or (iii) any sale or issuance of securities, including securities with rights superior to those of the Shares or securities convertible into or exchangeable for Shares. The Administrator may treat Participants and Awards (or portions thereof) differently under this Article VIII.

ARTICLE IX.
GENERAL PROVISIONS APPLICABLE TO AWARDS

9.1 Transferability. Except as the Administrator may determine or provide in an Award Agreement or otherwise, Awards may not be sold, assigned, transferred, pledged or otherwise encumbered, either voluntarily or by operation of law, except for certain beneficiary designations, by will or the laws of descent and distribution, or, subject to the Administrator's consent, pursuant to a domestic relations order, and, during the life of the Participant, will be exercisable only by the Participant. Any permitted transfer of an Award hereunder shall be without consideration, except as required by Applicable Law. References to a Participant, to the extent relevant in the context, will include references to a Participant's authorized transferee that the Administrator specifically approves.

9.2 Documentation. Each Award will be evidenced in an Award Agreement, which may be written or electronic, as the Administrator determines. The Award Agreement will contain the terms and conditions applicable to an Award. Each Award may contain terms and conditions in addition to those set forth in the Plan.

9.3 Discretion. Except as the Plan otherwise provides, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award to a Participant need not be identical, and the Administrator need not treat Participants or Awards (or portions thereof) uniformly.

9.4 Termination of Status. The Administrator will determine how a Participant's Disability, death, Retirement or authorized leave of absence or any other change or purported change in a

Participant's employment or other service affects an Award (including whether and when a termination of employment or other service has occurred) and the extent to which, and the period during which the Participant, the Participant's legal representative, conservator, guardian or Designated Beneficiary may exercise rights under the Award, if applicable.

9.5 Withholding. To the extent required by Applicable Laws, a Participant shall be required to satisfy, in a manner satisfactory to the Company or Subsidiary, as applicable, any withholding tax obligations that arise by reason of the exercise of a Stock Option or Stock Appreciation Right, the vesting of or settlement of Shares under an Award, the payment of cash in settlement of an Award, an election pursuant to Section 83(b) of the Code or otherwise with respect to an Award. The Company and its Subsidiaries shall not be required to issue or deliver Shares, make any payment, or recognize the transfer or disposition of any Shares, until such withholding tax obligations are satisfied. The Committee may permit or require these obligations to be satisfied by having the Company withhold a portion of the Shares that otherwise would be issued or delivered to a Participant upon exercise of a Stock Option or Stock Appreciation Right or upon the vesting or settlement of an Award, or by tendering Shares previously acquired, in each case having a value (as determined by the Company) equal to the amount required to be withheld. Any such elections are subject to such conditions or procedures as may be established by the Committee and may be subject to disapproval by the Committee. In no event will the value of the Shares to be withheld or tendered pursuant to this Section 9.5 to satisfy applicable withholding taxes exceed the amount of taxes required to be withheld based on the maximum statutory tax rates in the applicable taxing jurisdictions..

9.6 Amendment of Award; Repricing. The Administrator may amend, modify or terminate any outstanding Award, including by substituting another Award of the same or a different type and changing the exercise or settlement date. The Participant's consent to such action will be required unless (a) the action, taking into account any related action, does not materially and adversely affect the Participant's rights under the Award, or (b) the change is permitted under Article VIII or pursuant to Section 10.6. Notwithstanding the foregoing or anything in the Plan to the contrary, the Administrator may, without the approval of the stockholders of the Company, (x) reduce the exercise price per share of outstanding Options or Stock Appreciation Rights or (y) cancel outstanding Options or Stock Appreciation Rights in exchange for cash, other Awards or Options or Stock Appreciation Rights with an exercise price per share that is less than the exercise price per share of the original Options or Stock Appreciation Rights.

9.7 Conditions on Delivery of Stock. The Company will not be obligated to deliver any Shares under the Plan or remove restrictions from Shares previously delivered under the Plan until (a) all Award conditions have been met or removed to the Company's satisfaction, (b) as determined by the Company, all other legal matters regarding the issuance and delivery of such Shares have been satisfied, including any applicable securities laws and stock exchange or stock market rules and regulations, and (c) the Participant has executed and delivered to the Company such representations or agreements as the Administrator deems necessary or appropriate to satisfy any Applicable Laws. The Company's inability to obtain authority from any regulatory body having jurisdiction, which the Administrator determines is necessary to the lawful issuance and sale of any securities, will relieve the Company of any liability for failing to issue or sell such Shares as to which such requisite authority has not been obtained.

9.8 Acceleration. The Administrator may at any time provide that any Award will become immediately vested and fully or partially exercisable, free of some or all restrictions or conditions, or otherwise fully or partially realizable.

9.9 Cash Settlement. Without limiting the generality of any other provision of the Plan, the Administrator may provide, in an Award Agreement or subsequent to the grant of an Award, in its discretion, that any Award may be settled in cash, Shares or a combination thereof.

ARTICLE X.
MISCELLANEOUS

10.1 No Right to Employment or Other Status. No person will have any claim or right to be granted an Award, and the grant of an Award will not be construed as giving a Participant the right to continued employment or any other relationship with the Company or any of its Subsidiaries. The Company and its Subsidiaries expressly reserve the right at any time to dismiss or otherwise terminate their respective relationships with a Participant free from any liability or claim under the Plan or any Award, except as expressly provided in an Award Agreement or in the Plan.

10.2 No Rights as Stockholder; Certificates. Subject to the Award Agreement, no Participant or Designated Beneficiary will have any rights as a stockholder with respect to any Shares to be distributed under an Award until becoming the record holder of such Shares. Notwithstanding any other provision of the Plan, unless the Administrator otherwise determines or Applicable Laws require, the Company will not be required to deliver to any Participant certificates evidencing Shares issued in connection with any Award and instead such Shares may be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator). The Company may place legends on stock certificates issued under the Plan that the Administrator deems necessary or appropriate to comply with Applicable Laws.

10.3 Effective Date and Term of Plan. The Plan is effective on the date on which it is adopted by the Board (the "***Effective Date***") and will remain in effect until terminated by the Administrator.

10.4 Amendment of Plan. The Administrator may amend, suspend or terminate the Plan at any time; provided that no amendment, other than (a) as permitted by the applicable Award Agreement, (b) as provided under Sections 10.6 and 10.15, or (c) an amendment to increase the Share limit set forth in Section 4.1, may materially and adversely affect any Award outstanding at the time of such amendment without the affected Participant's consent. No Awards may be granted under the Plan during any suspension period or after the Plan's termination. Awards outstanding at the time of any Plan suspension or termination will continue to be governed by the Plan and the Award Agreement, as in effect before such suspension or termination. The Administrator will obtain stockholder approval of any Plan amendment to the extent necessary to comply with Applicable Laws.

10.5 Provisions for Foreign Participants. The Administrator may modify Awards granted to Participants who are foreign nationals or employed outside the United States or establish subplans or procedures under the Plan to address differences in laws, rules, regulations or customs of such foreign jurisdictions with respect to tax, securities, currency, employee benefit or other matters.

10.6 Section 409A.

(a) General. To the extent that the Administrator determines that any Award granted under the Plan is subject to Section 409A, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A. To the extent applicable, the Plan and the Award Agreements shall be interpreted in accordance with Section 409A, such that no adverse tax consequences, interest, or penalties under Section 409A apply. Notwithstanding anything in the Plan or any Award Agreement to the contrary, the Administrator may, without a Participant's consent, amend this Plan or Awards, adopt policies and procedures, or take any other actions (including amendments, policies, procedures and retroactive actions) as are necessary or appropriate to preserve the intended tax treatment of Awards, including any such actions intended to (A) exempt this Plan or any Award from Section 409A, or (B) comply with Section 409A, including regulations, guidance, compliance programs and other interpretative authority that may be issued after an Award's Grant Date. The Company makes no representations or warranties as to an Award's tax treatment under Section 409A or otherwise. The Company will have no obligation under this Section 10.6 or otherwise to avoid the taxes, penalties or interest under Section 409A with respect to any Award and will have no liability to any Participant or any other person if any Award, compensation or other benefits under the Plan are determined to constitute noncompliant "nonqualified deferred compensation" subject to taxes, penalties or interest under Section 409A. Notwithstanding any contrary provision of the Plan or any Award Agreement, any payment of "nonqualified deferred compensation" under the Plan that may be made in installments shall be treated as a right to receive a series of separate and distinct payments.

(b) Separation from Service. If an Award is subject to and constitutes "nonqualified deferred compensation" under Section 409A, any payment or settlement of such Award upon a termination of a Participant's employment or other service relationship will, to the extent necessary to avoid taxes under Section 409A, be made only upon the Participant's "separation from service" (within the meaning of Section 409A). For purposes of this Plan or any Award Agreement relating to any such payments or benefits, references to a "termination," "termination of employment" or like terms means a "separation from service."

(c) Payments to Specified Employees. Notwithstanding any contrary provision in the Plan or any Award Agreement, any payment(s) of "nonqualified deferred compensation" required to be made under an Award subject to Section 409A to a "specified employee" (as defined under Section 409A and as the Administrator determines) due to his or her "separation from service" will, to the extent necessary to avoid taxes under Section 409A(a)(2)(B)(i) of the Code, be delayed for the six-month period immediately following such "separation from service" (or, if earlier, until the specified employee's death) and will instead be paid (as set forth in the Award Agreement) on the day immediately following such six-month period or as soon as administratively practicable thereafter (without interest). Any payments of "nonqualified deferred compensation" under such Award payable more than six months following the Participant's "separation from service" will be paid at the time or times the payments are otherwise scheduled to be made.

10.7 Limitations on Liability. Notwithstanding any other provisions of the Plan, no individual acting as a director, officer, other employee or agent of the Company or any Subsidiary will be liable to any Participant, former Participant, spouse, beneficiary, or any other person for any claim, loss, liability, or expense incurred in connection with the Plan or any Award, and such individual will not be personally liable with respect to the Plan because of any contract or other instrument executed in his or her capacity as an Administrator, director, officer, other employee or agent of the Company or any Subsidiary. The Company will indemnify and hold harmless each director, officer, other employee and agent of the Company or any Subsidiary that has been or will be granted or delegated any duty or power relating to the Plan's administration or interpretation, against any cost or expense (including attorneys' fees) or liability (including any sum paid in settlement of a claim with the Administrator's approval) arising from any act or omission concerning this Plan unless arising from such person's own fraud or bad faith.

10.8 Actions Required Upon Grant of Award. Following the issuance of any Award under the Plan, the Company shall, in accordance with the listing requirements of the applicable securities exchange, (a) promptly issue a press release disclosing the material terms of the grant, including the recipient(s) of the grant and the number of shares involved (and if the disclosure relates to an award to executive officers, or if the award was individually negotiated, then the disclosure must include the identity of the recipient), and (b) notify the applicable securities exchange of such grant no later than the earlier to occur of (i) five calendar days after entering into the agreement to issue the Award or (ii) the date of the public announcement of the Award.

10.9 Data Privacy. As a condition for receiving any Award, each Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this section by and among the Company and its Subsidiaries and affiliates exclusively for implementing, administering and managing the Participant's participation in the Plan. The Company and its Subsidiaries and affiliates may hold certain personal information about a Participant, including the Participant's name, address and telephone number; birthdate; social security number, insurance number or other identification number; salary; nationality; job title(s); any Shares held in the Company or its Subsidiaries and affiliates; and Award details, to implement, manage and administer the Plan and Awards (the "***Data***"). The Company and its Subsidiaries and affiliates may transfer the Data amongst themselves as necessary to implement, administer and manage a Participant's participation in the Plan, and the Company and its Subsidiaries and affiliates may transfer the Data to third parties assisting the Company with Plan implementation, administration and management. These recipients may be located in the Participant's country, or elsewhere, and the Participant's country may have different data privacy laws and protections than the recipients' country. By accepting an Award, each Participant authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, to implement, administer and manage the Participant's participation in the Plan, including any required Data transfer to a broker or other third party with whom the Company or the Participant may elect to deposit any Shares. The Data related to a Participant will be held only as long as necessary to implement, administer, and manage the Participant's participation in the Plan. A Participant may, at any time, view the Data that the Company and its Subsidiaries hold regarding such Participant, request additional information about the storage and processing of the Data regarding such Participant, recommend any necessary corrections to the Data regarding the Participant or refuse or withdraw the consents in this Section 10.9 in writing, without cost, by contacting the local human resources representative. If the Participant refuses or withdraws the consents in this Section 10.9, the Company may cancel Participant's ability to participate in the Plan and, in the Administrator's discretion, the Participant may forfeit any outstanding Awards. For more information on the consequences of refusing or withdrawing consent, Participants may contact their local human resources representative.

10.10 Severability. If any portion of the Plan or any action taken under it is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Plan, and the Plan will be construed and enforced as if the illegal or invalid provisions had been excluded, and the illegal or invalid action will be null and void.

10.11 Governing Documents. If any contradiction occurs between the Plan and any Award Agreement or other written agreement between a Participant and the Company (or any Subsidiary) that the Administrator has approved, the Plan will govern, unless it is expressly specified in such Award Agreement or other written document that the specific provision of the Plan will not apply. For clarity, the foregoing sentence shall not limit the applicability of any additive language contained in an Award Agreement or other written agreement which provides supplemental or additional terms not inconsistent with the Plan.

10.12 Governing Law. The Plan and all Awards will be governed by and interpreted in accordance with the laws of the State of Delaware, disregarding any state's choice-of-law principles requiring the application of a jurisdiction's laws other than the State of Delaware.

10.13 Clawback Provisions. All Awards (including, without limitation, any proceeds, gains or other economic benefit actually or constructively received by a Participant upon any receipt or exercise of any Award or upon the receipt or resale of any Shares underlying the Award) shall be subject to the provisions of any compensation recovery or clawback policy implemented by the Company, including, without limitation, any clawback policy adopted to comply with Applicable Laws (including the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules or regulations promulgated thereunder) as and to the extent set forth in such clawback policy or the Award Agreement.

10.14 Titles and Headings. The titles and headings in the Plan are for convenience of reference only and, if any conflict, the Plan's text, rather than such titles or headings, will control.

10.15 Conformity to Securities Laws. Participant acknowledges that the Plan is intended to conform to the extent necessary with Applicable Laws. Notwithstanding anything herein to the contrary, the Plan and all Awards will be administered only in conformance with Applicable Laws. To the extent Applicable Laws permit, the Plan and all Award Agreements will be deemed amended as necessary to conform to Applicable Laws.

10.16 Unfunded Status of Awards. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the Company or any Subsidiary.

10.17 Relationship to Other Benefits. No payment under the Plan will be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except as expressly provided in writing in such other plan or an agreement thereunder.

10.18 Stockholder Approval Not Required. It is expressly intended that approval of the Company's stockholders not be required as a condition of the effectiveness of the Plan, and the Plan's provisions shall be interpreted in a manner consistent with such intent for all purposes. Specifically, Nasdaq Stock Market Rule 5635(c) generally requires stockholder approval for stock option plans or other equity compensation arrangements adopted by companies whose securities are listed on the Nasdaq Stock Market pursuant to which stock awards or stock may be acquired by officers, directors, employees or consultants of such companies. Nasdaq Stock Market Rule 5635(c)(4) provides an exemption in certain circumstances for "employment inducement" awards (within the meaning of Nasdaq Stock Market Rule 5635(c)(4)). Notwithstanding anything to the contrary herein, Awards under the Plan may only be made to employees who have not previously been an employee or director of the Company or a parent or Subsidiary, or following a bona fide period of non-employment by the Company or a parent or Subsidiary, in each case as an inducement material to the employee's entering into employment with the Company or a Subsidiary. Awards under the Plan will be approved by (y) the Committee, which shall be comprised solely of Independent Directors, or (z) a majority of the Company's Independent Directors. Accordingly, pursuant to Nasdaq Stock Market Rule 5635(c)(4), the issuance of Awards and the Shares issuable upon exercise or vesting of such Awards pursuant to the Plan are not subject to the approval of the Company's stockholders.

ARTICLE XI.
DEFINITIONS

As used in the Plan, the following words and phrases will have the following meanings:

11.1 "***Administrator***" means the Committee, except to the extent that the Board has assumed the authority for administration of the Plan in accordance with Section 3.1 of the Plan.

11.2 "***Agent***" means the brokerage firm, bank or other financial institution, entity or person(s), if any, engaged, retained, appointed or authorized to act as the agent of the Company or a Participant with regard to the Plan.

11.3 "***Applicable Laws***" means the requirements relating to the administration of equity incentive plans under U.S. federal and state securities, tax and other applicable laws, rules and regulations, the applicable rules of any stock exchange or quotation system on which Shares are listed or quoted and the applicable laws and rules of any foreign country or other jurisdiction where Awards are granted.

11.4 "***Award***" means, individually or collectively, a grant under the Plan of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Dividend Equivalents, or Other Stock-Based Awards.

11.5 "***Award Agreement***" means a written notice or agreement evidencing an Award, which may be electronic, that contains such terms and conditions as the Administrator determines, consistent with and subject to the terms and conditions of the Plan.

11.6 "***Board***" means the Board of Directors of the Company.

11.7 "***Change of Control***" means the occurrence of any one of the following events:

(a) The consummation of a merger or consolidation of the Company with or into another entity or any other corporate reorganization, if more than fifty percent (50%) of the combined voting power of the continuing or surviving entity's securities outstanding immediately after such merger, consolidation or other reorganization is owned by Persons who were not stockholders of the Company immediately prior to such merger, consolidation or other reorganization;

(b) The sale, transfer or other disposition of all or substantially all of the Company's assets;

(c) A change in the composition of the Board, as a result of which fewer than fifty percent (50%) of the incumbent Directors are Directors who either (i) had been Directors of the Company on the date twenty-four (24) months prior to the date of the event that may constitute a Change of Control (the "original directors") or (B) were elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the aggregate of the original directors who were still in office at the time of the election or nomination and the Directors whose election or nomination was previously so approved; or

(d) Any transaction as a result of which any Person is the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing at least fifty percent (50%) of the total voting power represented by the Company's then outstanding voting securities. For purposes of this paragraph (iv), the term "Person" shall exclude (A) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a Subsidiary and (B) a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of the common stock of the Company.

A transaction shall not constitute a Change of Control if its sole purpose is to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

Notwithstanding anything herein contained to the contrary, with respect to an Award that is or may be considered deferred compensation subject to Section 409A, the definition of "Change of Control" herein shall be amended and interpreted in a manner that allows the definition to satisfy the requirements of a change in control event under Section 409A solely for purposes of complying with the requirements of Section 409A.

11.8 "***Code***" means the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

11.9 "***Committee***" means the Compensation Committee of the Board comprised of two or more Directors, each of whom is intended to qualify as a Non-Employee Director and Independent Director.

11.10 "***Company***" means Astrana Health, Inc., a Delaware corporation (formerly known as Apollo Medical Holdings, Inc.), or any successor.

11.11 "***Designated Beneficiary***" means the beneficiary or beneficiaries the Participant designates, in a manner the Administrator determines, to receive amounts due or exercise the Participant's rights if the Participant dies or becomes incapacitated. Without a Participant's effective designation, "Designated Beneficiary" will mean the Participant's estate.

11.12 "***Director***" means a member of the Board.

11.13 "***Disability***" has the meaning ascribed to the term in Code Section 22(e)(3), as determined by the Administrator.

11.14 "***Dividend Equivalents***" means a right granted to a Participant under the Plan to receive the equivalent value (in cash or Shares) of dividends paid on Shares.

11.15 "***Eligible Individual***" means any prospective Employee who has not previously been an Employee or Director of the Company or any Subsidiary, or who is commencing employment with the Company or any Subsidiary following a bona fide period of non-employment by the Company or any Subsidiary, if he or she is granted an Award in connection with his or her commencement of employment with the Company or any Subsidiary and such grant is an inducement material to his or her entering into employment with the Company or any Subsidiary (within the meaning of Nasdaq Stock Market Rule IM-5636-1 or any successor rule, if the Company's securities are traded on the Nasdaq Stock Market, and/or the applicable requirements of any other established stock exchange on which the Company's securities are traded, as applicable, as such rules and requirements may be amended from time to time).

11.16 "***Employee***" means any employee of the Company or its Subsidiaries.

11.17 "***Exchange Act***" means the Securities Exchange Act of 1934, as amended.

11.18 "***Fair Market Value***" means the value of one Share on any relevant date, determined under the following rules: (i) the closing sale price per Share on that date as reported on the Nasdaq Stock

Market or such other principal exchange on which Shares are then trading, if any, or if there are no sales on that date, on the next preceding trading day during which a sale occurred; (ii) if the Shares are not reported on a principal exchange or national market system, the average of the closing bid and asked prices last quoted on that date by an established quotation service for over-the-counter securities; or (iii) if neither (i) nor (ii) applies, the value as determined by the Administrator through the reasonable application of a reasonable valuation method, taking into account all information material to the value of the Company.

11.19 "***Grant Date***" means the date specified by the Administrator on which the grant of an Award is to be effective. The Date of Grant shall not be earlier than the date of the resolution and action therein by the Administrator to grant such Award. In no event shall the Date of Grant be earlier than the Effective Date.

11.20 "***Independent Director***" means a Director of the Company who is not an Employee and who qualifies as "independent" within the meaning of Nasdaq Stock Market Rule 5605(a)(2), or any successor rule, if the Company's securities are traded on the Nasdaq Stock Market, and/or the applicable requirements of any other established stock exchange on which the Company's securities are traded, as applicable, as such rules and requirements may be amended from time to time.

11.21 "***Non-Employee Director***" means a Director who qualifies as a "Non-Employee Director" as defined in Rule 16b-3(b)(3) of the Exchange Act, or any successor definition.

11.22 "***Non-Qualified Stock Option***" means an Option that does not qualify as and is not an "incentive stock option" as defined in Section 422 of the Code.

11.23 "***Option***" means an option to purchase Shares. All Options granted under the Plan will be Non-Qualified Stock Options.

11.24 "***Other Stock-Based Awards***" means cash awards, awards of Shares, and other awards valued wholly or partially by referring to, or are otherwise based on, Shares or other property awarded to a Participant under Article VII.

11.25 "***Participant***" means an Eligible Individual who has been granted an Award.

11.26 "***Performance Criteria***" means the criteria (and adjustments) that the Administrator may select for an Award to establish performance goals for a performance period, which may include (but shall not be limited to) the following: (a) revenue; (b) earnings before interest, taxes, depreciation and amortization, as adjusted (EBITDA as adjusted); (c) income before income taxes and minority interests; (d) operating income; (e) pre- or after-tax income; (f) average accounts receivable; (g) cash flow; (h) cash flow per share; (i) net earnings; (j) basic or diluted earnings per share; (k) return on equity; (l) return on assets; (m) return on capital; (n) growth in assets; (o) economic value added; (p) share price performance; (q) total stockholder return; (r) improvement or attainment of expense levels; (s) market share or market penetration; or (t) business expansion, and/or acquisitions or divestitures. Such performance goals may be based solely by reference to the Company's performance or the performance of a Subsidiary, division, business segment or business unit of the Company or a Subsidiary, or based upon performance relative to performance of other companies or upon comparisons of any of the indicators of performance relative to performance of other companies.

11.27 "***Plan***" means this Astrana, Inc. Employment Inducement Award Plan, as amended from time to time.

11.28 "***Restricted Stock***" means Shares awarded to a Participant under Article VI subject to certain vesting conditions and other restrictions.

11.29 "***Restricted Stock Unit***" means an unfunded, unsecured right to receive, on the applicable settlement date, one Share or an amount in cash or other consideration determined by the Administrator to be of equal value as of such settlement date awarded to a Participant under Article VI subject to certain vesting conditions and other restrictions.

11.30 “***Retirement***” means, unless the Administrator determines otherwise in an Award Agreement, termination of employment from the Company and its Subsidiaries on or after age 65 with five (5) years of continuous service with the Company and its Subsidiaries.

11.31 “***Rule 16b-3***” means Rule 16b-3 promulgated under the Exchange Act.

11.32 “***Section 409A***” means Section 409A of the Code and all regulations, guidance, compliance programs and other interpretative authority thereunder.

11.33 “***Securities Act***” means the Securities Act of 1933, as amended.

11.34 “***Shares***” means shares of the Company’s common stock, $0.001 par value per share.

11.35 “***Stock Appreciation Right***” means a stock appreciation right granted under Article V.

11.36 “***Subsidiary***” means any corporation or other entity in which the Company owns, directly or indirectly, a proprietary interest of more than fifty percent (50%) by reason of stock ownership or otherwise.

[END OF DOCUMENT]

ASTRANA HEALTH, INC.
EMPLOYMENT INDUCEMENT AWARD PLAN

STOCK OPTION GRANT NOTICE

Astrana Health, Inc. (the "Company"), pursuant to its Employment Inducement Award Plan (the "Plan"), hereby grants to the individual listed below ("Participant"), as an inducement to Participant's commencement of employment with the Company or a Subsidiary, an option (the "Option") to purchase the number of shares of the Company's common stock, par value $0.001 ("Shares"), set forth below for the exercise price per Share set forth below (the "Exercise Price"). The Option subject to all of the terms and conditions set forth herein and in the Stock Option Agreement attached hereto as Exhibit A (the "Option Agreement") and the Plan, each of which are incorporated herein by reference. Capitalized terms used but not defined in this Grant Notice and the Option Agreement shall have the meanings given to such terms in the Plan.

Participant: ________________________

Grant Date: ________________________

Total Number of Option Shares: ________________________

Exercise Price: ________________________

Vesting Schedule: ________________________

Expiration Date: the tenth anniversary of the Grant Date

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

[SIGNATURE PAGE FOLLOWS]

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

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

ASTRANA HEALTH, INC.	**PARTICIPANT**
By:	______________________________________
Name: __	Name:
Title: __	

EXHIBIT A
TO STOCK OPTION GRANT NOTICE

STOCK OPTION AGREEMENT

1. General.

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

1 . 2 Incorporation of Terms of Plan. The Option subject to the terms and conditions of the Plan which are incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

2. Grant.

2.1 Grant of Option. In consideration of Participant's employment with the Company or a Subsidiary and for other good and valuable consideration, effective as of the Grant Date set forth in the Grant Notice (the "Grant Date"), the Company grants to Participant the Option, upon the terms and conditions set forth in the Plan and this Agreement, subject to adjustments as provided in Article VIII of the Plan. The Option is a nonqualified stock option, and shall not be treated as an "incentive stock option" (within the meaning of Section 422 of the Code).

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

2.3 Exercise Price. The exercise price of the Option shall be the amount per Share set forth in the Stock Option Grant Notice, subject to adjustment as provided in Article VIII of the Plan (the "Exercise Price"). Payment of the Exercise Price shall be made in accordance with Section 3.2 of this Agreement.

3 . 3 Term of Option. The Option shall terminate on the Expiration Date as specified in the Stock Option Grant Notice, but shall be subject to earlier termination as provided herein or in the Plan. Upon termination of Participant's employment or service for any reason, any vested portion of the Option shall remain exercisable for 90 days thereafter, and any unvested portion of the Option shall be forfeited.

3. Vesting, Exercise, Restrictions, Etc.

3.1 Vesting. Subject to the terms and conditions of the Plan, the Option shall vest and become exercisable at such times as are set forth in the Grant Notice; provided, however, no portion of the Option that has not become vested at the date of Participant's termination of employment or service for any reason, with or without cause (including, but not limited to, death, Disability or Retirement), shall thereafter become vested, except as may be otherwise provided by the Committee or as set forth in a written agreement between the Company and Participant. Notwithstanding any provision of this Agreement to the contrary, in the event of a Change of

Control, the treatment of the Option will be governed by any applicable provisions of Section 8.2 of the Plan.

3.2 Method of Exercise. Subject to the terms and conditions of this Agreement, the Option, to the extent vested and exercisable, may be exercised, in whole or in part, by written notice to the Company or its designee, in substantially the form of attached hereto (or in such other form acceptable to the Company, which may include electronic notice). Such notice shall state the number of Shares with respect to which the Option is being exercised and shall be signed by the person exercising the Option (which signature may be provided electronically in a form acceptable to the Company). Payment of the Exercise Price for such Shares shall be made in cash or its equivalent, or in such other manner as may be approved by the Committee pursuant to the Plan. The Company shall deliver such Shares as soon as practicable after the notice shall be received, provided, however, that (a) no fractional Shares shall be issued pursuant to this Option, and (b) the Company may delay issuance of such Shares until completion of any action or obtaining of any consent, which the Company deems necessary under any Applicable Laws (including, without limitation, state securities or "blue sky" laws). The Shares as to which the Option shall have been so exercised shall be registered in the Company's share register in the name of the person so exercising the Option and shall be delivered as provided above to or upon the written order of the person exercising the Option. In the event the Option shall be exercised, by any person other than Participant, such notice shall be accompanied by appropriate proof of the right of such person to exercise the Option. All Shares that shall be purchased upon the exercise of the Option as provided herein shall be fully paid and nonassessable.

3.3 Restrictions. The Option shall not be transferable by Participant otherwise than by will or by the laws of descent and distribution, provided that the Company may permit Participant to designate a beneficiary to exercise any vested portion of the Option in the event of Participant's death. Except as provided above in this paragraph, the Option shall be exercisable, during Participant's lifetime, only by Participant and shall not be assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process. Any attempted transfer, assignment, pledge, hypothecation or other disposition of the Option or of any rights granted hereunder contrary to the provisions of this Section 3.3, or the levy of any attachment or similar process upon the Option shall be null and void.

3.4 Tax Withholding. Participant acknowledges and agrees that any income or other taxes due from Participant with respect to the Option (upon exercise of the Option, the sale of Shares issued pursuant to the Option or otherwise) shall be Participant's responsibility. Without limiting the foregoing, the parties agree that to the extent the Company or any Subsidiary is required to withhold any federal, state, local, foreign or other taxes in connection with the exercise of the Option, then the Company or Subsidiary (as applicable) shall retain a number of Shares otherwise deliverable hereunder with a value equal to the required withholding (based on the fair market value of the Shares on the applicable date); provided that in no event shall the value of the Shares retained exceed the minimum amount of taxes required to be withheld or such other amount that will not result in a negative accounting impact. Notwithstanding the foregoing, (a) to the extent permitted by the Committee, Participant may elect, in accordance with procedures adopted by the Company from time to time, to pay or provide for payment of the required tax withholding, and (b) in the event that the Company or any Subsidiary is required to withhold taxes at any time other than upon exercise of the Option, the Company may withhold applicable taxes from other compensation payable to Participant or require Participant to make arrangements satisfactory to the Company to provide for such tax withholding.

3.5 Rights as Stockholder. Participant shall have no rights as a stockholder with respect to Shares subject to this Agreement until exercise of the Option and registration of the Shares in the Company's share register in the name of Participant.

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

4. Other Provisions.

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

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

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

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

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

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

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

4.8 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth in Section 3.3 hereof, this Agreement shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns.

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

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

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

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

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

NOTICE OF EXERCISE OF STOCK OPTION

To: **Astrana Health, Inc.**

Ladies and Gentlemen:

I hereby exercise my Stock Option to purchase shares (the "Shares") of the common stock, $0.001 par value, of Astrana Health, Inc. (the "Company"), at the Exercise Price of $ per Share, pursuant to and subject to the terms of that Stock Option Grant Notice dated ______________, 20__ and the Astrana Health, Inc. Employment Inducement Award Plan.

I understand the nature of the investment I am making and the financial risks thereof. I am aware that it is my responsibility to have consulted with competent tax and legal advisors about the relevant national, state and local income tax and securities laws affecting the exercise of the Option and the purchase and subsequent sale of the Shares.

I am paying the Exercise Price for the Shares as follows:

____

Very truly yours,

____
Participant (signature)

____
Print Name

____
Date

Exhibit 10.58

ASTRANA HEALTH, INC.
EMPLOYMENT INDUCEMENT AWARD PLAN

RESTRICTED STOCK GRANT NOTICE

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

Participant: ________________________

Grant Date: ________________________

Total Number of Restricted Shares: ________________________

Vesting Schedule: ________________________

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

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

[SIGNATURE PAGE FOLLOWS]

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

ASTRANA HEALTH, INC.	**PARTICIPANT**
By:	______________________________
Name: __	Name:
Title: __	

EXHIBIT A
TO RESTRICTED STOCK GRANT NOTICE

RESTRICTED STOCK AGREEMENT

1. General.

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

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

2. Grant.

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

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

3. Vesting, Delivery, Restrictions, Etc.

3.1 Vesting. Subject to the terms and conditions of the Plan, the Restricted Shares shall vest at such times as are set forth in the Grant Notice; provided, however, none of the Restricted Shares that have not become vested at the date of Participant's termination of employment or service for any reason, with or without cause (including, but not limited to, death, Disability or Retirement), shall thereafter become vested, except as may be otherwise provided by the Committee or as set forth in a written agreement between the Company and Participant. Notwithstanding any provision of this Agreement to the contrary, in the event of a Change of Control, the treatment of the Restricted Shares will be governed by any applicable provisions of Section 8.2 of the Plan.

3.2 Restrictions. Unless and until the Restricted Shares vest as set forth in the Grant Notice, Participant shall have no right to sell, assign, transfer, pledge or otherwise encumber the Restricted Shares in any manner. Any purported attempt to sell, assign, transfer, pledge or otherwise encumber any Restricted Shares under this Agreement shall be void and shall result in the forfeiture and cancellation of such Restricted Shares. Upon Participant's termination of employment or service for any reason, with or without cause (including, but not limited to, death, Disability or Retirement), any Restricted Shares that are unvested as of the date of such termination of employment or service (and whose vesting is not accelerated pursuant to this Agreement or the Plan) shall be forfeited, and Participant shall have no further rights with respect to such Restricted Shares under this Agreement or otherwise. The Restricted Shares shall be registered in book entry in the name of Participant and shall include a legend indicating the possibility of cancellation and the restrictions on transfer of the Restricted Shares.

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

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

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

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

4. Other Provisions.

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

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

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

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

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

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

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

4.8 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth in Section 3.2 hereof, this Agreement shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns.

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

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

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

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

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

[END OF DOCUMENT]

Exhibit 10.59

ASTRANA HEALTH, INC.
EMPLOYMENT INDUCEMENT AWARD PLAN

RESTRICTED STOCK UNIT GRANT NOTICE

Astrana Health, Inc., a Delaware corporation (together with any successor thereof, the "Company"), pursuant to its Employment Inducement Award Plan, as amended from time to time (the "Plan"), hereby grants to the holder listed below ("Participant") the number of restricted stock units set forth below (individually and collectively referred to as the "RSUs"). The RSUs are subject to all of the terms and conditions set forth herein and in the Restricted Stock Unit Agreement attached hereto as Exhibit A (the "RSU Agreement") and the Plan, each of which is incorporated herein by reference. Capitalized terms not specifically defined in this Grant Notice shall have the meanings specified in the Plan and/or RSU Agreement, unless the context clearly indicates otherwise.

Participant: __________

Grant Date: __________

Total Number of RSUs: __________

Vesting Schedule: The RSUs shall vest as follows, subject to Participant's continuous employment or other service from the Grant Date until the applicable Vesting Date:

Vesting Date	**Number of RSUs Vesting**

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

[SIGNATURE PAGE FOLLOWS]

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

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

ASTRANA HEALTH, INC.		**PARTICIPANT**	
By:		By:	
Name:	Brandon Sim	Name:	
Title:	Chief Executive Officer & President		

EXHIBIT A

TO RESTRICTED STOCK UNIT GRANT NOTICE

RESTRICTED STOCK UNIT AGREEMENT

Pursuant to the Restricted Stock Unit Grant Notice (the "Grant Notice") to which this Restricted Stock Unit Agreement (this "Agreement") is attached, Astrana Health, Inc., a Delaware corporation (together with any successor thereof, the "Company"), has granted certain restricted stock units (the "RSUs") to Participant under the Company's Employment Inducement Plan, as amended from time to time (the "Plan") as indicated in the Grant Notice.

1. General.

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

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

2. Grant.

2.1 Grant of RSUs. In consideration of Participant's employment with or service to the Company or a Subsidiary and for other good and valuable consideration, effective as of the Grant Date set forth in the Grant Notice (the "Grant Date"), the Company grants to Participant the RSUs, upon the terms and conditions set forth in the Plan, the Grant Notice and this Agreement, subject to adjustments as provided in Article 8 of the Plan. Each RSU represents the contingent right to receive one Share and shall at all times be equal to the value of one Share.

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

3. Vesting, Restrictions, Settlement and Etc.

3.1 Vesting. Subject to the terms and conditions of the Plan, the RSUs shall vest at such times and subject to such conditions as are set forth in the Grant Notice; provided, however, that no RSUs that are unvested as of the date of Participant's termination of employment or service for any reason, with or without cause (including, but not limited to, death, Disability or Retirement), shall thereafter become vested, except as may be otherwise provided by the Administrator or as set forth in a written agreement between the Company and Participant. Notwithstanding any provision of this Agreement to the contrary, in the event of a Change of Control, the treatment of the RSUs will be governed by any applicable provisions of Section 8.2 of the Plan.

3.2 Restrictions. Participant shall have no right to sell, assign, transfer, pledge or otherwise encumber RSUs in any manner. Any purported attempt to sell, assign, transfer, pledge or otherwise encumber any RSUs under this Agreement shall be void and shall result in the forfeiture and cancellation of such RSUs. Upon Participant's termination of employment or service for any reason, with or without cause (including, but not limited to, death, Disability or Retirement), any RSUs that are unvested as of the date of such termination of employment or service (and whose vesting is not accelerated pursuant to this Agreement or the Plan) shall be forfeited, and Participant shall have no further rights with respect to such RSUs under this Agreement or otherwise.

3.3 Settlement. The RSUs shall be registered in book entry in the name of Participant until they have vested in accordance with this Agreement. Upon vesting of any of the RSUs, the Company shall deliver the corresponding number of Shares to Participant within 30 days following the date on which such RSUs vested. Upon such delivery to Participant, such Shares will not be subject to any restrictions other than those that may arise under the securities laws or the Company's policies.

3.4 Tax Withholding. To the extent the Company or any Subsidiary is required to withhold any federal, state, local, foreign or other taxes in connection with the delivery of Shares under this Agreement, then the Company or Subsidiary (as applicable) shall retain a number of Shares otherwise deliverable hereunder with a value equal to the required withholding (based on the Fair Market Value per Share on the applicable date); provided, however, that in no event shall the value of the Shares retained exceed maximum statutory tax rates in the applicable taxing jurisdictions. Notwithstanding the foregoing, to the extent authorized by the Committee, the Participant may be permitted to elect, in accordance with procedures adopted by the Company from time to time, to pay or provide for payment of any required tax withholding. To the extent that the Company or any Subsidiary is required to withhold any federal, state, local, foreign or other taxes at any time other than upon delivery of Shares under this Agreement, the Company, in its discretion may (a) require Participant to pay or provide for payment of the required tax withholding, or (b) satisfy the required tax withholding by deduction from any amount of compensation otherwise payable in cash to Grantee (including any cash dividend equivalent payments pursuant to Section 3.6 of this Agreement).

3.5 No Stockholder Rights. Participant shall not possess any incidents of ownership (including, without limitation, dividend and voting rights) in the Shares underlying the RSUs unless and until such Shares have been delivered to Participant in accordance with Section 3.3. The obligations of the Company pursuant to this Agreement are merely that of an unfunded and unsecured promise of the Company to deliver Shares (and cash dividend equivalents, if any, pursuant to Section 3.6 hereof) in the future and subject to the terms and conditions of this Agreement, and the rights of Participant hereunder are no greater than those of an unsecured general creditor. No Company assets shall be held or set aside as security for the Company's obligations pursuant to this Agreement.

3.6 Dividend Equivalents. From and after the Grant Date and until the earlier of (a) the time when the Shares underlying the vested RSUs (if any) are delivered to Participant in accordance with this Agreement, or (b) the time that the RSUs are forfeited in accordance with this Agreement, on each date, if any, that the Company pays a cash dividend to holders of its Shares generally, the Company will credit Participant's account hereunder with the right to receive a cash amount equal to the product of (x) the dollar amount of the cash dividend paid per Share to stockholders on such date multiplied by (y) the total number of unpaid RSUs credited to Participant's account under this Agreement as of such date. Subject to and conditioned upon the vesting of the underlying RSUs, the aggregate amount of any such dividend equivalents credited to Participant's account hereunder shall be paid to Participant in cash (without interest), at the same time and in the same proportion that the Shares underlying any vested RSUs are delivered to Participant, and the Participant's right to receive any such dividend equivalents shall be automatically and correspondingly forfeited to the extent that the RSUs are forfeited pursuant to the terms of this Agreement and the Plan.

3.7 Compensation Recovery Policy. The RSUs and any Shares that may be delivered pursuant to this Agreement are subject to forfeiture or repayment as may be provided pursuant to the Company's Compensation Recovery Policy (or any successor compensation recovery policy), as in effect from time to time.

4. Other Provisions.

4.1 Administration. The Administrator has the authority to take all actions and make all determinations under the Plan, to interpret the Plan, the Grant Notice, and this Agreement, and to adopt, amend and repeal Plan administrative rules, guidelines and practices as it deems advisable. The Administrator may correct defects and ambiguities, supply omissions and reconcile inconsistencies in the Plan, the Grant Notice or this Agreement as it deems necessary or appropriate to administer the Plan, the Grant Notice and this Agreement. The Administrator's determinations under the Plan are in its sole discretion and will be final and binding on all persons having or claiming any interest in the Plan or any Award.

4.2 Adjustments Upon Specified Events. The Administrator may accelerate the vesting of all or a portion the RSUs in such circumstances as it, in its sole discretion, may determine. Participant acknowledges that the RSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

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

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

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

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

4.7 Section 409A of the Code. The Award of RSUs evidenced by this Agreement is intended to be exempt from, or to comply with, the requirements of Section 409A of the Code, and this Agreement shall be interpreted and administered in accordance with such intent. Accordingly, solely to the extent necessary to comply with the requirements of Section 409A of the Code: (a) the termination of Participant's employment or other service shall be interpreted to mean the Participant's "separation from service" within the meaning of Section 409A of the Code; (b) if Participant is a "specified employee" (as determined by the Company in accordance with Section 409A of the Code), settlement of any vested RSUs (and payment of any related dividend equivalents) as a result of Participant's separation from service shall be delayed until the first business day that is at least six months after the date of Participant's separation from service or, if earlier, the date of Participant's death; and (c) a Change of Control shall be interpreted to mean an event that qualifies as both a "Change of Control" as defined in the Plan and a "change in control event" within the meaning of Section 409A of the Code and Treasury Regulation §1.409A-3(i)(5). Notwithstanding the foregoing, the tax treatment of the RSUs is not warranted or guaranteed. Neither the Company and its Subsidiaries, nor their respective affiliates, directors, officers, employees and advisers shall be held liable for any taxes, interest, penalties or other monetary amounts that may owed by the Participant or other taxpayer as a result of the Award of RSUs or this Agreement.

4.8 Amendments, Suspension and Termination. To the extent permitted by the Plan, the Grant Notice and this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Committee or the Board; provided, however, that except as may otherwise be provided by the Plan or Section 4.6 of this Agreement, no amendment, modification, suspension or termination of this Agreement shall adversely affect the RSUs in any material way without the prior written consent of Participant.

4.9 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 3.2 hereof, this Agreement shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns.

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

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

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

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

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

[END OF DOCUMENT]

Exhibit 10.60

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement" including Exhibits and Schedules) is made and entered into as of January 23, 2024, by and between ApolloCare Enablement of Nevada, a Nevada corporation (the "Employer"), and Dinesh Kumar, MD (the "Employee," and together with Employer, collectively referred to as the "Parties") with effect from and after the "Effective Date" as set forth in Section 22 below.

WHEREAS, the Employer desires to employ the Employee from and after the Effective Date on the terms and conditions set forth below, and the Employee is willing to serve the Employer on such terms and conditions.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Employment.

(a) Engagement and Duties. Employer hereby employs Employee as Chief Medical Officer during the term of this Agreement to perform the duties outlined in Exhibit A to this Agreement and such other duties as may be assigned to the Employee from time to time by Employer's CEO. Employee hereby accepts such employment by Employer upon the terms and subject to conditions set forth in this Agreement. Employee shall report to Brandon Sim, CEO. Employee shall devote best efforts, skills and abilities, on a full-time basis, exclusively to the Employer's business. Employee covenants and agrees to faithfully adhere to and fulfill such policies as are established from time to time by the Board of Directors of Apollo Medical Holdings, Inc. (the "Board") or the Employer ("Policies").

(b) Performance of Services for Affiliates. In addition to the performance of services for Employer, Employee shall, to the extent so required by Employer, also perform services for its "Affiliates" (as defined in Section 6 below), provided that such services are consistent with the kind of services Employee performs or may be required to perform for Employer under this Agreement. If Employee performs any services for any Affiliate, Employee shall not be entitled to receive any compensation or remuneration in addition to or in lieu of the compensation and remuneration provided under this Agreement on account of such services for the Affiliate. The Policies will govern Employee's employment by Employer and its Affiliates for which Employee is asked to provide services. In addition, Employee covenants and agrees that Employee will faithfully adhere to and fulfill such additional policies as may be established from time to time by the board of directors of any Affiliate for which Employee performs services, to the extent that such policies and procedures differ from or are in addition to the Policies adopted by Employer.

(c) Standards of Performance. Employee shall provide the Services consistent with the following standards of performance:

(i) Accepted standards of Chief Medical Officer;

(ii) Applicable laws, rules and regulations, including, without limitation, Medicare and Medicaid statutes and regulations and the statutes, rules and regulations relating to the licensure of physicians and surgeons and the practice of medicine and the patient privacy and security requirements set forth in the Health Insurance Portability and Accountability Act of 1996, and attendant regulations at 45 C.F.R. Parts 160 and 164 (the "Privacy and Security Standards"), as amended by the federal Health Information Technology for Economic and Clinical Health Act ("HITECH Act") and its implementing regulations, as may be modified or amended, including future issuance of regulations and guidance by the United States Department of Health and Human Services (collectively "HIPAA"), and any applicable state patient privacy and security laws. Employee shall notify Company within 24 hours of any Privacy Breach of which he or she becomes aware. "Privacy Breach" means the unlawful or unauthorized access to, viewing, acquisition, use, or disclosure of protected health information, as defined by HIPAA ("PHI").

(iii) Company guidelines, policies and protocols as may be established by Company from time to time.

(iv) The terms and conditions of this Agreement.

(d) Professional Requirements. Employee covenants, warrants, and represents that Employee shall at all times during the Term:

(i) Comply with all applicable laws, rules, and standards, including, without limitation, those of the California Medical Board or other applicable state authority;

(ii) Have a valid drug enforcement agency number with which to prescribe controlled substances; and be certified (or agree to be certified) as a Medicare/Medicaid provider without having been excluded from any such programs;

(iii) Maintain Employee's professional competence and skills commensurate with the standards of the medical community; and

(iv) Notify Company within twenty four (24) hours of any: (i) modification, restriction, suspension or revocation of Employee's license to practice; (ii) modification, restriction, suspension, or revocation of Employee's authorization to prescribe or to administer controlled substances; (iii) imposition of sanctions against Employee under the Medicaid or Medicare program, or any other governmental program; or (iv) other professional disciplinary action or criminal or professional liability action of any kind against Employee which is either initiated, in progress, or completed as of the Effective Date of this Agreement and at any other time during the Term of this Agreement.

(v) Records and Reports. Employee shall timely (within 24 hours) and properly complete, in accordance with Company policies, all medical records and reports for patients for whom Employee has provided Services. Employee shall be liable for all damages or losses that Company may incur as a result of such failure.

(vi) Continuing Education. Employee shall participate in continuing education as necessary to maintain licensure, professional competence and skills commensurate with the standards of the medical/clinical community, as otherwise required by Employee's profession and as required to effectively perform Employee's obligations under this Agreement;

(vii) The Employer agrees to five (5) days per year of CME time and reimbursement up to $5,000 per year to cover the reasonable and necessary expenses associated with the Employee participation in Continuing Medical Education (CME) activities;

(viii) Eligible expenses include, but are not limited to, registration fees, conferences, journals, board certification, society memberships and other related costs directly associated with approved CME activities.

(ix) Quality Initiatives. Employee shall comply and cooperate with all utilization management, quality assurance, risk management, peer review and credentialing programs and audits, and other policies and procedures, as adopted or amended by Company or otherwise applicable to Employee.

(e) No Conflicting Obligations. Employee represents and warrants to Employer that Employee is under no obligations or commitments, whether contractual or otherwise, that are inconsistent with Employee's obligations under this Agreement or that would prohibit Employee, contractually or otherwise, from performing Employee's duties as under this Agreement and the Policies.

(f) No Unauthorized Use of Third-Party Intellectual Property. Employee represents and warrants to Employer that Employee will not use or disclose, in connection with Employee's employment by Employer or any Affiliate, any patents, trade secrets, confidential information, or other proprietary information or intellectual property as to which any other person has any right, title or interest, except to the extent that Employer or its Affiliate holds a valid license or other written permission for such use from the owner(s) thereof. Employee represents and warrants to Employer that Employee has returned all property and confidential information belonging to any prior employer.

2. Start Date. January 23, 2024 will be the tentative start date, unless other mutually acceptable arrangements are made.

3. Term. The Parties mutually agree that Employee's employment pursuant to this Agreement may be terminated at any time as long as the terminating Party gives the other written notice of intent to terminate at least sixty (60) days-prior to such date. The time during which Employee is employed by Employer pursuant to this Agreement is referred to herein as the "Term".

4. Compensation and Related Matters. Employer shall provide Employee with the compensation and benefits set forth in this Section 4 during the Term.

(a) Base Salary. The Employer shall pay the Employee, as an exempt employee, for all services rendered a base salary of $700,000.00 per year (the "Base Salary"), payable, bi-weekly, and in accordance with the Employer's payroll procedures, subject to customary withholdings and employment taxes.

(b) Initial Stock Award. As soon as practicable following the Effective Date, Employee shall be granted a restricted stock award (the "Initial Stock Award") of common shares issued by Apollo Medical Holdings, Inc. in the amount of 85,130 shares, which is to be time vested in annual increments of 33.3% of the shares per year on each anniversary of the Start Date over three (3) full years of Employee's active and continuous full-time employment (28,376 shares after 1 year, 28,376 shares after 2 years, and 28,376 after 3 years of service). This Initial Stock Award is offered as an inducement for Employee to accept employment with Employer on the terms of this Agreement and is subject to approval by the Compensation Committee of Employer's Board of Directors. The definition of Fair Market Value, and other applicable terms and provisions are set forth in the APOLLO MEDICAL HOLDINGS, INC. EMPLOYMENT INDUCEMENT AWARD PLAN ("Inducement Plan"). The terms and provisions of the Inducement Plan are hereby incorporated into this Agreement and are made applicable to the Initial Stock Award.

Additionally, should both Dr. Kenneth Sim, Executive Chairman, and Brandon Sim, CEO, no longer be employed by the Company (and / or its successor) or sit on the Company's Board, all unvested shares of the Initial Stock Award will immediately vest.

(c) Performance Equity Award. Additionally, the Employee will be granted a performance-based restricted stock award (the "Performance Equity Award") of 65,265 shares. This Performance Equity Award is offered as an inducement for Employee to accept employment with Employer on the terms of this Agreement and is subject to approval by the Compensation Committee of Employer's Board of Directors. The definition of Fair Market Value, and other applicable terms and provisions are set forth in the Inducement Plan. The terms and provisions of the Inducement Plan are hereby incorporated into this Agreement and are made applicable to the Performance Equity Award. All performance-based equity grants will have both a performance based and a time-based component, both of which must be met in order for the shares to vest to the Employee. Both the time-based vesting schedule and performance targets as defined in Exhibit B must be fulfilled for the shares to vest to Employee. For avoidance of doubt, for the Employee to vest the shares granted in this Addendum, both the appropriate amount of time must have passed as well as the performance targets having been accomplished for the shares to vest to Employee.

For each of the Performance Targets listed in Exhibit B, Employer, in its sole discretion, shall make a calculation and determine ("Determination"), in good faith, whether such triggers were successfully achieved. Employee will not have any right to audit the Determination by Employer, and Employer is under no obligation to share the Determination with Employee.

The Performance Targets, if earned, subject to Determination, will be payable in accordance with the Employer's payroll procedures, subject to customary withholdings and employment taxes.

Similar to the Initial Stock Award, should both Dr. Kenneth Sim, Executive Chairman, and Brandon Sim, CEO, no longer be employed by the Company (and / or its successor) or sit on the Company's Board, all earned but unvested shares of the Performance Equity Award will immediately vest.

(d) Annual Bonus. In the Employer's sole discretion, your annualized target bonus will be $700,000.00. At the discretion of Company leadership, bonuses granted to individuals are based primarily upon exceptional performance and contributions. You will be subject to the Company's annual bonus program in effect at the time, with no minimum payment, and a requirement to be employed continuously during the year and at the time of payment. The Company's annual bonus program provides a discretionary pool of dollars to be allocated across the Company's employees. Based upon the Company achieving certain fiscal year financial metrics related to profitability, among other metrics, an additional pool of bonus dollars may be generated with the intent of those dollars being shared more uniformly across our employees in the Company who are significantly exceeding the Company's performance expectations. The Company reserves the right to alter, revise or eliminate the annual bonus program at its sole discretion.

(e) Long Term Incentive Awards. In the Employer's sole discretion, the Employee may be eligible to participate in any long term incentive plan that may be available to similarly positioned Employees. The Board may determine to grant long-term incentive awards in cash or in equity awards settled in shares of the Employer's or its Affiliates' stock, including but not limited to stock options, restricted stock and performance shares. Any equity or options will be granted according to the latest Equity Incentive Plan approved by the Board.

(f) Paid Time Off. During the Term, the Employee will be eligible for paid time off in accordance with and subject to all of the terms and conditions of the Employer's Paid Time Off policy (which such policy is compliant with CA's Paid Sick Leave requirements), as such policy may be amended from time to time in the Employer's sole discretion. Employee will also be eligible for paid holidays, in accordance with and subject to all of the terms and conditions of the Employer's policies, as such policies may be amended from time to time or terminated in the Employer's sole discretion.

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

(h) The Employer shall cover up to $5,000.00 per year in expenses on the Employee behalf for but not limited to medical licensure, DEA fees, hospital dues, or related expenses upon invoices being sent to Apollo Medical Holdings Inc.

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

(j) Professional Liability Insurance.

(1) If Employee has engaged in the practice of medicine prior to commencing services under this Agreement, Employee represents and warrants that Employee has adequate "tail" (i.e., extended reporting) coverage in connection with any cancellation of Employee's current professional liability policy.

(2) The Company shall add Employee as an additional insured on the Company's professional liability insurance, for services solely related to or arising from services provided by Employee under the terms of this Agreement or, at Company's election, if Company has established a professional liability self-insurance program, Company may include Employee within such self-insurance program.

(3) Tail Insurance. Upon termination of this Agreement for any reason, Company will indemnify Employee for professional liability claims, for services; (i) solely related to or arising from services provided by Employee under the terms of this Agreement, (ii) occurring during the period of employment, and (iii) reported either during the Term or after termination of employment, up to amounts provided for other physicians then employed by the Company in the area. Company agrees that if, for any reason, Company shall require Employee to obtain 'tail insurance' at the termination of his/her employment hereunder, Company shall pay the entire cost of such insurance.

(k) Tax Withholding. The Employer shall undertake to make deductions, withholdings and tax reports with respect to payments and benefits under this Agreement, to the extent it reasonably and in good faith believes it is required to make such deductions, withholdings and tax reports. Payments with respect to compensation and benefits referred to under this Agreement shall be in amounts net of any such deductions or withholdings. Nothing in this Agreement shall be construed to require the Employer to make any payments to compensate the Employee for any adverse tax effect associated with any payments or benefits, or for any deduction or withholding from any payment or benefit. Employee will be solely responsible for and will satisfy all of Employee's tax obligations associated with all compensation paid or provided to Employee under this Employment Agreement. Employee acknowledges and agrees that Employee is not relying on any advice from the Employer or any Employer affiliate, officer, director, employee, agent or attorney with respect to any tax issue relating to this Employment Agreement.

(l) Other Notable Considerations

(1) If Employee succeeds in CMO role, both Employee and Employer (and/or its successors) will utilize best efforts to add Employee to the Company's Board

(2) If the Employee moves to the Company's Board of Directors after working 24 months (or another mutually agreed upon timeframe) as full-time CMO and helps Employer successfully recruit and onboard a mutually agreed upon CMO successor, the time-based Initial Stock Award will continue to vest.

(3) The Employee acknowledges and declares that, as of January 22nd, 2024, he currently serves as a member of the board of advisors for two companies, namely Stellar Health and Ounce of Care. The individual expresses the intention to continue providing advisory services to these two companies while concurrently expressing interest to serve on the board of advisors for an additional two companies. The individual agrees to manage their commitments responsibly, ensuring that their advisory roles do not conflict with their obligations to Apollo Medical Holdings Inc. This commitment includes dedicating an appropriate amount of time and attention to fulfill the duties and responsibilities associated with each advisory position. The individual agrees to promptly notify Apollo Medical Holdings Inc. of any potential conflicts of interest and will work collaboratively to address such situations in a transparent and ethical manner.

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

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

(b) Disability. The Employer may terminate the Employee's employment if the Employee is disabled for 90 or more consecutive days and, because of the disability, is unable to perform the essential functions of the Employee's then existing position or positions under this Agreement with or without reasonable accommodation. This provision is not intended to reduce any rights the Employee may have pursuant to any law, including without limitation the California Family Rights Act, the Family and Medical Leave Act, the California Fair Employment and Housing Act, and the Americans with Disabilities Act.

(c) Termination by the Employer for Cause. At any time during the Term, the Employer may terminate the Employee's employment hereunder for Cause. For purposes of this Agreement, "Cause" shall mean: (i)

conduct by the Employee constituting a material act of willful misconduct, in the sole discretion of Employer, in connection with the performance of the Employee's duties that results in loss, damage or injury that is material to the Employer; (ii) the commission by the Employee of any felony; (iii) continued non-performance, or failure to achieve growth, operational, and strategic goals, in the sole discretion of Employer, by the Employee of the Employee's duties hereunder (other than by reason of the Employee's physical or mental illness, incapacity or disability); (iv) a material breach, according to the standard of the Employer, by the Employee of any of the provisions of any agreement with the Employer or its successor that results in loss, damage or injury that is material to the Employer; (v) willful failure to cooperate with a bona fide, in the sole discretion of Employer, internal investigation or an investigation by regulatory or law enforcement authorities, after being instructed by the Employer to cooperate, or the willful destruction or failure to preserve documents or other materials known to be relevant to such investigation or the willful inducement of others to fail to cooperate or to produce documents or other materials in connection with such investigations; (vi) fraud, embezzlement or theft against the Employer or any of its Affiliates (as defined in Section 6(a) below); (vii) any damage of a material nature to any property of Employer or any of its affiliates caused by Employee's willful or grossly negligent conduct; (viii) the repeated nonprescription use of any controlled substance or the repeated use of alcohol, (vii), the Employer reasonably determines or renders the Employee unfit to serve as an officer or employee of Employer or its affiliates; or (ix) conduct by Employee that in the good faith determination of the Employer demonstrates unfitness to serve as an officer or employee of Employer or its affiliates, including, without limitation, a finding by the Employer or any regulatory authority that Employee committed acts of employee harassment or violated a material law or regulation applicable to the business of Employer or any of its Affiliates. With respect to the events in (i), (iii) and (iv) herein, the Employer shall have delivered written notice to the Employee of its intention to terminate the Employee's employment for Cause, which notice specifies in reasonable detail the circumstances claimed to give rise to the Employer's right to terminate the Employee's employment for Cause and the Employee shall not have cured such circumstances to the extent such circumstances are reasonably susceptible to cure as determined by the Board in good faith within sixty (60) days following the Employer's delivery of such notice. For avoidance of doubt, "Cause" shall not include (1) expense reimbursement disputes in which the Employee acts in reasonable good faith; (2) occasional, customary and de minimis use of the Employer's property for personal purposes; and (3) acting in good faith upon advice of Employer's legal counsel.

(d) Termination by Employer without Cause. At any time during the Term, the Employer may terminate the Employee's employment hereunder without Cause by providing the Employee with thirty (30) days advance written notice. Any termination by the Employer of the Employee's employment under this Agreement that does not constitute a termination for Cause under Section 4(c) and does not result from the death or Disability of the Employee under Sections 4(a) or 4(b) shall be deemed a termination without Cause under this Section 4(d). Any suspension of the Employee's employment with pay or benefits by the Board in good faith pending an investigation of alleged improper activities by the Employee that, if determined to be accurate, would be grounds for a Cause termination, shall not be considered a termination of the Employee's employment without Cause or provide with Good Reason to terminate employment.

(e) Termination by the Employee. At any time during the Term, the Employee may terminate his employment hereunder for any reason, including, but not limited to, Good Reason. For purposes of this Agreement, "Good Reason" shall mean that the Employee has complied with the Good Reason Process (hereinafter defined) following the occurrence of any of the following events: (i) a material diminution in the Employee's title, responsibilities, authority or duties; or (ii) the material breach of this Agreement by the Employer, including but not limited to a failure to pay Base Salary, Annual Bonus, as provided for under this Agreement. "Good Reason Process" shall mean (i) the Employee reasonably determines in good faith that a "Good Reason" condition has occurred; (ii) the Employee notifies the Employer in writing of the occurrence of the Good Reason condition within (60) days of the occurrence of such condition; (iii) the Employee cooperates in good faith with the Employer's efforts, for a period of sixty (60) days following such notice (the "Cure Period"), to remedy the condition; (iv) notwithstanding such efforts, the Good Reason condition continues to exist; and (v) the Employee terminates his employment within thirty (30) days after the end of the Cure Period. If the Employer cures the Good Reason condition during the Cure Period, Good Reason shall be deemed not to have occurred.

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

(g) Date of Termination. "Date of Termination" shall mean the earliest of the following: (i) if the Employee's employment is terminated by the Employee's death, the date of the Employee's death; (ii) if the Employee's employment is terminated on account of Disability under Section 4(b) or by the Employer for Cause under Section 4(c), the date on which Notice of Termination is given that follows any applicable required cure period; (iii) if the Employee's employment is terminated by the Employer under Section 4(d), sixty (60) days after the date on which a Notice of Termination is given; (iv) if the Employee's employment is terminated by the Employee under Section 4(e) without Good Reason, sixty (60) days after the date of which a Notice of Termination is given or such shorter period agreed to by the Employer; or (v) if the Employee's employment is terminated by the Employee under Section 4(e) with Good Reason, the date on which Notice of Termination is given after the end of the Cure Period. Notwithstanding the foregoing, in the event that the Employee gives a Notice of Termination to the Employer, the Employer may unilaterally accelerate the Date of Termination but such acceleration shall nevertheless be deemed a termination without cause by the Employer, on the accelerated date for purposes of this Agreement. For purposes of determining the time when the lump sum portion of the Severance Amount, if any, is to be paid under Section 5(b)(i) of this Agreement, "Date of Termination" means the Employee's separation from service as defined under Section 409A.

6. Compensation upon Termination.

(a) Accrued Benefits. If the Employee's employment with the Employer is terminated for any reason during the Term, the Employer shall pay or provide the Employee (or the Employee's authorized representative or estate) any earned but unpaid Base Salary or Annual Bonus for services rendered through the Date of Termination, unpaid expense reimbursements, and accrued but unused paid time off (the "Accrued Benefits") within the time prescribed by California law. With respect to vested compensation or benefits the Employee may have under any employee benefit or compensation plan, program or arrangement of the Employer, payment will be made to the Employee under the terms of the applicable plan, program or arrangement.

(b) Termination by the Employer without Cause or by the Employee with Good Reason. If the Employee's employment is terminated by the Employer without Cause as provided in Section 4(d), or the Employee terminates his employment for Good Reason as provided in Section 4(e), then (i) the Employer shall, through the Date of Termination, pay the Employee his or her Accrued Benefits, and (ii) if the Employee signs a general release of claims (the "Release") within twenty-one (21) days of the receipt of the form of the Release (extended to forty-five (45) days in the event of a group termination or exit incentive program) and does not revoke such Release during the seven-day revocation period:

(i) the Employer shall pay the Employee at a minimum an amount equal to one-twelfth (1/12) of the Employee's most recent Base Salary times the number of full years of service completed, not to exceed twelve (12) years of service (but determined prior to any action involving Base Salary that would constitute Good Reason) (the "Severance Amount"). For the avoidance of doubt, the maximum Severance Amount payable to Employee pursuant to the terms of this Agreement shall equal one (1) year of the Employee's most recent Base Salary, subject to such payroll deductions and withholdings as are required by law. To the extent that such Severance Amount exceeds the 409A Separation Pay Limit (as defined below), such amount shall be paid in a single lump sum on the regular payroll date of the Employer, pertaining to then current salaried employees of the Employer, ("payroll date") next following the first anniversary date of the Employee's Date of Termination. The portion of the Severance Amount that does not exceed the 409A Separation Pay Limit shall be paid in substantially equal amounts on each payroll date over a one-year period; and

(ii) Employer shall pay Employee an amount in cash equal to Employer's premium amounts paid by Employee for coverage of Employee under Employer's group medical, dental and vision programs for a period of six (6) months after the time of Employee's termination of coverage, to be paid directly to Employee at the same times such payments would be paid on behalf of a current employee for such coverage; provided, however:

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

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

(C) Payments under this paragraph (ii) shall cease as of the earliest to occur of the following: (1) the Employee is no longer eligible for and continuing to receive the COBRA coverage elected in subparagraph (A); (2) the time period set forth in the first sentence of this paragraph (ii); (3) the date on which the Employee first becomes eligible to enroll in a group health plan in which eligibility is based on employment with an employer; and (4) if the Employer in good faith determines that payments under this paragraph (ii) would result in a discriminatory health plan pursuant to the Patient Protection and Affordable Care Act of 2010, as amended.

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

(iv) For each individual payment of the Severance Amount under Section 5(b)(i), and each payment under Section 5(b)(ii), of this Agreement, if considered "non-qualified deferred compensation" ("NQDC") under Section 409A, then the Employer shall make any such payment not earlier than the earlier of: (x) the first payroll date which is six (6) months following the Employee's separation from service (as defined under Section 409A) with the Employer, or (y) the date of Employee's death. The Employer may in its sole discretion accelerate or defer (but not beyond the time limit set forth below) any severance payments which do not constitute NQDC in order to allow for the payment of taxes due, but not beyond the time limit specified for such payment such that the payment would be treated as NQDC.

(v) For purposes of this Section 5, (A) "Section 409A" means Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations thereunder, and (B) "409A Separation Pay Limit" means two times the lesser of (x) the Employee's annual compensation during the calendar year preceding the year of the termination of employment; and (y) the adjusted compensation limit under Code Section 401(a)(17) in effect for the year of the termination.

7. Confidential Information/Competitive Activities/Intellectual Property/ Cooperation.

(a) Definitions. As used in this Agreement:

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

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

(iii) "Confidential Information" means information belonging to the Employer or its Affiliates which is of value to the Employer or any of its Affiliates in the course of conducting its business (whether having existed, now existing, or to be developed or created during Employee's employment by Employer) and the disclosure of which could result in a competitive or other disadvantage to the Employer or its Affiliates. Confidential Information includes, without limitation, contract terms and rates; negotiating and contracting strategies; financial information, reports, and forecasts; inventions, improvements and other intellectual property; product plans or proposed product plans; trade secrets; designs, processes or formulae; software; employee, customer, patient, provider and supplier information; information from patient medical records; financial data; insurance reimbursement methodologies, strategies and practices; product and service

pricing methodologies, strategies and practices; contracts with physicians, providers, provider networks, payors, physician databases and contracts with hospitals; regulatory and clinical manuals; and business plans, prospects and opportunities (such as possible acquisitions or dispositions of businesses or facilities) that have been discussed or considered by the Employer or its Affiliates, including, without limitation, the management of the Employer or its Affiliates. Confidential Information includes information developed by the Employee in the course of the Employee's employment by the Employer, as well as other information to which the Employee may have access in connection with the Employee's employment. Confidential Information also includes the confidential information of others with which the Employer or its Affiliates has a business relationship. Notwithstanding the foregoing, Confidential Information does not include information in the public domain, unless due to breach of the Employee's duties under Section 6(b), unless otherwise due to Employee's breach of the obligations in this Agreement, or unless due to violation of another Person's obligations to the Employer or its Affiliates that Employee should have taken reasonable measures to prevent but that Employee did not take.

(b) Confidentiality. The Employee understands and agrees that the Employee's employment creates a relationship of confidence and trust between the Employer and the Employee with respect to all Confidential Information. At all times, both during the Employee's employment with the Employer and after the Employee's termination from employment for any reason, the Employee shall keep in confidence and trust all such Confidential Information, and shall not use, disclose, or transfer any such Confidential Information without the written consent of the Employer, except as may be necessary within the scope of Employee's duties with Employer and in the ordinary course of performing the Employee's duties to the Employer or as otherwise provided in Section 6(c). Employee understands and agrees not to sell, license or otherwise exploit any products or services which embody or otherwise exploit in whole or in part any Confidential Information or materials. Employee acknowledges and agrees that the sale, misappropriation, or unauthorized use or disclosure in writing, orally or by electronic means, at any time of Confidential Information obtained by Employee during or in connection with the course of Employee's employment constitutes unfair competition. Employee agrees and promises not to engage in unfair competition with Employer or its Affiliates, either during employment, or at any time thereafter. Employee further agrees (unless required by the Employer in connection with employment or with the Employer's express written consent) not to copy, take, or remove any of the Employer's books, records, customer lists, or any other documents or materials from the Employer's premises, including Human Resources manuals, materials, and forms. The Employee shall not, at any time whatsoever, either during the term of this Agreement or after its termination, disclose to others, either directly or indirectly, or take or use for the Employee's own competitive purposes or the competitive purposes of others, either directly or indirectly, any confidential information, knowledge or data of the Employer. Upon (a) the voluntary or involuntary termination of employment with the Employer for whatever reason; or (b) at any time the Employer demands, Employee shall promptly deliver to the Employer at his or her sole cost any and all of the Employer's books, records, confidential information, and/or any other documents or materials which are in Employee's possession or under Employee's control or any copies thereof.

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

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

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

inadvertent or accidental exposure of Confidential Information.

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

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

(h) Computer Security. The Employee agrees to comply with the Employer's policies and procedures concerning computer security.

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

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

NOTICE TO CALIFORNIA EMPLOYEES

Pursuant to California Labor Code §2870, an agreement requiring the employee to assign or offer to assign any of his or her rights in any invention to his or her employer does not apply to an invention which qualifies fully under the provisions of California Labor Code § 2870, which provides as follows:

> "(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:
>
> "(1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or
>
> "(2) Result from any work performed by the employee for the employer.
>
> "(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable."

(k) Competitive Activities. Employee agrees and covenants that, at any time during Employee's employment with the Employer and for a period of twelve (12) months immediately following the

termination of Employee's relationship with the Employer for any reason, whether with or without cause, Employee shall not, either on Employee's own behalf or on behalf of any other Person: (i) solicit the services of the Employer's employees or entice away, directly or indirectly, any Person employed or engaged by or otherwise providing services to the Employer or its Affiliates, whether in an employment capacity or otherwise (this provision does not prohibit the Employee's post- termination acceptance of unsolicited applications for employment); or (ii) take any action or engage in any unfair business practice, including, without limitation, any misappropriation of confidential, proprietary or trade secret information of the Employer or its Affiliates, as a result of which relations between the Employer or its Affiliates, and any of their customers, clients, suppliers, distributors or others, may be impaired or which might otherwise be detrimental to the business interests or reputation of the Employer or its Affiliates. During the term of Employee's employment, Employee shall not, directly or indirectly as an employee, contractor, officer, director, member, partner, agent, or equity owner, engage in any activity or business that competes or could reasonably be expected to compete with the business of Employer or any Affiliate. Employee acknowledges that there is a substantial likelihood that the activities described in this Section would (a) involve the unauthorized use or disclosure of Employer's or an Affiliate's Confidential Information and that use or disclosure would be extremely difficult to detect, and (b) result in substantial competitive harm to the business of Employer or an Affiliate. Employee has accepted the limitations of this Section as a reasonably practicable and unrestrictive means of preventing such use or disclosure of Confidential Information and preventing such competitive harm.

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

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

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

8. Successors. This Agreement shall be binding upon and inure to the benefit of both parties and their respective successors and permitted assigns, except it shall not be binding to Employee where any corporation or entity with which or into which the Employer may be merged or which may succeed to its assets or business wherein there has been a change in ownership of more than 50% ("CIO"), Where succession is permissible, Employee's obligations are personal and shall not be assigned by Employee. The Employee consents to be bound by the provisions of this Agreement, except in circumstances of CIO, for the benefit of the Employer or its Affiliates to whose employ the Employee may be transferred without the necessity that this Agreement be resigned at the time of such transfer. In the event of the Employee's death after the Date of Termination but prior to the completion by the Employer of all payments due to the Employee under this Agreement, the Employer shall continue such payments to the Employee's beneficiary designated in writing to the Employer prior to the Employee's death (or to the Employee's estate, if the Employee fails to make such designation).

9. Enforceability. If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

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

11. Notices. Any notices, requests, demands and other communications provided for by this Agreement shall be sufficient if in writing and delivered in person or sent by registered or certified mail, postage prepaid, to the Employee at the last address for which the Employee has provided written notice to the Employer, or to the Employer at its main office, to the attention of Chief Executive Officer.

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

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

14. Notification of New Employer. In the event that the Employee leaves the employment of the Employer, voluntarily or involuntarily, the Employee agrees to inform any subsequent employer of the Employee's

obligations under Section 6 of this Agreement. The Employee further hereby authorizes the Employer to notify the Employee's new employer about the Employee's obligations under Section 6 of this Agreement.

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

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

17. Governing Law. This is a California contract and shall be construed under and be governed in all respects by the laws of the State of California, without giving effect to the conflict of laws principles of such State.

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

19. Limitation on Payments in Certain Events.

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

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

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

20. Consent to Jurisdiction; Forum Selection. At all times the Employee and Employer: (a) irrevocably submit to the exclusive jurisdiction of the Los Angeles Superior Court and United States District Court for the Central District of California, whichever may have competent subject matter jurisdiction, in any action or proceeding arising out of or relating to this Agreement, and irrevocably agree that all claims in respect of any such action or proceeding

may be heard and determined in such court; (b) to the extent permitted by law, irrevocably consent to the service of any and all process in any such action or proceeding by the mailing of copies of such process to such party at the address set forth in this Agreement (or otherwise on record with the Employer); (c) to the extent permitted by law, irrevocably confirm that service of process out of such courts in such manner shall be deemed due service upon such party for the purposes of such action or proceeding; (d) to the extent permitted by law, irrevocably waives (i) any objection the Employee or Employer may have to the laying of venue of any such action or proceeding in any of such courts, or (ii) any claim that the Employee or Employer may have that any such action or proceeding has been brought in an inconvenient forum; and (e) to the extent permitted by law, irrevocably agrees that a final nonappealable judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Section shall affect the right of any party hereto to serve legal process in any manner permitted by law.

21. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

22. Effective Date. The effective date of this Agreement (the "Effective Date") will be January 23, 2024, or as otherwise mutually agreed up on by the Parties.

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

EMPLOYER:	EMPLOYEE:
APOLLO MEDICAL HOLDINGS, INC.	Dinesh Kumar, MD
By: Brandon Sim Brandon Sim Chief Executive Officer	Signed:
Date: 01/23/2024	Date: 01/23/2024

EXHIBIT A

DUTIES

Employee's duties shall include but not be limited to the following under the direction of the CEO:

Provide clinical leadership and expertise to guide the organization's healthcare practices and policies.

Ensure that the organization's clinical services meet high-quality standards and comply with regulations and best practices.

Oversee and manage the medical staff, including physicians, nurses, and other healthcare professionals.

Develop and implement quality improvement initiatives to enhance patient care and safety.

Develop and implement strategies to enhance healthcare quality for Medicaid and Commercial (exchange) populations.

Drive improvements in encounter PMPMs through cost-effective care delivery without compromising quality.

Collaborate with other executives to develop and execute the organization's strategic goals and objectives, including expanding services, improving patient outcomes, and managing resources effectively.

Being a physician leader, playing a key role in maintaining positive relations with the medical staff.

Responsible for presenting to external entities and conveying the unity and commitment of the medical staff to the organization's mission and values.

Establish and maintain clinical governance structures to promote transparency and accountability in clinical decision-making and patient care.

Manage and mitigate clinical and legal risks, including malpractice claims, by implementing appropriate risk management strategies.

Develop and update clinical policies and protocols to ensure they reflect the latest evidence-based practices and align with the organization's goals.

Work with the financial team to manage the budget for clinical services, ensuring cost-effectiveness while maintaining high-quality care.

Develop and implement strategies to improve the health of the population served by the organization, including preventive care and chronic disease management.

Exhibit 10.61

LOAN AND SECURITY AGREEMENT

This Loan and Security Agreement (this "**Agreement**") is entered into on January 31, 2024, by and between AP-AMH 2 Medical Corporation, a California professional corporation ("**Borrower**") and Apollo Medical Holdings, Inc., a Delaware corporation ("**Lender**"). Lender and Borrower are collectively referred to herein as the "**Parties**".

RECITALS

A. Contemporaneously with the execution of this Agreement, Borrower is entering into that certain Subscription Agreement (the "**Subscription Agreement**"), pursuant to which Borrower is subscribing for one thousand (1,000) shares of Series A Preferred Stock (the "**Preferred Shares**") of Metropolitan IPA, a California professional medical corporation and wholly owned subsidiary of Borrower ("**Metropolitan**"), which shares constitute all of the authorized, issued and outstanding preferred shares of Metropolitan. The rights and preferences of the Preferred Shares are governed by a Certificate of Determination of Preference of Series A Preferred Stock in substantially the form attached as Exhibit C hereto (the "**Certificate of Determination**"), to be filed on or before the date on which the first Advance (as defined below) is funded by Lender with the Secretary of State of the State of California.

B. Lender has entered into that certain Asset and Equity Purchase Agreement (the "**CFC Purchase Agreement**"), pursuant to which (i) Lender will be acquiring 100% of the issued and outstanding general partnership interest of Advanced Health Management Systems, L.P., a California limited partnership ("**AHMS**") and limited partnership interests of AHMS; and (ii) Metropolitan will be acquiring substantially all of the assets from Community Family Care Medical Group IPA, Inc., a California corporation ("**CFC**", and the transactions described in this clause (ii), the "**CFC Acquisition**"), all as more specifically provided in the CFC Purchase Agreement.

C. Lender has agreed to (i) provide loans to Borrower from time to time, on a secured basis, to advance to Borrower (a) Ninety-Three Million Eight Hundred Thousand Dollars ($93,800,000), as the closing cash purchase with respect to the CFC Acquisition, as more fully described in Article 1 of the CFC Purchase Agreement, plus (b) any purchase price adjustment payable by the Company with respect to the CFC Acquisition as more fully described in Article 2 of the CFC Purchase Agreement, plus (c) earnout payments of up to Fifteen Million Dollars ($15,000,000) with respect to the CFC Acquisition as more fully described in Section 1.3 of the CFC Purchase Agreement; and (ii) issue 631,712 shares of common stock in Lender, as a portion of the purchase price payable to CFC IPA for the CFC Acquisition at the direction of the Company, having a value of $20,000,000 as more fully described in Article 1 of the CFC Purchase Agreement (collectively, the consideration described in clauses (i) and (ii), the "**Purchase Consideration**"), all on the terms and conditions set forth in this Agreement.

AGREEMENT

In consideration of the premises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

1. Certain Definitions. Unless otherwise defined herein, or the context hereof otherwise requires, each term defined in the CFC Purchase Agreement or in the UCC (as defined below) is used in this Agreement with the same meaning; *provided that*, if the definition given to such term in the CFC Purchase Agreement conflicts with the definition given to such term in the UCC, the UCC definition shall control to the extent legally allowable; and if any definition given to such term in Article 9 of the UCC conflicts with the definition given to such term in any other chapter of the UCC, the Article 9 definition shall prevail. As used herein, the following terms have the meanings indicated. The meaning of defined terms shall be equally applicable to both the singular and plural forms of the terms defined.

"**Collateral**" means, collectively and severally, all of Borrower's right, title and interest in and to the assets of Borrower, whether now owned or hereafter acquired, including, without limitation, (i) all of Borrower's right, title and interest in and to the Preferred Shares and Common Stock (and any other securities) of Metropolitan, now or hereafter owned by Borrower, together in each case with all certificates representing the same, (ii) all shares, securities, moneys or other property representing a dividend on or a distribution or return of capital on or in respect of the Pledged Shares, or resulting from a split-up, revision, reclassification or other like change of the Pledged Shares or otherwise received in exchange therefor, and any warrants, rights or options issued to the holders of, or otherwise in respect of, the Pledged Shares, (iii) all shares of any successor entity of any such merger or consolidation (collectively, the "**Pledged Shares**"), and (iv) (a) all Accounts, (b) all Equipment, Goods, Inventory and Fixtures, (c) all Documents, Instruments and Chattel Paper, (d) all Letters of Credit and Letter-of-Credit Rights, (e) all Securities Collateral, (f) all Investment Property, (g) all Intellectual Property Collateral, (h) all Commercial Tort Claims, (i) all General Intangibles, (j) all Money and Deposit Accounts, (k) all Supporting Obligations, (l) all books and records, customer lists, credit files, computer files, programs, printouts and other computer materials and records relating to the Collateral and any General Intangibles at any time evidencing or relating to any of the foregoing and (m) to the extent covered by clauses (a) through (l) of this sentence all Proceeds and products of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing, and any and all Proceeds of any insurance, indemnity, warranty or guaranty payable to Borrower from time to time with respect to any of the foregoing; *provided*, *however*, that the Collateral shall not include any property of Borrower the disclosure, transfer, assignment, pledge or encumbrance of which is prohibited by applicable law (including applicable anti-assignment rules of the Medicare, Medicaid and other Federal Health Care Programs, as that term is defined in 42 USC Section 1320a-7b(f)).

"**Common Stock**" has the meaning set forth in the Certificate of Determination.

"**Documents**" means this Agreement, the CFC Purchase Agreement, the Subscription Agreement, the Shareholder Agreement, any promissory notes and all other certificates, documents, agreements and instruments delivered by Borrower to Lender hereunder or in connection therewith.

"**Event of Default**" has the meaning set forth in Section 5 hereof.

"**Federal Health Care Program**" means any "*federal health care program*" as defined in 42 U.S.C. § 1320a-7b(f), including Medicare, state Medicaid programs, state CHIP programs, TRICARE and similar or successor programs with or for the benefit of any government authority.

"**Lender**" means on any date of determination, Lender and its successors and assigns.

"**Obligations**" means the indebtedness, liabilities and other obligations of Borrower to Lender at any time under or in connection with this Agreement and the other Documents, whether now existing or hereafter arising, whether due or to become due, absolute or contingent, liquidated or unliquidated, determined or undetermined, whether or not from time to time decreased or extinguished and later increased, created or incurred and whether arising or liquidated before or after a termination of this Agreement.

"**Person**" means any natural individual, corporation, partnership, limited liability company, joint venture, association, bank, trust company, trust or other entity, whether or not legal entities, or any government entity, agency or political subdivision.

"**Security Interest**" means the security interest granted and the pledge and assignment made under Section 3 hereof.

"**UCC**" means the Uniform Commercial Code, including each such provision as it may subsequently be renumbered, as enacted in California or other applicable jurisdiction, as amended at the time in question.

2. Amounts and Terms of Loans.

(a) **Advances**. If, from time to time during the Term, Borrower has insufficient funds to pay in full the Purchase Consideration then Lender shall provide financing to Borrower for such purposes by advancing funds to or on behalf of Borrower (collectively, "**Advances**"). Borrower will use any such Advances solely for such purposes approved in connection with any Advance. Lender will record on Exhibit A the amount of each Advance made by Lender to Borrower under this Agreement and all payments made by Borrower to Lender; *provided*, *however*, that Lender's failure to make an entry shall not limit or otherwise affect the obligations of Borrower or any endorser or guarantor. As Lender may request from time to time, Borrower will execute a secured promissory note evidencing the amount of then-outstanding Advances, in the form attached hereto as Exhibit B.

(b) **Interest**. Each Advance will bear interest from the date of disbursement to the date of repayment at a rate equal to twelve percent (12%) per annum, not to exceed the maximum rate allowed by applicable law; provided, however, that the portion of outstanding principal that is the result of any increase in outstanding principal pursuant to Section 2(c) shall bear simple interest at the rate of ten and 75/100 percent (10.75%) per annum.

(c) **Repayment.** The sum of all Advances made by Lender to Borrower and not previously repaid, plus all accrued but unpaid interest thereon (such sum, the "**Outstanding Balance**") will be due and payable in full, without offset or deduction, by Borrower to Lender on the Maturity Date. Interest shall be payable quarterly in arrears within three (3) business days after each Series A Dividend Payment Date (as defined in the Certificate of Determination) (each, an "**Interest Payment Date**"). To the extent that Borrower is unable to make any interest payment due hereunder on the Interest Payment Date corresponding to any Series A Dividend Payment Date because it has received Series A Dividends with respect to such Series A Dividend Payment Date in an amount insufficient (or because it has not received any Series A Dividends on the Series A Dividend Payment Date) and does not otherwise have sufficient cash as reasonably determined by the Board (as defined in the Certificate of Determination) to pay in full such interest payment, the then outstanding principal amount of all Advances made by Lender to Borrower and not previously repaid shall be increased by the amount of any such accrued but unpaid interest. Borrower may not prepay any principal amount of any Advances prior to the Maturity Date without the written consent of Lender; provided, however, that Borrower shall apply any Series A Dividends that are received after any Interest Payment Date corresponding to the immediately preceding Series A Dividend Payment Date to prepay the Outstanding Balance in the amount equal to the portion of any such scheduled interest payment that was not paid as scheduled and was added to the principal amount. Notwithstanding the foregoing, the Outstanding Balance shall be immediately due and payable by Borrower to Lender upon termination or expiration of this Agreement or as provided in Section 5 hereof. Upon termination or expiration of this Agreement or other acceleration of any Advances hereunder, Lender may pursue any remedy available at law or in equity to enforce or compel Borrower's performance of their obligations under this Agreement and pursue any remedies set forth in this Agreement. Any other payments made by Borrower under this Agreement will be applied first to accrued and unpaid interest and then to the repayment of the outstanding principal amount of the Outstanding Balance.

3. Security Interest.

(a) In order to secure the full and complete payment and performance when due of the Obligations, except as otherwise prohibited by applicable law (including applicable anti-assignment rules of the Medicare, Medicaid and other Federal Health Care Programs, as that term is defined in 42 USC

Section 1320a-7b(f)), Borrower hereby grants to Lender a first-priority security interest in the Collateral and all of Borrower's rights, titles and interests in and to the Collateral, and Borrower hereby pledges and collaterally transfers and assigns the Collateral to Lender, all upon and subject to the terms and conditions of this Agreement. Such security interest is granted and collateral pledge and assignment are made as security only and shall not subject Lender to, or transfer or in any way affect or modify, any obligation of Borrower with respect to any of the Collateral or any transaction involving or giving rise thereto. If the grant, pledge, or collateral transfer or assignment of any specific item of the Collateral is expressly prohibited by any contract, then the security interest created hereby nonetheless remains effective to the extent allowed by the UCC or other applicable law, but is otherwise limited by that prohibition.

(b) Borrower authorizes Lender to prepare and file any and all documents Lender deems appropriate to perfect its security interest hereunder, and Borrower agrees to cooperate with Lender and execute all documents requested by Lender to enable Lender to perfect its security interest hereunder.

(c) Borrower hereby irrevocably appoints Lender, effective on the occurrence and during the continuance of an Event of Default, as its attorney-in-fact to do (but Lender shall not be obligated to do and shall incur no liability to Borrower or any third party for failure to do) any act which Borrower is obligated by this Agreement to do, and to (i) exercise such rights and powers as Borrower might exercise with respect to the Collateral, including, without limitation, the right to collect by legal proceedings or otherwise and endorse, receive and receipt for all dividends, interest, payments, proceeds and other sums and property now or hereafter payable on or account of Collateral; (ii) exercise such privileges or options pertaining to, or deposit, surrender, accept, hold or apply other property in exchange for, Collateral; (iii) insure, process and preserve the Collateral; (iv) transfer the Collateral to Lender's own name or the name of a nominee of Lender; and (v) make any compromise or settlement, and take any action it deems advisable, with respect to the Collateral. Borrower agrees to reimburse Lender on demand for any costs and expenses, including, without limitation, attorneys' fees, Lender may incur while acting a Borrower's attorney-in-fact hereunder, all of which costs and expenses are included in the Obligations. It is further agreed that such case as Lender gives to the safekeeping of its own property of like kind shall constitute reasonable care of the Collateral when in Lender's possession; *provided, however*, that Lender shall not be required to make any presentment, demand or protest, or give any notice and need not take any action to preserve any rights against any prior party or any other person in connection with the Obligations or with respect to the Collateral.

4. Covenants. For so long as this Agreement is in effect or any amounts remain outstanding under this Agreement, Borrower shall:

(a) Promptly furnish to Lender, upon request, financial or other information concerning the assets, liabilities, operations and transactions of Borrower as Lender may from time to time reasonably request;

(b) Maintain, or cause or arrange to be maintained, on its properties and assets, insurance from reputable companies in such amounts and covering such risks as is prudent and commercially reasonable;

(c) Furnish to Lender, promptly upon becoming aware of the existence of any condition or event constituting an Event of Default hereunder, written notice specifying the nature and period of existence thereof and any action which Borrower is taking or proposes to take with respect thereto;

(d) Promptly notify Lender of (i) any material adverse change in its financial condition or business; (ii) any default under any material agreement, contract or other instrument to which Borrower is a party or by which any of its properties are bound, or any acceleration of any maturity of any indebtedness owed by Borrower, (iii) any material adverse claim against or affecting Borrower or any of its properties, or any claim, action, or proceeding affecting title to all or any of the Collateral or the Security

Interest and, at the request of Lender, appear in and defend, at Borrower's expense, any such action or proceeding; and (iv) any litigation, or any claim or controversy which might become the subject of litigation, against Borrower or affecting any of Borrower's property, if such litigation or potential litigation would reasonably be expected to, in the event of an unfavorable outcome, have an adverse effect on Borrower's financial condition or business or cause an Event of Default;

(e) Not, without the prior written consent of Lender, except as provided for under the Documents, either in a single or series of related transactions, (i) pledge, mortgage or otherwise encumber any of the Collateral, (ii) pledge, mortgage or otherwise encumber any of its other property, (iii) sell, assign, transfer or convey all or substantially all of its assets, including its goodwill, (iv) merge or consolidate with any other entity or person, (v) allow the transfer, issuance or redemption of any of its capital stock or equity interests nor any security convertible into or exercisable for such capital stock or equity interests, (vi) take or allow any act that would materially impair the ability of Borrower to carry on its business or to fulfill its obligations under this Agreement or the Documents, (vii) liquidate, dissolve or reorganize, nor (viii) agree to do any of the foregoing;

(f) Do all acts that may be necessary to maintain, preserve and protect the Collateral;

(g) Not use any Collateral or permit any Collateral to be used unlawfully or in violation of any provision of this Agreement, any other Document or any applicable statute, regulation or ordinance or any policy of insurance covering the Collateral;

(h) Pay promptly when due all taxes, assessments, charges, encumbrances and liens now or hereafter imposed on or affecting any Collateral;

(i) Notify Lender promptly after any change in Borrower's name or place of business, or if, Borrower has more than one place of business, Borrower's primary place of business;

(j) Keep the Collateral at the location(s) set forth in Section 9(s) and not to remove the Collateral from such location(s) without the prior written consent of Lender;

(k) Following an Event of Default, account fully for and promptly deliver to Lender, in the form received, all proceeds of the Collateral received, endorsed to Lender as appropriate, and until so delivered all proceeds shall be held by Borrower in trust for lender, separate from all other property of Borrower and identified as the property of Lender;

(l) If any of the Pledged Shares are received by Borrower, to forthwith (i) deliver to Lender the certificates or instruments representing or evidencing the same, duly endorsed in blank or accompanied by such instruments of assignment and transfer in such form and substance as Lender may reasonably request, all of which thereafter shall be held by Lender, pursuant to the terms of this Agreement, as part of the Collateral and (ii) take such other action as Lender may reasonably deem necessary or appropriate to duly record or otherwise perfect the security interest created hereunder in such Collateral; and

(m) At the reasonable request of Lender, insure the Collateral, with Lender named as loss payee, in form and amounts, with companies, and against risks and liabilities, reasonably required by Lender to protect the value of its security interest hereunder, and following an Event of Default: (i) to assign the policies to Lender, (ii) to deliver them to Lender at its request, and (iii) to cooperate with and assist Lender in making any claim thereunder, or in canceling the insurance, or in collecting and receiving payment of, and endorse any instrument in payment of loss or return premium or other refund or return, and apply such amounts received, at Lender's election, to replacement of Collateral or to the Obligations; provided that in no event shall Lender be deemed to have a security interest in insurance proceeds except to the extent solely arising from the Collateral, and if Lender receives any other insurance proceeds, it will deliver such proceeds to Borrower.

5. Default; Remedies.

(a) **Event of Default**. For purposes of this Agreement, an "Event of Default" shall exist if any one or more of the following events shall occur:

(i) Borrower fails to make any payment on the Outstanding Balance when due and such failure continues without cure by Borrower for a period of ten (10) days after such due date;

(ii) Any shareholder of Borrower sells, assigns, pledges or otherwise transfers, with or without consideration, any shares of capital stock of Borrower unless such sale, assignment, pledge or transfer was approved in writing by Lender;

(iii) Except as otherwise provided herein, Borrower breaches or defaults in the performance of any of its Obligations or covenants or agreements contained in this Agreement and such breach or default continues without cure by Borrower for a period of thirty (30) days after Borrower's receipt of written notice of such breach from Lender;

(iv) Borrower applies for or consents to the appointment of a receiver, trustee or liquidator of all or substantially all of its assets, files a voluntary petition in bankruptcy or makes a general assignment for the benefit of its creditors, or an involuntary petition in bankruptcy is filed with respect to Borrower and is not dismissed within sixty (60) days thereafter, or any order, judgment or decree is entered by any court of competent jurisdiction on the application of a creditor or otherwise adjudicating Borrower bankrupt or approving appointment of a receiver, trustee or liquidator of Borrower of all or substantially all of its assets and such order, judgment or decree continues unstayed and in effect for sixty (60) calendar days after its entry; and/or

(v) Borrower is excluded, debarred or suspended from participating in any Federal Health Care Program.

(b) **Rights and Remedies**.

(i) On the occurrence of any Event of Default, Lender may, at its option, upon contemporaneous notice to Borrower, and in addition to all rights and remedies available to Lender and its affiliates under this Agreement or any other Document, do any one or more of the following: (A) declare all obligations, whether evidenced by this Agreement or by any of the other Documents, immediately due and payable, (B) foreclose or otherwise enforce Lender's security interest in any manner permitted by law or provided in this Agreement, subject to the rights of senior lienholders; (C) sell, lease or otherwise dispose of any Collateral at one or more public or private sales, whether or not such Collateral is present at the place of sale, for cash or credit or future delivery, on such terms and in such manner as Lender may determine; (D) recover from Borrower all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred or paid by Lender in exercising any right, power or remedy provided by this Agreement or by law; (E) require Borrower to assemble the Collateral and make it available to Lender at a place to be designated by Lender; (F) enter onto property where any Collateral is located and take possession thereof with or without judicial process; (G) require Borrower to cause the Pledged Shares to be transferred of record into the name of Lender or its nominee; and (H) prior to the disposition of the Collateral, store, process, repair or recondition it or otherwise prepare it for disposition in any manner and to the extent Lender deems appropriate and in connection with such preparation and disposition, without charge, use any trademark, service mark, trade name, copyright, patent or technical process used by Borrower.

(ii) Borrower recognizes that Lender may be compelled, at any time after the occurrence and during the continuance of an Event of Default, to conduct any sale of all or any part of the Pledged Shares without registering or qualifying such Pledged Shares under the Securities Act of 1933, as amended (the "Securities Act"), and/or any applicable state securities laws in effect at such time. Borrower amended (the "**Securities Act**"), and/or any applicable state securities laws in effect at such time. Borrower acknowledges that any such private sales may, to the extent permitted by applicable law, be made in such manner and under such circumstances as Lender may deem necessary or advisable in its sole and absolute discretion, including at prices and on terms that might be less favorable than those obtainable through a public sale without such restrictions (including, without limitation, a public offering made pursuant to a registration statement under the Securities Act), and, notwithstanding such circumstances, agrees that any such sale shall not be deemed not to have been made in a commercially reasonable manner solely because it was conducted as a private sale, and agrees that Lender shall have no obligation to conduct any public sales and no obligation to delay the sale of any Pledged Shares for the period of time necessary to permit its registration for public sale under the Securities Act and applicable state securities laws, and shall not have any responsibility or liability as a result of its election so not to conduct any such public sales or delay the sale of any Pledged Shares, notwithstanding the possibility that a substantially higher price might be realized if the sale were deferred until after such registration. To the extent permitted by applicable law, Borrower hereby waives any claims against Lender arising by reason of the fact that the price at which any Pledged Shares may have been sold at any private sale was less than the price that might have been obtained at a public sale or was less than the aggregate amount of the Obligations, even if Lender accepts the first offer received and does not offer such Pledged Shares to more than one offeree. Borrower agrees that a breach of any of the covenants contained in this Section 5(b) will cause irreparable injury to Lender, that Lender has no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section 5(b) shall be specifically enforceable against Borrower.

(c) **Notice**. Reasonable notification of the time and place of any public sale of the Collateral, or reasonable notification of the time after which any private sale or other intended disposition of the Collateral is to be made, shall be sent to Borrower and to any other Person entitled to notice under the UCC; *provided that*, if any of the Collateral threatens to decline speedily in value or is of the type customarily sold on a recognized market, Lender may sell or otherwise dispose of the Collateral without notification, advertisement, or other notice of any kind. It is agreed that notice sent or given not less than five (5) business days prior to the taking of the action to which the notice relates is reasonable notification and notice for the purposes of this subsection.

(d) **Compliance with Other Laws**. Lender may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral.

(e) **Application of Proceeds**. Lender shall apply the proceeds of any sale or other disposition of the Collateral under this Section 5 in the following order: *first*, to the payment of all expenses incurred by Lender in retaking, holding and preparing any of the Collateral for sale(s) or other disposition, in arranging for such sale(s) or other disposition, and in actually selling or disposing of the same (all of which are part of the Obligations); *second*, toward repayment of amounts expended by Lender under Section 5; and *third*, toward payment of the balance of the Obligations in the order and manner determined in Lender's sole discretion. Any surplus remaining shall be delivered to Borrower or as a court of competent jurisdiction may direct. If the proceeds are insufficient to pay the Obligations in full, Borrower shall remain liable for any deficiency.

(f) **Set-Off**. The Obligations shall be paid by Borrower without regard to any equities between Borrower and Lender or any right of set-off or cross-claim. Lender may set-off and apply any indebtedness owing by it to Borrower against any Obligations before or after maturity, and without any demand upon or notice to Borrower or any other Person.

(g) **No Recourse**. All amounts due and owing under this Agreement are repayable solely from the assets of Borrower, and Lender will have no recourse against any equity holder, director, manager, officer or employee of Borrower for any such amounts.

6. Regulatory.

(a) No amount advanced under this Agreement is intended to be or will be interpreted to be an inducement or payment for, or recommendation of, referral of patients by (i) any Borrower or any member of Borrower's professional staff to Lender or any of Lender's affiliates, or (ii) Lender or any of Lender's affiliates to Borrower or any member of Borrower's professional staff.

(b) Nothing in this Agreement will be interpreted as authorizing or requiring Lender or any of Lender's affiliates to practice any licensed profession, invest in or own Borrower or exercise any control or direction over any aspect of Borrower. Borrower and Borrower's professional staff remain free to exercise their professional judgment, in their sole discretion, in the diagnosis and treatment of patients.

(c) To the extent, but only to the extent that, a court of competent jurisdiction holds any act or service required or permitted of a Party under this Agreement to impermissibly constitute Lender's practice of any licensed profession or operation of a health care facility or service requiring licensure under applicable law, then such provision of this Agreement will be void *ab initio* and each Party will be deemed to have waived the performance of such act or service by the other Party.

7. Representations and Warranties of Borrower; Representations, Warranties and Agreements of Lender.

(a) Borrower represents and warrants to Lender that:

(i) Borrower: (A) has been duly organized and is validly existing as a corporation in good standing under the laws of California with full power and authority (corporate and other) to own, lease and operate its properties and conduct its business as currently conducted; and (B) is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which the ownership or leasing of its respective properties or the conduct of its respective business requires such qualification.

(ii) Borrower is a professional corporation as defined in Section 13401 of the General Corporation Law of the State of California and the ownership and operation of Borrower are in compliance with the requirements of Sections 13400-13410 of the General Corporation law of the State of California (the "**California PC Law**"). Borrower has entered into a Physician Shareholder Agreement with its sole shareholder and Lender (the "**Shareholder Agreement**") pursuant to which, among other things, such shareholder has agreed not to sell, assign, pledge, or otherwise transfer, with or without consideration, any shares of Borrower's stock to any Person whose ownership of the shares would violate the California PC Law. The Shareholder Agreement is valid and binding on the sole shareholder and is enforceable by Borrower against the sole shareholder. Lender is a third-party beneficiary of the Shareholder Agreement for so long as the Outstanding Balance remains outstanding.

(iii) Borrower has full legal right, power and authority to enter into this Agreement and the other Documents to which it is a party and to perform the transactions contemplated hereby and thereby. All corporate action on the part of Borrower and its directors and shareholders for the authorization, execution and delivery of, and the performance of all obligations of Borrower under the Documents has been duly taken. Each of this Agreement and the other Documents to which Borrower is a party has been duly authorized, executed and delivered by Borrower and is a valid and binding agreement on the part of Borrower, enforceable in accordance with its terms. The performance of each Document and the consummation of the transactions contemplated by any such Document will not result in a breach or violation of any of the terms and provisions of, or constitute a default under, (a) any contract, (b) the organizational documents of Borrower, or (c) any applicable law. No consent, approval, authorization or order of, or qualification with, any governmental authority having jurisdiction over Borrower or over its properties or assets is required for the execution and delivery of this Agreement and the consummation by Borrower of the transactions herein contemplated.

(iv) All of the outstanding shares of Borrower are owned of record by Thomas Lam, M.D.

(v) Borrower has all permits, licenses, certificates, approvals, consents notices, waivers, franchise, registrations, filings, accreditations, or other similar authorizations, as applicable, required by any applicable law, governmental authority or contract.

(vi) Borrower is in compliance with all applicable laws and is not in violation of any applicable law.

(b) Lender represents and warrants, and agrees with, Borrower as follows:

(i) Lender is acquiring the promissory note(s) for Lender's own account, for investment purposes only.

(ii) Lender is an "accredited investor" as the term is defined in Rule 501(a) under Regulation D promulgated pursuant to the Securities Act.

(iii) Lender understands that the issuance and sale of the promissory note(s) has not been registered under the Securities Act or under any state securities laws.

(iv) Lender has received all the information Lender considers necessary or appropriate for deciding whether to enter into this Agreement, and Lender has had an opportunity to ask questions and receive answers from Borrower and its members regarding the business, prospects and financial condition of Borrower.

8. Pledged Shares.

(a) All Pledged Shares in which Borrower shall hereafter grant a security interest pursuant to this Agreement will be, duly authorized, validly existing, fully paid and nonassessable, and none of such Pledged Shares are or will be subject to any contractual restriction, or any restriction under the charter, by-laws, shareholders agreement or other organizational instrument of Metropolitan or any other issuer thereof, upon the transfer of such Pledged Shares (except for any such restriction contained herein or under such organizational documents).

(b) All certificates, agreements or instruments representing or evidencing the Pledged Shares in existence on the date hereof will have been delivered to Lender in a suitable form for transfer by delivery or accompanied by duly executed instruments of transfer or assignment in blank and (assuming continuing possession by Lender of all such Pledged Shares) Lender has a perfected first priority security interest therein.

(c) So long as no Event of Default shall have occurred and be continuing, Borrower shall have the right to exercise all voting, consensual and other powers of ownership pertaining to the Pledged Shares for all purposes not inconsistent with the terms of this Agreement, the other Documents, or any other instrument or agreement referred to herein or therein, provided that Borrower agrees that it will not vote the Pledged Shares in any manner that is inconsistent with the terms of this Agreement, the other Documents or any such other instrument or agreement; and Lender shall execute and deliver to Borrower or cause to be executed and delivered to Borrower all such proxies, powers of attorney, dividend and other orders, and all such instruments, without recourse, as Borrower may reasonably request for the purpose of enabling Borrower to exercise the rights and powers that they are entitled to exercise pursuant to this Section 8(c).

(d) Unless and until an Event of Default shall have occurred and be continuing, Borrower shall be entitled to receive and retain any dividends, distributions or proceeds on the Pledged Shares paid in cash out of earned surplus.

(e) If an Event of Default shall have occurred and be continuing, whether or not Lender exercises any available right to declare any Obligations due and payable or seek or pursue any other relief or remedy available to them under applicable law or under this Agreement, the other Documents or any other agreement relating to such Obligation, all dividends and other distributions on the Pledged Shares shall be paid directly to Lender and retained by it as part of the Collateral, subject to the terms of this Agreement, and, if Lender shall so request in writing, Borrower agrees to execute and deliver to Lender appropriate additional dividend, distribution and other orders and documents to that end, provided that if such Event of Default is cured, any such dividend or distribution theretofore paid to Lender shall, upon request of Borrower (except to the extent theretofore applied to the Obligations), be returned by Lender to Borrower.

(f) Borrower hereby expressly authorizes and instructs each issuer of any Pledged Shares pledged hereunder to (i) comply with any instruction received by it from Lender in writing that (A) states that an Event of Default has occurred and is continuing and (B) is otherwise in accordance with the terms of this Agreement, without any other or further instructions from Borrower, and Borrower agrees that such issuer shall be fully protected in so complying and (ii) unless otherwise expressly permitted hereby, pay any dividend or other payment with respect to the Pledged Shares directly to Lender for the benefit of Lender.

(g) Notwithstanding anything to the contrary in this Agreement, Lender shall take no action with respect to the Pledged Shares that would result in Borrower having an ineligible shareholder under the laws relating to the corporate practice of medicine in the State of California.

9. Miscellaneous.

(a) **Confidentiality.** The existence and the terms and conditions of this Agreement are confidential and may not be disclosed to any third party without Lender's prior written consent; *provided, however*, that Borrower may disclose the terms and conditions of this Agreement on a confidential basis to its financial advisors and attorneys or as otherwise may be required by applicable Law. Borrower's obligations under this Section 9(a) will survive the termination of this Agreement indefinitely for a period of five (5) years following its expiration or termination.

(b) **Payment of Expenses.** Borrower will pay and indemnify Lender against all out-of-pocket expenses incurred by Lender in connection with the execution, delivery or administration (including Lender's payment of any insurance premiums on Borrower's behalf, any modification of or consent or waiver under this Agreement, and any enforcement or preservation of rights under this Agreement) of the transactions contemplated by this Agreement. Borrower's obligations under this Section 9(b) will survive the termination of this Agreement indefinitely.

(c) **Notices.** All notices and other communications required or permitted under this Agreement (i) must be in writing, (ii) will be duly given (A) when delivered personally to the recipient or (B) one (1) Business Day after being sent to the recipient by nationally recognized overnight private carrier (charges prepaid) and (iii) addressed as follows (as applicable):

If to Borrower:

AP-AMH 2 Medical Corporation
1668 S. Garfield Ave. 2nd Fl
Alhambra, CA 91801
Attn: Chief Executive Officer

If to Lender:

Apollo Medical Holdings, Inc.
1668 S. Garfield Ave. 2nd Fl
Alhambra, CA 91801
Attn: Chief Executive Officer

or to such other respective address as each Party may designate by notice given in accordance with this Section 9(c).

(d) **Entire Agreement.** This Agreement constitutes the complete agreement and understanding among the Parties regarding the subject matter of this Agreement and supersedes any prior understandings, agreements or representations regarding the subject matter of this Agreement.

(e) **Amendments.** Except as otherwise set forth in Section 2(a), the Parties may amend this Agreement only pursuant to a written agreement executed by the Parties.

(f) **Non-Waiver.** The Parties' respective rights and remedies under this Agreement are cumulative and not alternative. Neither the failure nor any delay by any Party in exercising any right, power or privilege under this Agreement will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. No waiver will be effective unless it is in writing and signed by an authorized representative of the waiving Party. No waiver given will be applicable except in the specific instance for which it was given. No notice to or demand on a Party will constitute a waiver of any obligation of such Party or the right of the Party giving such notice or demand to take further action without notice or demand as provided in this Agreement.

(g) **Waiver of Defenses.** BORROWER HEREBY WAIVES PRESENTMENT, PROTEST AND DEMAND, NOTICE OF PROTEST, DEMAND AND DISHONOR AND NONPAYMENT OF ANY AMOUNT OWING UNDER THIS AGREEMENT OR ANY INSTRUMENT OR DOCUMENT DELIVERED PURSUANT TO THIS AGREEMENT.

(h) **Waiver or Set-Off.** BORROWER HEREBY WAIVES THE RIGHT TO INTERPOSE ANY SET-OFF, COUNTER-CLAIM AND/OR CROSS-CLAIM AGAINST LENDER IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING IN CONNECTION WITH ANY MATTER RELATING TO THIS AGREEMENT OR ANY INSTRUMENT OR DOCUMENT DELIVERED PURSUANT TO THIS AGREEMENT.

(i) **Excessive Charges.** Interest may not accrue under this Agreement in excess of the maximum interest rate allowed by applicable law. If Lender receives interest payments at an interest rate in excess of the maximum interest rate allowed by applicable law, then the excess amount will be treated as being received on account of, and will automatically reduce, the principal amount then-outstanding under this Agreement and if such excess amount exceeds the principal amount then-outstanding under this Agreement, then Lender will refund to Borrower the amount by which such excess exceeds the principal amount then-outstanding under this Agreement.

(j) **Assignment.** Borrower may not assign or transfer any of its rights or obligations under this Agreement without obtaining the prior written consent of the Lender. Lender may assign its rights hereunder without the consent of Borrower. In addition to the foregoing, Lender may collaterally assign its rights and benefits hereunder to one or more lenders or one or more agent for any lenders for security purposes or as collateral.

(k) **Binding Effect; Benefit.** This Agreement will inure to the benefit of and bind the Parties and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, may be construed to give any Person other than the Parties and their respective successors and permitted assigns any right, remedy, claim, obligation or liability arising from or related to this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the Parties and their respective successors and permitted assigns.

(l) **Severability.** If any court of competent jurisdiction holds any provision of this Agreement invalid or unenforceable, then the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

(m) **References.** The headings of Sections are provided for convenience only and will not affect the construction or interpretation of this Agreement. Unless otherwise provided, references to "Section(s)" and "Exhibit(s)" refer to the corresponding section(s) and exhibit(s) of this Agreement. Reference to a statute refers to the statute, any amendments or successor legislation and all rules and regulations promulgated under or implementing the statute, as in effect at the relevant time. Reference to a contract, instrument or other document as of a given date means the contract, instrument or other document as amended, supplemented and modified from time to time through such date.

(n) **Construction.** Each Party participated in the negotiation and drafting of this Agreement, assisted by such legal and tax counsel as it desired, and contributed to its revisions. Any ambiguities with respect to any provision of this Agreement will be construed fairly as to all Parties and not in favor of or against any Party. All pronouns and any variation thereof will be construed to refer to such gender and number as the identity of the subject may require. The terms "include" and "including" indicate examples of a predicate word or clause and not a limitation on that word or clause. The term "Business Day" means a day that is not a Saturday, Sunday or legal holiday on which banks are authorized or required to be closed in New York, New York. The term "Person" means any natural individual, corporation, partnership, limited liability company, joint venture, association, bank, trust company, trust or other entity, whether or not legal entities, or any governmental entity, agency or political subdivision.

(o) **Applicable Law; Venue**. This Agreement and all disputes or controversies arising out of or relating thereto shall be governed by, and construed in accordance with, the internal laws of the State of Delaware, without regard to the laws of any other jurisdiction that might be applied because of the conflicts of laws principles of any state. The parties agree that any action brought by either party to interpret or enforce any provision of this Agreement shall be brought in, and each party agrees to, and does hereby, submit to the jurisdiction and venue of, the appropriate state court or federal district court in the County of Los Angeles.

(p) **WAIVER OF JURY TRIAL**. EACH OF BORROWER AND LENDER AGREES THAT NEITHER OF THEM NOR ANY OF THEIR ASSIGNEES OR SUCCESSORS WILL (A) SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM OR ANY OTHER ACTION BASED UPON OR ARISING OUT OF, THIS AGREEMENT OR ANY AGREEMENT EXECUTED IN CONNECTION HEREWITH, ANY COLLATERAL SECURING ALL OR ANY PART OF THE OBLIGATIONS OR THE DEALINGS OR THE RELATIONSHIP BETWEEN THEM, OR (B) SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY

TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS SECTION HAVE

BEEN FULLY DISCUSSED BY EACH OF LENDER AND COMPANY WITH THEIR RESPECTIVE COUNSEL, AND THESE PROVISIONS WILL BE SUBJECT TO NO EXCEPTIONS. NEITHER LENDER NOR BORROWER HAS AGREED WITH OR REPRESENTED TO THE OTHER THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

(q) **Attorneys' Fees.** In any suit, action or proceeding brought by either Party in connection with any matter relating to this Agreement, the prevailing Party will be entitled to recover from the losing Party all reasonable costs and expenses (including reasonable attorneys' fees and expenses) incurred in such suit, action or proceeding (including any appeals).

(r) **Counterparts.** The Parties may execute this Agreement in multiple counterparts, each of which will constitute an original and all of which, when taken together, will constitute one and the same agreement. The Parties may deliver executed signature pages to this Agreement by facsimile or e-mail transmission. No Party may raise as a defense to the formation or enforceability of this Agreement, and each Party forever waives any such defense, either (i) the use of a facsimile or email transmission to deliver a signature or (ii) the fact that any signature was signed and subsequently transmitted by facsimile or email transmission.

(s) **Location(s) of Collateral.** Borrower represents that as of the date hereof, the Collateral is located at Lender's offices at 1668 S. Garfield Ave., 2nd Floor, Alhambra, CA 91801, and that Borrower's records regarding the Collateral are kept at 1668 S. Garfield Ave., 2nd Floor, Alhambra, CA 91801.

(t) **Termination of the Agreement.** This Agreement may be terminated at any time upon mutual written agreement of the Parties. Upon termination of this Agreement, the Outstanding Balance, if any, will automatically become immediately due and payable.

[SIGNATURE PAGE IMMEDIATELY FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first written above.

LENDER:

APOLLO MEDICAL HOLDINGS, INC.,
a Delaware corporation

By: Brandon Sim
Name: Brandon Sim
Title: Co-Chief Executive Officer

BORROWER

AP-AMH 2 MEDICAL CORPORATION,
a California professional corporation

By: Tho Lam
Name: Thomas S. Lam
Title: Chief Executive Officer

[Signature Page to Loan and Security Agreement]

EXHIBIT A

SCHEDULE OF LOANS

Amount	Date Borrowed
$ 113,800,000	1 / 31 / 24
$ ____________	___/___/___
$ ____________	___/___/___
$ ____________	___/___/___

[Exhibit A]

EXHIBIT B

FORM OF PROMISSORY NOTE

[See attached.]

[Exhibit B]

[FORM OF]

THIS NOTE HAS NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OR ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THIS NOTE IS SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED, RESOLD, PLEDGED, ASSIGNED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE LAW.

SECURED PROMISSORY NOTE

$[113,800,000] [___], 202[___]

FOR VALUE RECEIVED, AP-AMH 2 Medical Corporation, a California professional corporation ("**Borrower**"), promises to pay to the order of Apollo Medical Holdings, Inc., a Delaware corporation ("**Lender**"), the principal amount of [One Hundred Thirteen Million Eight Hundred Thousand Dollars ($113,800,000)] (the "**Principal Amount**") delivered by Lender to Borrower as set forth below, together with accrued and unpaid interest thereon, each due and payable in the manner set forth below. This Note is entered into concurrently with the Loan and Security Agreement (the "**Loan and Security Agreement**"), dated as of January 31, 2024, entered into by and between Borrower and Lender, and is subject to the terms of the Loan and Security Agreement.

1. Delivery of Principal Amount. The Principal Amount shall be delivered by Lender to Borrower on the date hereof.

2. Interest. Interest shall accrue as set forth in the Loan and Security Agreement.

3. Maturity Date. This Note will mature on [___][1] (the "**Maturity Date**").

4. Security. This Note is secured pursuant to the Loan and Security Agreement. Subject to the terms of the Loan and Security Agreement, Lender is entitled to enforce the provisions of the Loan and Security Agreement and to enjoy the benefits thereof.

5. Payments. All cash payments of principal and interest in respect of this Note shall be made in lawful money of the United States of America in same day funds at such place as shall be designated in writing for such purpose in accordance with the terms of the Loan and Security Agreement. This Note may not be prepaid without the prior consent of Lender, as provided in the Loan and Security Agreement.

6. Collateral Assignment. Borrower and Lender acknowledge that Lender may incur indebtedness secured by the assets of Lender and, in connection therewith, may assign, as collateral security for such obligations, all of its right, title and interest in, to and under the Loan and Security Agreement and this Note to the agent or any secured creditors of such indebtedness. Borrower hereby acknowledges that a collateral assignment may occur and consents to any such collateral assignment for the benefit of any such agent or secured creditors and consents to any subsequent actions taken by such agent or secured creditors in connection with any collateral assignment, including, without limitation, in connection with the enforcement of such collateral assignment.

7. Usury. Notwithstanding any other provision of this Note, Lender does not intend to charge and Borrower shall not be required to pay any interest or other fees or charges in excess of the maximum

[1] **NTD**: To be the date that is 10 years from the date of this Note.

permitted by applicable law; any payments in excess of such maximum shall be refunded to Borrower or credited to reduce principal hereunder.

8. Miscellaneous. This Note, and the obligations and rights of the parties hereunder, shall be binding upon and inure to the benefit of Borrower, Lender, and their respective heirs, successors and permitted assigns. The titles and subtitles used in this Note are used for convenience only and shall not be considered in construing or interpreting this Note. Borrower and Lender shall each bear its respective expenses and legal fees incurred with respect to the negotiation, execution and delivery of this Note and the transactions contemplated herein. This Note may only be assigned, delegated or transferred only in the manner provided in the Loan and Security Agreement. Any term of this Note may only be amended or waived only in the manner provided in the Loan and Security Agreement. This Note may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

9. Applicable Law; Venue. This Note and all disputes or controversies arising out of or relating thereto shall be governed by, and construed in accordance with, the internal laws of the State of Delaware, without regard to the laws of any other jurisdiction that might be applied because of the conflicts of laws principles of any state. The parties agree that any action brought by either party to interpret or enforce any provision of this Note shall be brought in, and each party agrees to, and does hereby, submit to the jurisdiction and venue of, the appropriate state court or federal district court in the County of Los Angeles.

10. WAIVER OF JURY TRIAL. EACH OF BORROWER AND LENDER AGREES THAT NEITHER OF THEM NOR ANY OF THEIR ASSIGNEES OR SUCCESSORS WILL (A) SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM OR ANY OTHER ACTION BASED UPON OR ARISING OUT OF, THIS NOTE OR ANY AGREEMENT EXECUTED IN CONNECTION HEREWITH, ANY COLLATERAL SECURING ALL OR ANY PART OF THE OBLIGATIONS OR THE DEALINGS OR THE RELATIONSHIP BETWEEN THEM, OR (B) SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS SECTION HAVE BEEN FULLY DISCUSSED BY EACH OF LENDER AND COMPANY WITH THEIR RESPECTIVE COUNSEL, AND THESE PROVISIONS WILL BE SUBJECT TO NO EXCEPTIONS. NEITHER LENDER NOR BORROWER HAS AGREED WITH OR REPRESENTED TO THE OTHER THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

11. Entire Agreement. This Note, together with the Loan and Security Agreement, constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof, and no party shall be liable or bound to any other party in any manner by any representations, warranties, covenants and agreements except as specifically set forth herein.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Secured Promissory Note as of the date first written above.

BORROWER:

AP-AMH 2 MEDICAL CORPORATION

By: ______________________________

Name:
Title:

E-mail: ______________________

Address:

[Signature Page to Secured Promissory Note]

IN WITNESS WHEREOF, the parties have executed this Secured Promissory Note as of the date first written above.

LENDER:

APOLLO MEDICAL HOLDINGS, INC.

By: ______________________________

Name:
Title:

E-mail: ______________________________

Address:

[Signature Page to Secured Promissory Note]

EXHIBIT C

FORM OF CERTIFICATE OF DETERMINATION

[See attached.]

[Exhibit C]

CERTIFICATE OF DETERMINATION
OF PREFERENCES OF
SERIES A PREFERRED STOCK
OF
METROPOLITAN IPA

Pursuant to Section 401 of the California Corporations Code (the "**Code**"), each of the undersigned officers of Metropolitan IPA, a California professional corporation organized and existing under the Code, with California Entity Number 5946857 (the "**Corporation**"), hereby certify as follows:

A. They are the duly elected and acting President and Treasurer and the duly elected and acting Secretary, respectively, of the Corporation.

B. The authorized number of shares of the Preferred Stock of the Corporation is 1,000, none of which shares have been issued. The authorized number of shares of the Series A Preferred Stock is 1,000, none of which shares have been issued.

C. Pursuant to the authority given by the Corporation's Articles of Incorporation, the Board of Directors of the Corporation (the "**Board**") has duly adopted the following recitals and resolutions:

WHEREAS, the Amended and Restated Articles of Incorporation of the Corporation authorize a class of Preferred Stock comprising 1,000 shares issuable from time to time in one or more series;

WHEREAS, the Board is authorized to fix or alter the rights, preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock, including but not limited to the dividend rights, dividend rates, conversion rights, voting rights, liquidation preferences and the number of shares constituting any such series and the designation thereof, or any of them; and

WHEREAS, the Corporation heretofore has not issued or designated any series of Preferred Stock, and it is the desire of the Board, pursuant to its authority as aforesaid, to fix the rights, preferences, privileges, restrictions and other matters relating to the Series A Preferred Stock and the number of shares constituting such series.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby provides for the issue of the first series of Preferred Stock consisting of 1,000 shares designated as "Series A Preferred Stock"; and

RESOLVED FURTHER, that the Board hereby fixes the rights, privileges, preferences and restrictions and other matters relating to the Series A Preferred Stock (the "**Series A Preferred**") as follows:

1. CERTAIN DEFINITIONS.

"**Affiliate**" means, with respect to any Person, any other Person that directly, or indirectly, through one or more intermediaries, Controls, is Controlled by or is under common Control with such specified Person.

"**Business Day**" means any day other than a Saturday, a Sunday or any other day on which commercial banks in Los Angeles, California are required or authorized to close.

"**Common Stock**" means the shares of common stock, without par value, of the Corporation.

"**Control**" means, as to any Person, the power to direct or cause the direction of the management

"**Control**" means, as to any Person, the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise (the terms "Controlled by," "Controlling" and "under common Control with" shall have correlative meanings).

"**Effective Date**" means the date on which any shares of Series A Preferred are first issued by the Corporation.

"**Liquidation Event**" means any of the following: (i) a liquidation, dissolution or winding up of the affairs of the Corporation, either voluntary or involuntary, (ii) a Sale of the Corporation or (iii) the bankruptcy or insolvency of the Corporation.

"**Non-Affiliate**" means any Person other than an Affiliate of the Corporation or of any holder of the Series A Preferred that owns, individually or together with its Affiliates, more than 25% of the issued and outstanding shares of the Series A Preferred.

"**Person**" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a government or any branch, department, agency, political subdivision or official thereof.

"**Sale of the Corporation**" means (a) the sale of all, or substantially all, of the Corporation's consolidated assets to a Non-Affiliate in any single transaction or series of related transactions; (b) the sale of at least a majority of the outstanding Common Stock to a Non-Affiliate in any single transaction or series of related transactions; (c) any merger or consolidation of the Corporation with or into a Non-Affiliate, or (d) an reorganization, recapitalization or other similar transaction (including a stock sale) involving the Corporation, on the one hand, and a Non-Affiliate, on the other hand , unless, immediately after the completion of such transaction described in clause (c) or (d), Control of the Corporation is substantially unaffected or remains, directly or indirectly, in the same shareholders (or their Affiliates) that controlled the Corporation immediately prior to such transaction.

"**Series A Dividend Payment Date**" means the last day of the Corporation's first full fiscal quarter after the Effective Date, and the last day of each subsequent fiscal quarter in which any shares of the Series A Preferred are outstanding (unless such day is not a Business Day, in which event such dividends shall be payable on the next succeeding Business Day).

"**Series A Purchase Price**" means an amount equal to $113,800,000.

"**Series A Shareholders Agreement**" means any agreement entered into at any time or from time to time between the Corporation and the holders of the shares of Series A Preferred in connection with the shares of Series A Preferred and the respective rights of the parties thereunder.

2. DIVIDEND RIGHTS.

(a) **Cumulative Dividend Calculation**. Holders of Series A Preferred shall be entitled to receive preferential, cumulative cash dividends, which dividends shall accumulate and accrue on a daily basis from and after the date of issuance of any particular share of Series A Preferred, in an amount equal to no less than $13,656.00 per share of Series A Preferred per fiscal year (which, for the avoidance of doubt, will equal an aggregate amount of no less than $13,656,000.00 for all shares of Series A Preferred per fiscal year), which amount shall be pro-rated (as reasonably determined by the Board) in connection with the calculation of the Series A Dividend with respect to less than a full fiscal year of the Corporation (the "**Series A Dividend**"). For avoidance of doubt, the amount of the Series A Dividend, as shall have been determined as provided herein with respect to any fiscal year of the Corporation, shall be payable in full to determined as provided herein with respect to any fiscal year of the Corporation, shall be payable in full to the holders of the Series A Preferred. Notwithstanding anything to the contrary set forth herein, all calculations hereunder relating to the Series A Preferred shall be made on an accrual basis in accordance with U.S. generally accepted accounting principles (GAAP), including, without limitation, the calculation of the Series A Dividend.

(b) Dividend Payment Dates. The accrued and unpaid portion of the Series A Dividend shall be payable in cash, out of funds legally available for the payment of dividends and whether or not declared by the Board, quarterly in arrears on each Series A Dividend Payment Date. If the full amount of the dividend for a particular period, as computed pursuant to Section 2(a), is not paid on the applicable payment date, then any such unpaid amount shall accrue and be paid as promptly as is legally permissible.

(c) Restriction on Other Dividends. The Corporation shall not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Corporation (other than dividends on shares of common stock payable in shares of common stock) unless the holders of Series A Preferred shall have received, immediately prior to or simultaneously with the payment of such other dividend, an amount equal to the aggregate Series A Dividend then accrued and unpaid.

3. LIQUIDATION RIGHTS.

(a) Series A Liquidation Preference. Upon any Liquidation Event, whether voluntary or involuntary, before any other distribution or payment shall be made to the holders of any shares of capital stock of the Corporation, the holders of the Series A Preferred shall be entitled to be paid, out of the assets or surplus funds of the Corporation legally available for distribution, their pro rata share of an amount equal to (i) the accrued and unpaid amounts of the Series A Dividend and (ii) the Series A Purchase Price (the "**Series A Liquidation Preference**").

(b) Additional Series A Preference Distributions. After the payment in full of the Series A Liquidation Preference, the remaining assets or surplus funds of the Corporation legally available for distribution, if any, in amount equal to the positive difference between the then-current fair value of the assets, as reasonably determined by the Board, and the Series A Liquidation Preference, shall be distributed ratably 90% to the holders of the Series A Preferred and 10% to the holders of the Common Stock (the "**Additional Series A Preference Distribution**").

(c) Common Preference Distributions. After the payment in full of the Additional Series A Preference Distribution, the remaining assets or surplus funds of the Corporation legally available for distribution, if any, shall be distributed ratably 90% to the holders of the Common Stock and 10% to the holders of the Series A Preferred, until the holders of the Series A Preferred shall have received under this Section 3(c) an aggregate amount equal to the amount received by the holders of the Common Stock under Section 3(b). (the "**Common Preference Distribution**").

(d) Residual Distributions. After the payment in full of the Series A Liquidation Preference, the Additional Series A Preference Distribution and the Common Preference Distribution, the remaining assets or surplus funds of the Corporation legally available for distribution, if any, shall be distributed ratably to the holders of the Common Stock.

(e) Pro Rata Distributions. If, upon any Liquidation Event, the assets or surplus funds of the Corporation shall be insufficient to make payment in full of any of the liquidation preferences set forth in Sections 3(a) - 3(d) above, then such assets or surplus funds as are available shall be distributed ratably, in partial satisfaction of the applicable liquidation preference, among the holders of the shares of

Series A Preferred and/or the shares of Common Stock, as the case may be, then outstanding, in proportion to the full amounts to which they would be otherwise respectively entitled.

4. **VOTING RIGHTS.**

(a) General Limitation. Except to the extent otherwise provided by law and/or in any Series A Shareholders Agreement, the shares of Series A Preferred shall have the right to vote only with respect to the matters expressly set forth herein. The shares of the Series A Preferred shall not be entitled to vote for the election of directors.

(b) Manner of Voting. Solely in connection with the matters upon which the shares of Series A Preferred are entitled to vote, the holders thereof shall be entitled to one vote per each share held immediately after the close of business on the record date fixed for a meeting or the effective date of a written consent, and such holders shall have voting rights and powers equal to the voting rights and powers of the Common Stock and shall be entitled to notice of any shareholders' meeting in accordance with the Bylaws of the Corporation. Except as otherwise provided herein or in any Series A Shareholders Agreement or as required by law, the Series A Preferred shall vote together with the Common Stock at an annual meeting or special meeting of the shareholders and not as a separate class, and may act by written consent together with an in the same manner as the Common Stock.

(c) Separate Vote of Series A Preferred. For so long as any shares of Series A Preferred remain outstanding, in addition to any other vote or consent required herein or in any Series A Shareholder Agreement or by law, the vote or written consent of the holders of at least a majority of the outstanding shares of Series A Preferred, voting as a separate class, shall be necessary for effecting or validating the following actions:

(i) Any action that alters or changes the voting powers or other special rights, preferences, privileges, qualifications, limitations or restrictions of the Series A Preferred;

(ii) Any increase or decrease (other than by conversion) in the authorized number of shares of the Series A Preferred;

(iii) Any Liquidation Event; and

(iv) Any authorization or designation, whether by reclassification or otherwise, of any new class or series of capital stock or any other securities convertible into equity securities of the Corporation ranking on parity with or senior to the Series A Preferred in rights of redemption, liquidation preference, voting or dividends, or any increase in the authorized or designated number of any such new class or series.

5. **MISCELLANEOUS.**

(a) Notices of Record Date. Upon (i) any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or (ii) any Liquidation Event or other capital reorganization of the Corporation or any reclassification or recapitalization of the capital stock of the Corporation, the Corporation shall mail to each holder of Series A Preferred at least ten days prior to the record date specified therein (or such shorter period approved by a the holders of a majority of the outstanding Series A Preferred) a notice specifying (A) the date on which any such record is to be taken for the purpose of such dividend

or distribution and a description of such dividend or distribution, (B) the date on which any such Liquidation Event or other capital reorganization of the Corporation or any reclassification or recapitalization of the capital stock of the Corporation is expected to become effective, and (C) the date, if any, that is to be fixed as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such Liquidation Event or other capital reorganization of the Corporation or any reclassification or recapitalization of the capital stock of the Corporation.

(b) Delivery of Notices, Any notice required by the provisions of this Certificate of Determination shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed electronic mail, (iii) when sent by facsimile during normal business hours of the recipient (and on the next business day if sent by facsimile outside of such normal business hours), (iv) seven days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (v) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All notices shall be addressed to each holder of record at the address of such holder appearing on the books of the Corporation.

(c) No Dilution or Impairment. The Corporation will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of the Series A Preferred set forth herein, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate in order to protect the rights of the holders of the Series A Preferred against dilution or other impairment.

(d) No Reissuance of Series A Preferred. No share or shares of Series A Preferred acquired by the Corporation by reason of redemption, purchase or otherwise shall be reissued.

RESOLVED FURTHER, that each of the President, Treasurer and Secretary of the Corporation are hereby authorized and directed to execute, acknowledge, file and record a Certificate of Determination of Preferences of Series A Preferred Stock in accordance with the foregoing resolutions and provisions of the Code.

* * *

IN WITNESS WHEREOF, the undersigned President and Treasurer of the Corporation and Secretary of the Corporation each declares under penalty of perjury under the laws of the State of California that the matters set out in the foregoing Certificate are true and correct of his own knowledge.

Dated: January 26, 2024

Thomas S. Lam
President and Treasurer

Chandan Basho
Secretary

Exhibit 10.62

THIS NOTE HAS NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OR ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THIS NOTE IS SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED, RESOLD, PLEDGED, ASSIGNED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE LAW.

SECURED PROMISSORY NOTE

$113,800,000 January 31, 2024

FOR VALUE RECEIVED, AP-AMH 2 Medical Corporation, a California professional corporation ("**Borrower**"), promises to pay to the order of Apollo Medical Holdings, Inc., a Delaware corporation ("**Lender**"), the principal amount of One Hundred Thirteen Million Eight Hundred Thousand Dollars ($113,800,000) (the "**Principal Amount**") delivered by Lender to Borrower as set forth below, together with accrued and unpaid interest thereon, each due and payable in the manner set forth below. This Note is entered into concurrently with the Loan and Security Agreement (the "**Loan and Security Agreement**"), dated as of January 31, 2024, entered into by and between Borrower and Lender, and is subject to the terms of the Loan and Security Agreement.

1. Delivery of Principal Amount. The Principal Amount shall be delivered by Lender to Borrower on the date hereof.

2. Interest. Interest shall accrue as set forth in the Loan and Security Agreement.

3. Maturity Date. This Note will mature on January 31, 2034 (the "**Maturity Date**").

4. Security. This Note is secured pursuant to the Loan and Security Agreement. Subject to the terms of the Loan and Security Agreement, Lender is entitled to enforce the provisions of the Loan and Security Agreement and to enjoy the benefits thereof.

5. Payments. All cash payments of principal and interest in respect of this Note shall be made in lawful money of the United States of America in same day funds at such place as shall be designated in writing for such purpose in accordance with the terms of the Loan and Security Agreement. This Note may not be prepaid without the prior consent of Lender, as provided in the Loan and Security Agreement.

6. Collateral Assignment. Borrower and Lender acknowledge that Lender may incur indebtedness secured by the assets of Lender and, in connection therewith, may assign, as collateral security for such obligations, all of its right, title and interest in, to and under the Loan and Security Agreement and this Note to the agent or any secured creditors of such indebtedness. Borrower hereby acknowledges that a collateral assignment may occur and consents to any such collateral assignment for the benefit of any such agent or secured creditors and consents to any subsequent actions taken by such agent or secured creditors in connection with any collateral assignment, including, without limitation, in connection with the enforcement of such collateral assignment.

7. Usury. Notwithstanding any other provision of this Note, Lender does not intend to charge and Borrower shall not be required to pay any interest or other fees or charges in excess of the maximum permitted by applicable law; any payments in excess of such maximum shall be refunded to Borrower or credited to reduce principal hereunder.

8. Miscellaneous. This Note, and the obligations and rights of the parties hereunder, shall be binding upon and inure to the benefit of Borrower, Lender, and their respective heirs, successors and permitted assigns. The titles and subtitles used in this Note are used for convenience only and shall not be considered in construing or interpreting this Note. Borrower and Lender shall each bear its respective expenses and legal fees incurred with respect to the negotiation, execution and delivery of this Note and the transactions contemplated herein. This Note may only be assigned, delegated or transferred only in the manner provided in the Loan and Security Agreement. Any term of this Note may only be amended or waived only in the manner provided in the Loan and Security Agreement. This Note may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

9. Applicable Law; Venue. This Note and all disputes or controversies arising out of or relating thereto shall be governed by, and construed in accordance with, the internal laws of the State of Delaware, without regard to the laws of any other jurisdiction that might be applied because of the conflicts of laws principles of any state. The parties agree that any action brought by either party to interpret or enforce any provision of this Note shall be brought in, and each party agrees to, and does hereby, submit to the jurisdiction and venue of, the appropriate state court or federal district court in the County of Los Angeles.

10. WAIVER OF JURY TRIAL. EACH OF BORROWER AND LENDER AGREES THAT NEITHER OF THEM NOR ANY OF THEIR ASSIGNEES OR SUCCESSORS WILL (A) SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM OR ANY OTHER ACTION BASED UPON OR ARISING OUT OF, THIS NOTE OR ANY AGREEMENT EXECUTED IN CONNECTION HEREWITH, ANY COLLATERAL SECURING ALL OR ANY PART OF THE OBLIGATIONS OR THE DEALINGS OR THE RELATIONSHIP BETWEEN THEM, OR (B) SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS SECTION HAVE BEEN FULLY DISCUSSED BY EACH OF LENDER AND COMPANY WITH THEIR RESPECTIVE COUNSEL, AND THESE PROVISIONS WILL BE SUBJECT TO NO EXCEPTIONS. NEITHER LENDER NOR BORROWER HAS AGREED WITH OR REPRESENTED TO THE OTHER THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

11. Entire Agreement. This Note, together with the Loan and Security Agreement, constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof, and no party shall be liable or bound to any other party in any manner by any representations, warranties, covenants and agreements except as specifically set forth herein.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Secured Promissory Note as of the date first written above.

BORROWER:

AP-AMH 2 MEDICAL CORPORATION

By: ______________________________

Name: Thomas S. Lam
Title: Chief Executive Officer

E-mail: [*]

Address: 1668 S. Garfield Ave., 2nd Floor
Alhambra, CA 91801

[Signature Page to Secured Promissory Note]

IN WITNESS WHEREOF, the parties have executed this Secured Promissory Note as of the date first written above.

LENDER:

APOLLO MEDICAL HOLDINGS, INC.

By: Brandon Sim

Name: Brandon Sim
Title: Co-Chief Executive Officer

E-mail: [*]

Address: 1668 S. Garfield Ave., 2nd Floor
Alhambra, CA 91801

[Signature Page to Secured Promissory Note]

Exhibit 19.1

ASTRANA HEALTH, INC.

INSIDER TRADING POLICY

Astrana Health, Inc. (the "**Company**") has adopted this Insider Trading Policy, which is designed to provide guidelines to all directors, officers and other personnel, whether employees, consultants or contractors, to the Company and its subsidiaries and affiliated entities, as appropriate, including variable interest entities (collectively, the "Company's Affiliated Entities"), for transactions in the Company's securities and the handling of confidential information about the Company and the companies with which it engages in transactions or does business.

For purposes of this Insider Trading Policy, the Company's securities include common stock, options to purchase common stock and any other securities the Company may issue from time to time, such as preferred stock, warrants and convertible notes, as well as derivative securities that are not issued by the Company, such as exchange-traded put or call options or swaps relating to Company securities.

This Insider Trading Policy applies to transactions in the Company's securities, including (but not limited to) purchases and sales, gifts, and purchases, sales and other transactions in shares of the Company's common stock through the self-directed option of the Company's 401(k) plan (if any). However, transactions in mutual funds that are invested in Company securities are not transactions subject to this Insider Trading Policy.

POLICY

It is the policy of the Company to comply with all insider trading laws and regulations.

RESPONSIBILITY

Directors, officers, and other personnel, whether employees, consultants, or contractors, to the Company and the Company's Affiliated Entities, may create, use or have access to material information about the Company that is not generally available to the investing public (such information is referred to in this Insider Trading Policy as "**material non-public information**," as explained in more detail below). Each individual has an important ethical and legal obligation to maintain the confidentiality of such information and not to engage in any transactions in the Company's securities while in possession of material non-public information. Each individual and the Company may be subject to severe civil and criminal penalties as a result of unauthorized disclosure of material non-public information or engaging in transactions in the Company's securities while in possession of material non-public information. In addition, an individual's failure to comply with this Insider Trading Policy may subject the individual to Company-imposed sanctions, including dismissal for cause, whether or not the individual's failure to comply results in a violation of law.

The Company's Compliance Officer is the Company's Chief Financial Officer, who is responsible for the administration of this Insider Trading Policy.

GUIDELINES

1. **Prohibition.** Directors, officers, and other personnel, whether employees, consultants, or contractors, to the Company and the Company's Affiliated Entities are prohibited from:

(a) engaging in transactions in the Company's securities while in possession of material non-public information;

(b) communicating such information to third parties other than those who need to know such information in connection with doing business with or for the Company;

(c) recommending engaging in transactions in the Company's securities while in the possession of material non-public information; and

(d) assisting anyone engaged in any of the above activities.

This prohibition also applies to information about, and transaction in the securities of, other companies with which the Company has a relationship, such as distributors, vendors, customers, and suppliers, companies in which the Company or the Company's Affiliated Entities have significant investments, or companies involved in a potential transaction or business relationship with the Company or its Affiliated Entities.

The prohibitions in this Insider Trading Policy also apply to certain family members, members of a person's household and entities controlled or influenced by a person covered by this Insider Trading Policy, as described below.

There are no exceptions to this Insider Trading Policy other than those described in Section 10 and Section 11 below. Engaging in transactions in the Company's securities that are otherwise necessary for personal reasons, such as personal financial commitments, are still prohibited if you possess material non-public information.

2. **Transactions By Family Members; Entities Controlled by You** . This Insider Trading Policy applies to your family members who reside with you (including a spouse, a child, a child away at college, stepchildren, grandchildren, parents, stepparents, grandparents, siblings and in-laws, as well as adoptive relationships), anyone else who lives in your household, and any family members who do not live in your household but whose transactions in Company securities are directed by you or are subject to your influence or control, such as parents or children who consult with you before they engage in transactions in Company securities (collectively referred to as "**Covered Family Members**"). You are responsible for the transactions of these other persons and therefore should make them aware of the need to confer with you before they engage in transactions in Company securities, and you should treat all such transactions for the purposes of this Insider Trading Policy and applicable securities laws as if the transactions were for your own account. This Insider Trading Policy does not, however, apply to personal securities transactions of Covered Family Members where the decision to engage in transactions in Company securities is made by a third party not controlled by, influenced by or related to you or your Covered Family Members.

This Insider Trading Policy also applies to any entities that you influence or control, including any corporations, partnerships or trusts (collectively referred to as "**Controlled Entities**"), and transactions by these Controlled Entities should be treated for the purposes of this Insider Trading Policy and applicable securities laws as if they were for your own account.

3. **Tipping Information to Others.** You may not disclose any material non-public information to others, including your family members, friends or social acquaintances. This prohibition applies whether or not you receive any benefit from the other person's use of that information. The Securities and Exchange Commission (the "**SEC**") has imposed large penalties even when the disclosing person did not profit from the trading.

4. **Material Non-Public Information.**

Material Information. Information is considered "**material**" if a reasonable investor would consider it important in making a decision to purchase, hold or sell the Company's securities (*e.g.*, information regarding a possible merger or acquisition involving the Company, the introduction of important products or major marketing changes, etc.). In addition, any information that could affect the market for the Company's securities (whether positive or negative) is material.

Non-public Information. Non-public information is any information that has not been disclosed generally to the investing public. Disclosure by press release or in the Company's periodic reports filed with the SEC is necessary to make the information public. However, even after the Company has released information to the public, you should generally allow at least two full business days (that is, days on which securities markets are open for trading) for the investing public to absorb and evaluate the information before you trade in the Company's securities. Depending on the particular circumstances, the

Company may determine that a longer or shorter period should apply to the release of specific material non-public information.

Although it is not possible to list all types of material information, the following are a few examples of information that is particularly sensitive and should be treated as material:

- financial results
- projections of future earnings or revenues or other earnings guidance, or changes to previously announced earnings guidance or the decision to suspend earnings guidance;
- stock splits and repurchase programs for Company securities;
- securities offerings or incurring debt;
- possible mergers, acquisitions, joint ventures or dispositions;
- a Company restructuring;
- significant related party transactions;
- significant contract wins or losses;
- changes in management;
- the introduction of important new services;
- unusual gains or losses in operations;
- notification that the auditor's reports may no longer be relied upon;
- significant litigation exposure due to actual or threatened litigation, or the resolution of such litigation;
- financial liquidity or bankruptcy problems;
- the imposition of a ban on trading in Company securities or the securities of another company or the extension or termination of such restriction;
- the effects of any natural disaster, terrorist event or other catastrophic event on the Company's business, including any public health crisis; and
- a significant cybersecurity event, such as a data breach, or any other significant disruption in the Company's operations or loss, potential loss, breach or unauthorized access of its property or assets, whether at its facilities or through its information technology infrastructure.

If you have any question as to whether particular information is material or non-public, you should not trade or communicate the information to anyone without prior approval by the Compliance Officer.

5. **Inadvertent Disclosure.** If material non-public information is inadvertently disclosed by any of the directors, officers or other personnel, whether an employee, consultant or contractor, to the Company and the Company's Affiliated Entities to a person outside the Company who is not obligated to keep the information confidential, you should immediately report all the facts to the Compliance Officer

so that the Company may take appropriate remedial action. Under SEC rules, the Company generally has only 24 hours after learning of an inadvertent disclosure of material non-public information to publicly disclose such information.

6. **Short-term, Speculative Transactions.** The Company has determined that there is a substantial likelihood for the appearance of improper conduct by personnel of the Company and the Company's Affiliated Entities when they engage in short-term or speculative securities transactions. Therefore, such personnel are prohibited from engaging in any of the following activities involving the Company's securities, except with the prior written consent of the Compliance Officer:

(a) purchasing the Company's securities on margin;

(b) pledging Company securities;

(c) short sales (*i.e.*, the sale of a security that the seller does not own);

(d) hedging or monetization transactions, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds;

(e) buying or selling puts or calls; and

(f) engaging in options transactions (other than where the options were granted by the Company).

Short sales are prohibited for any Section 16 Person (as defined below). In addition, any Section 16 Person who purchases Company securities in the open market may not sell any Company securities of the same class during the six months following the purchase (or vice versa). All personnel are encouraged to adhere to the same restriction.

7. **Further Prohibition.** From time to time, effective immediately upon notice or as otherwise provided by the Company, the Company may determine that other types of transactions, or all transactions, by personnel of the Company and the Company's Affiliated Entities in the Company's securities shall be prohibited or shall be permitted only with the prior written consent of the Compliance Officer.

8. **Blackout Period Trading Prohibition**. The following guidelines are applicable to (i) all members of the Company's Board of Directors, (ii) all executive officers (including the Chief Executive Officer(s) and the Chief Financial Officer and Principal Financial Officer and Principal Accounting Officer), (iii) other senior personnel, whether employees, consultants or contractors, and (iv) any additional persons that the Compliance Officer may designate (collectively the "**Covered Persons**"). **These guidelines are also applicable to the Covered Family Members and Controlled Entities of Covered Persons.** The persons to whom such guidelines are applicable may be changed by the Company from time to time as circumstances require.

The release of earnings is a particularly sensitive period of time for transactions in the Company's stock, given that officers, directors and other personnel may possess material non-public information about the expected financial results for the quarter. Accordingly, no Covered Person (even if such person's services terminate during a blackout period) may engage in transactions in the Company's securities during a blackout period for the quarter. The blackout period with respect to each fiscal quarter of the Company begins on the close of business on the 15th day of the third month of the quarter and ends on the opening of the third business day following the Company's filing with the SEC of the Company's quarterly or annual financial reports or public release of quarterly or annual financial information. The Company will inform you of the anticipated date of public disclosure of each quarter's financial results upon request.

From time to time, the Company may also determine that certain persons designated by the Compliance Officer should not engage in transactions in the Company's securities because of developments known to the Company and not yet disclosed to the public. In such event, such persons may not engage in any transactions in the Company's securities during such period and should not disclose to others the fact of such suspension of transactions.

It should be noted that, even outside of the prohibition on engaging in transactions, any person possessing material non-public information concerning the Company should not engage in any transactions in the Company's securities until such information has been known publicly for at least two trading days, whether or not the Company has recommended a suspension of transactions to that person. Engaging in transactions in the Company's securities outside of the blackout period should **not** be considered a "**safe harbor**," and all Covered Persons should use good judgment at all times.

9. **Pre-Clearance Procedures.** Officers and directors of the Company who are required to file Section 16 reports (Forms 3, 4 and 5) with the SEC (such persons, "**Section 16 Persons**") are subject to pre-clearance procedures. **Only Section 16 Persons, as well as their Covered Family Members and Controlled Entities, are subject to the pre-clearance procedures discussed below. However, all Company personnel are required to notify, and obtain pre-approval from, the Compliance Officer prior to entering into, modifying or terminating a Rule 10b5-1 Plan (as defined below) (providing a copy of such plan and any supporting documentation).** Section 16 Persons, as well as the Covered Family Members and Controlled Entities of such persons, may not engage in any transaction in Company securities without first obtaining pre-clearance of the transaction from the Compliance Officer. The Compliance Officer is under no obligation to approve a transaction submitted for pre-clearance and may determine not to permit the transaction. If a person seeks pre-clearance and permission to engage in the transaction is denied, then such person should refrain from initiating any transaction in Company securities and should not inform any other person of the restriction.

When a request for pre-clearance is made, the requestor should carefully consider whether such requestor may be aware of any material non-public information about the Company and should describe fully those circumstances to the Compliance Officer. The requestor should also indicate whether the requestor has effected any non-exempt "opposite-way" transactions within the past six months and should be prepared to report the proposed transaction on an appropriate Form 4 or Form 5. The requestor should also be prepared to comply with SEC Rule 144 and file a Form 144, if necessary, at the time of any sale.

10. **Approved Pre-Planned Trading Programs Pursuant to Rule 10b5-l.** Notwithstanding any other guidelines contained herein, it shall not be a violation of this Insider Trading Policy for personnel of the Company and the Company's Affiliated Entities to engage in transactions in securities of the Company under certain pre-planned trading programs adopted to purchase or sell securities in the future which are in compliance with SEC Rule 10b5-l (a "Rule 10b5-1 Plan"). Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, provides a defense from insider trading liability under Rule 10b-5. In order to be eligible to rely on this defense, a person subject to this Insider Trading Policy must enter into a Rule 10b5-1 Plan for transactions in Company securities that meets certain conditions specified in the rule.

To comply with the Insider Trading Policy, a Rule 10b5-1 Plan must be approved by the Compliance Officer, comply with this Insider Trading Policy, and meet the requirements of Rule 10b5-1.

In general, a Rule 10b5-1 Plan must be entered into at a time when the person entering into the plan is not aware of material non-public information, and the person who enters into such Rule 10b5-1 Plan must act in good faith with respect to such plan. Directors and officers must include a representation in their Rule 10b5-1 Plan certifying that: (i) they are not aware of any material non-public information; and (ii) they are adopting the plan in good faith and not as part of a plan or scheme to evade the prohibitions in Rule 10b-5. Once the Rule 10b5-1 Plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price(s) at which they are to be traded or the date(s) of the trade(s). The Rule 10b5-1 Plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party.

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

After a Rule 10b5-1 Plan is approved, you must wait for a cooling-off period before the first trade is made under the plan. Pursuant to the SEC's rules, a Rule 10b5-1 Plan must include a cooling-off period before trading can commence that, (1) for directors or officers, ends on the later of 90 days after the adoption of the Rule 10b5-1 Plan or two business days following the disclosure of the Company's financial results in an SEC periodic report for the fiscal quarter in which the Rule 10b5-1 Plan was adopted (but in any event, the required cooling-off period is subject to a maximum of 120 days after adoption of the plan), and (2) for persons other than directors or officers, ends 30 days following the adoption or modification of the Rule 10b5-1 Plan.

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

Each Section 16 Person understands that the approval or adoption of a Rule 10b5-1 Plan in no way reduces or eliminates such person's obligations under Section 16 of the Securities Exchange Act of 1934, as amended, including such person's disclosure and short-swing trading liabilities thereunder. If any questions arise, such person should consult with their own counsel in designing a Rule 10b5-1 Plan.

11. **<u>Transactions under Company Plans</u>.** This Insider Trading Policy does not apply in the case of the following transactions, except as specifically noted:

- *Stock Option Exercises*. This Insider Policy does not apply to the exercise of an employee stock option acquired pursuant to the Company's plans, or to the exercise of a tax withholding right pursuant to which a person has elected to have the Company withhold shares subject to an option to satisfy tax withholding requirements. This Insider Trading Policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

- *Restricted Stock Awards and Restricted Stock Units* . This Insider Trading Policy does not apply to the vesting of restricted stock or restricted stock units, or the exercise of a tax withholding right pursuant to which you elect to have the Company withhold shares of stock to satisfy tax withholding requirements upon the vesting of any restricted stock or restricted stock units. The Insider Trading Policy does apply, however, to any market sale of restricted stock.

12. **<u>Confidentiality Guidelines</u>.** To provide more effective protection against the inadvertent disclosure of material non-public information about the Company and its Affiliated Entities or the companies with which it does business, the Company has adopted the following guidelines in addition to the prohibition in Section 1 above. These guidelines are not intended to be exhaustive. Additional measures to secure the confidentiality of information should be undertaken as deemed necessary under the circumstances. If you have any doubt as to your responsibilities with respect to confidential information, please seek clarification and guidance from the Compliance Officer before you act. Do not try to resolve any uncertainties on your own.

The following guidelines establish procedures with which every employee, officer and director of the Company and the Company's Affiliated Entities should comply in order to maximize the security of confidential information:

(a) Do not discuss any matter regarding the Company and the Company's Affiliated Entities in public places, such as elevators, hallways, restrooms or eating facilities, where conversations might be overheard.

(b) Use passwords to restrict access to the information on computers.

(c) Limit access to particular physical areas where material non-public information is likely to be documented or discussed.

13. **<u>Authorized Disclosure of Material Non-Public Information</u>.** Under certain circumstances, the Compliance Officer may authorize the immediate release of material non-public information. If disclosure is authorized, the form and content of all public disclosures shall be approved by the Compliance Officer. All requests for information, comments, or interviews (other than routine product inquiries) made to any personnel should be directed to the Compliance Officer, who will clear all proposed responses. It is anticipated that most questions raised can be answered by the Compliance Officer or another company representative to whom the Compliance Officer refers the request. All personnel should not respond to such requests directly, unless expressly instructed otherwise by the Compliance Officer. In particular, great care should be taken not to comment on the Company's expected future financial results. All communications with representatives of the media and securities analysts shall be directed to the Compliance Officer.

14. **<u>Post-Termination Transactions</u>.** This Insider Trading Policy continues to apply to transactions in Company securities even after termination of service to the Company or any of the Company's Affiliated Entities. If an individual is in possession of material non-public information when such individual's service terminates, that individual may not engage in transactions in Company securities until that information has become public or is no longer material. In addition, after termination of service to the Company or the Company's Affiliated Entities, Section 16 Persons remain subject to Section 16 "short swing" profit-disgorgement rules for up to six months after termination and are required to file Forms 4 to report any non-exempt transactions in Company securities (*i.e.*, purchases and sales) occurring within six months after an "opposite-way" non-exempt transaction that occurred while they were still serving at the Company or the Company's Affiliated Entities.

15. **<u>Company Assistance</u>.** If you have any questions about specific information or proposed transactions, or as to the applicability or interpretation of this Insider Trading Policy or the propriety of any desired action, you are encouraged to contact the Compliance Officer.

Last revised February 26, 2024

ASTRANA HEALTH, INC.

FORM OF PRE-TRANSACTION CERTIFICATION

Name:__________________________

Title:__________________________

Proposed Transaction Date:____________________

Type of Security:______________________

Type of Transaction(s) (*e.g.,* Purchase / Sale / Entry into, Modification or Termination of Rule 10b5-1 Plan (if Plan, please attach) / Gift / Other (please specify)):____

Number of Shares Involved (if applicable):________________

I hereby certify that I am not aware of any material non-public information about **Astrana Health, Inc.** (the "Company") and / or its subsidiaries. I understand that material non-public information is information concerning the Company that (a) is not generally known to the public; and (b) if publicly known, would be likely to affect either the market price of Company securities or a person's decision to buy, sell or hold Company securities. I understand that if I engage in transactions in Company securities while aware of material non-public information, I may be subject to severe civil or criminal penalties and may be subject to discipline by the Company up to and including termination for cause. The undersigned agrees to advise the Company promptly if, as a result of future developments, any of the foregoing information becomes inaccurate or incomplete in any respect. The undersigned understands that the Company may require additional information about the transaction and agrees to provide such information upon request.

If seeking approval for the entry or modification of Rule 10b-5 Plan, I certify that I am adopting the plan in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5, that I shall act in good faith with respect to such plan, that I shall comply with the requirements of Rule 10b5-1 and this policy relating to such plans, and that I shall include, or cause to be included, requisite certifications in the Rule 10b5-1 Plan.

Signature:

Name:____________

Date:____________

Exhibit 21.1

Subsidiaries

The entity names below are as of February 29, 2024:

Entity	Jurisdiction of Incorporation
Astrana Health Management, Inc.	California
Astrana Health Technologies, Inc.	Delaware
APAACO, Inc.	Delaware
Astrana Health Medical Corporation*	California
Astrana Care Partners Medical Corporation*	California
Allied Physicians of California, a Professional Medical Corporation*	California

* Variable Interest Entity

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statement (Form S-3 No. 333-229895) of Astrana Health, Inc. (formerly known as Apollo Medical Holdings, Inc.),
2. Registration Statement (Form S-3 No. 333-228432) of Astrana Health, Inc.,
3. Registration Statement (Form S-8 No. 333-153138) pertaining to the 2008 Professional/Consultant Stock Compensation Plan of Astrana Health, Inc.,
4. Registration Statement (Form S-8 No. 333-217719) pertaining to the 2010 Equity Incentive Plan and 2015 Equity Incentive Plan of Astrana Health, Inc.,
5. Registration Statement (Form S-8 No. 333-221900) pertaining to the 2013 Equity Incentive Plan of Astrana Health, Inc.,
6. Registration Statement (Form S-8 No. 333-221915) pertaining to Written Compensation Contracts Between the Registrant and Certain Directors, Employees and Consultants of Astrana Health, Inc.,
7. Registration Statement (Form S-3 No. 333-274013) of Astrana Health, Inc.,
8. Registration Statement (Form S-3 No. 333-274021) pertaining to the Employee Stock Purchase Plan of Astrana Health, Inc.,
9. Registration Statement (Form S-8 No. 333-275289) pertaining to the 2015 Equity Incentive Plan (as amended) of Astrana Health, Inc., and
10. Registration Statement (Form S-8 No. 333-275642) pertaining to the Employment Inducement Award Plan of Astrana Health Inc.;

of our reports dated February 29, 2024, with respect to the consolidated financial statements of Astrana Health, Inc. and the effectiveness of internal control over financial reporting of Astrana Health, Inc. included in this Annual Report (Form 10-K) of Astrana Health, Inc. for the year ended December 31, 2023.

/s/ Ernst & Young LLP

Los Angeles, California

February 29, 2024

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

PURSUANT TO

SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

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

1. I have reviewed this annual report on Form 10-K of Astrana Health, Inc.;

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

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

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

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

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

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

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

5. The registrant's other certifying officers 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:	February 29, 2024	/s/ Brandon K. Sim, M.S.
		Brandon K. Sim, M.S. Chief Executive Officer and President (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

PURSUANT TO

SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Chandan Basho, certify that:

1. I have reviewed this annual report on Form 10-K of Astrana Health, Inc.;

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

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

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

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

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

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

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

5. The registrant's other certifying officers 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:	February 29, 2024	/s/ Chandan Basho
		Chandan Basho Chief Financial Officer and Chief Operating Officer (Principal Financial Officer)

Exhibit 32

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER

PURSUANT TO

18 U.S.C. SECTION 1350.

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Brandon K. Sim, M.S., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of Astrana Health, Inc. for the year ended December 31, 2023, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Astrana Health, Inc.

DATE:	February 29, 2024	/s/ Brandon K. Sim, M.S.
		Brandon K. Sim, M.S. Chief Executive Officer and President (Principal Executive Officer)

I, Chandan Basho, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of Astrana Health, Inc. for the year ended December 31, 2023, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Astrana Health, Inc.

DATE:	February 29, 2024	/s/ Chandan Basho
		Chandan Basho Chief Financial Officer and Chief Operating Officer (Principal Financial Officer)

Exhibit 97.1

ASTRANA HEALTH, INC.
COMPENSATION RECOVERY POLICY
(Last revised February 26, 2024)

1. Introduction

The Board of Directors (the "Board") of Astrana Health, Inc. (the "Company") has adopted this Compensation Recovery Policy (the "Policy"), which provides for the recovery of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws. This Policy is intended to comply with Section 10D of the Securities Exchange Act of 1934 (the "Exchange Act"), the rules of the Securities and Exchange Commission (the "Commission") promulgated thereunder and the listing requirements of the Nasdaq Stock Market, or such other national securities exchange on which the Company's securities may be listed from time to time (the "Exchange").

2. Covered Executive Officers

This Policy applies to the Company's current and former executive officers, as determined by the Board in accordance with Section 10D of the Exchange Act (the "Executive Officers").

3. Recovery in General; Applicable Restatements

a. In the event the Company is required to prepare an accounting restatement of its financial statements due to the Company's material noncompliance with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that (i) is material to the previously issued financial statements, or (ii) would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a "Restatement"), the Compensation Committee of the Board (the "Committee") shall cause the Company to promptly recover, to the fullest extent permitted under applicable law (and subject to the exceptions set forth below), any erroneously awarded Incentive Compensation (as defined below) received by each Executive Officer during the three completed fiscal years immediately preceding the date on which the Company is required to prepare such a Restatement (including, where required under Section 10D of the Exchange Act, any transition period resulting from a change in the Company's fiscal year).

b. For purposes of clarity, a "Restatement" shall not be deemed to include changes to the Company's financial restatements that do not involve the correction of an error resulting from material non-compliance with financial reporting requirements, as determined in accordance with applicable accounting standards and guidance. By way of example, based on current accounting standards and guidance, a "Restatement" would not include changes to the Company's financial statements resulting solely from: (i) retrospective application of a change in accounting principles; (ii) retrospective revision to reportable segment information due to a change in the structure of the Company's internal organization; (iii) retrospective reclassification due to a discontinued operation; (iv) retrospective application of a change in reporting entity, such as from a reorganization of entities under common control; or (v) retrospective revision for stock splits, stock dividends, reverse stock splits or other changes in capital structure.

c. For purposes of this Policy, the date that the Company is required to prepare a Restatement shall be the earlier of (i) the date that the Board (or the officer or officers of the Company authorized to take such action if Board action is not required) concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement; or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare a Restatement.

d. For purposes of this Policy, Incentive Compensation shall be deemed to be received by an Executive Officer in the Company's fiscal period during which the applicable Financial Reporting Measure (as defined below) specified in the Incentive Compensation award is attained, even if the payment or grant of the Incentive Compensation occurs after the end of that period.

4. Incentive Compensation

For purposes of this Policy, "Incentive Compensation" means any compensation that is granted, earned or vested based wholly or in part on the attainment of a Financial Reporting Measure (as defined below). For purposes of this Policy, "Financial Reporting Measures" are measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures, regardless of whether such measures are presented within the Company's financial statements or included in a filing with the Commission. Financial Reporting Measures include stock price and total shareholder return.

5. Erroneously Awarded Compensation: Amount Subject to Recovery

a. The amount to be recovered from an Executive Officer pursuant to this Policy in the event of a Restatement shall equal the amount of Incentive Compensation received by the Executive Officer that exceeds the amount of Incentive Compensation that otherwise would have been received had it been determined based on the restated amounts, computed without regard to any taxes paid, plus, as and to the extent determined by the Committee in its discretion, interest or earnings thereon.

b. Where the amount of erroneously awarded Incentive Compensation is not subject to mathematical recalculation directly from the information in the Restatement (as in the case of Incentive Compensation based on stock price or total shareholder return), the Committee shall determine such amount based on a reasonable estimate of the effect of the Restatement on the applicable Financial Reporting Measure, and the Committee shall maintain documentation of any such estimate and provide such documentation to the Exchange.

c. To the extent that this Policy otherwise would provide for recovery of Incentive Compensation that the Company has recovered from an Executive Officer pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (or pursuant to any other recovery obligation), the amount already so recovered from such Executive Officer may be credited against the recovery otherwise required under this Policy.

6. Exceptions to Recovery

Notwithstanding anything herein to the contrary, the Company need not recover erroneously awarded Incentive Compensation from an Executive Officer to the extent that the Committee determines that such recovery would be impracticable *and* either:

a. The direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered (determined by the Committee after making and documenting a reasonable attempt to recover such erroneously awarded compensation, and providing documentation to the Exchange of such reasonable attempt to recover the compensation); *or*

b. Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code and regulations thereunder; *or*

c. Recovery would violate home country law where that law was adopted prior to November 28, 2022 (determined by the Committee after the Company has obtained an opinion of home country counsel acceptable to the Exchange, that recovery would result in such a violation, and such opinion is provided to the Exchange).

7. Methods of Recovery

a. The Committee will determine, in its absolute discretion and taking into account the applicable facts and circumstances, the method or methods for recovering any erroneously awarded Incentive Compensation hereunder, which method(s) need not be applied on a consistent basis; provided in any case that any such method provides for reasonably prompt recovery and otherwise complies with any requirements of the Exchange and applicable law. By way of example and not in limitation of the foregoing, methods of recovery that the Committee, in its discretion, may determine to use under the Policy may include, to the extent permitted by applicable law (including, without limitation, Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A")), one or more of the following methods (which rights shall be cumulative and not exclusive): (i) repayment by the Executive Officer in immediately available funds, (ii) the forfeiture or repayment of Incentive Compensation, (iii) the forfeiture or repayment of time-based equity or cash incentive compensation awards, (iv) the surrender of shares of Company common stock held by the Executive Officer pursuant to any applicable Company guidelines or policies regarding stock ownership or retention, (v) the forfeiture of, or offset against, benefits under a deferred compensation plan, and/or (vi) the offset of all or a portion of the amount of the erroneously awarded Incentive Compensation against other compensation payable to the Executive Officer.

b. To the fullest extent permitted by applicable law (including, without limitation, Section 409A), the Committee may, in its sole discretion, delay the vesting or payment of any compensation otherwise payable to an Executive Officer to provide a reasonable period of time to conduct or complete an investigation into whether this Policy is applicable, and if so, how it should be enforced, under the circumstances.

8. No Indemnification

Notwithstanding the terms of any agreement, policy or governing document of the Company to the contrary, the Company shall not indemnify any Executive Officer against (a) the loss of any erroneously awarded Incentive Compensation, or (b) any claim relating to the Company's enforcement of its rights under this Policy. By signing the Acknowledgement Form (defined below), each Executive Officer irrevocably agrees never to institute any claim against the Company or any subsidiary, knowingly and voluntarily waives his or her ability, if any, to bring any such claim, and releases the Company and any subsidiary from any such claim, for indemnification with respect to any expenses (including attorneys' fees), judgments or amounts of compensation paid or forfeited by the Executive Officer in connection with the application or enforcement of this Policy; and if, notwithstanding the foregoing, any such claim for indemnification is allowed by a court of competent jurisdiction, then, the Executive Officer shall be deemed irrevocably to have agreed not to pursue such claim and hereby agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim.

9. Administration

This Policy shall be administered by the Committee. The Committee shall have full and final authority to make all determinations under this Policy. In this regard, the Committee shall have no obligation to treat any Executive Officer uniformly and the Committee may make determinations selectively among Executive Officers in its business judgment. All determinations and decisions made by the Committee pursuant to the provisions of this Policy shall be final, conclusive and binding on all persons, including the Company, its subsidiaries, its stockholders and its employees. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act and any applicable rules or standards adopted by the Commission or the Exchange.

10. Policy Not Exclusive

The remedies specified in this Policy shall not be exclusive and shall be in addition to every other right or remedy at law or in equity that may be available to the Company. The repayment or forfeiture of Incentive Compensation or other amounts pursuant to the Policy shall not in any way limit or affect the Company's right to pursue disciplinary action or dismissal, take legal action or pursue any other remedies available to the Company (including, without limitation, the exercise of any rights of recovery, recoupment, forfeiture or offset that may be available to the Company pursuant to the terms of any other applicable Company policy, employment agreement, equity plan or award agreement).

11. Effective Date

This Policy shall be effective as of October 2, 2023 (the "Effective Date") and shall apply to any Incentive Compensation that is received by an Executive Officer on or after the Effective Date.

12. Amendment; Termination

The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it may deem necessary to comply with the rules of the Commission and the listing standards of the Exchange under Section 10D of the Exchange Act (in any event without the consent of an Executive Officer or any other individual). The Board may terminate this Policy at any time. Notwithstanding the foregoing, no amendment or termination of this Policy shall be effective to the extent that such amendment or termination would (after taking into account any actions taken by the Company contemporaneously with such amendment or termination) cause the Company to violate any federal securities law, any rule of the Commission, or any listing standards of the Exchange.

13. Governing Law; Exclusive Forum

To the extent not preempted by federal law, this Policy shall be governed, construed, interpreted and enforced in accordance with the substantive laws of the State of Delaware, without regard to conflicts of law principles. Notwithstanding any dispute resolution policy maintained by the Corporation or any subsidiary to the contrary, any action directly or indirectly arising out of or related to this Policy may be brought only in the Court of Chancery of the State of Delaware (the "Court of Chancery") or, to the extent the Court of Chancery does not have subject matter jurisdiction, the United States District Court for the District of Delaware and the appellate courts having jurisdiction of appeals in such courts (the "Delaware Federal Court") or, to the extent neither the Court of Chancery nor the Delaware Federal Court has subject matter jurisdiction, the Superior Court of the State of Delaware (the "Chosen Courts"). Solely with respect to any such action, the Corporation and each Officer (a) irrevocably submits to the exclusive jurisdiction of the Chosen Courts, (b) waives any objection to laying venue in any such action in the Chosen Courts, and (c) waives any objection that the Chosen Courts are an inconvenient forum or do not have jurisdiction over any party hereto. Notwithstanding the existence of any other dispute between the Corporation and an Officer, the governing law and choice of forum for any action directly or indirectly arising out of or related to this Policy shall be governed exclusively by the terms of this Policy, and to the extent necessary to comply with this Policy, any action directly or indirectly arising out of or related to this Policy shall be severed from any other dispute between the Corporation and an Officer. For avoidance of doubt, no action directly or indirectly arising out of or related to this Policy may be brought in any forum other than the Chosen Courts.

14. Severability; Waiver

If any provision of this Policy is determined to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted by applicable law and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law. The waiver by the Company or the Committee with respect to compliance of any provision of this Policy by an Executive Officer shall not operate or be construed as a waiver of any other provision of this Policy, or of any subsequent acts or omissions by an Executive Officer under this Policy.

15. Filings

The Committee shall cause the Company to make any filings with, or submissions to, the Commission and the Exchange that may be required pursuant to rules or standards adopted by the Commission or the Exchange pursuant to Section 10D of the Exchange Act.

16. Acknowledgement by Executive Officers

a. The Committee shall require each Executive Officer serving as such on or after the Effective Date to sign and return to the Company an acknowledgement in the form attached hereto as Exhibit A (or in such other form as may be prescribed by the Committee from time to time) (the "Acknowledgement Form"), pursuant to which the Executive Officer will affirmatively agree to be bound by, and to comply with, the terms and conditions of this Policy.

b. Moreover, any award agreement or other document setting forth the terms and conditions of Incentive Compensation (collectively, a "Covered Agreement") may include a provision incorporating the terms and conditions of the Policy; provided that the Company's failure to incorporate the Policy into any Covered Agreement shall not waive the Company's right to enforce the Policy. In the event of any inconsistency between the provisions of the Policy and the applicable Covered Agreement, the terms of the Policy shall govern, notwithstanding any provision in the Covered Agreement to the contrary.

* * * * *

ACKNOWLEDGEMENT FORM

ASTRANA HEALTH, INC.
COMPENSATION RECOVERY POLICY

As an Executive Officer of Astrana Health, Inc. (the "Company"), I hereby acknowledge the receipt of a copy of the Company's Compensation Recovery Policy (the "Policy"), affirm that I have read and understand the Policy, and agree to be bound by, and to comply with, the terms and conditions of the Policy as in effect from time to time (which are fully incorporated herein), in each case during my service as an Executive Officer of the Company and thereafter for as long as required under the Policy.

I agree to fully cooperate with the Company in the event it is required to enforce the Policy. In this regard, I agree to repay to the Company fully and promptly, upon demand (in immediately available funds denominated in U.S. dollars or otherwise as specified by the Company pursuant to the Policy), all amounts of erroneously awarded Incentive Compensation, as may be determined by the Committee in its discretion and set out in the Company's demand for repayment, plus such interest or earnings as may be determined by the Committee in its discretion and set out in the Company's demand for repayment.

I also agree that my obligation to repay the erroneously awarded Incentive Compensation shall be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim I might otherwise have against the Company. In this regard, I voluntarily, irrevocably and unconditionally waive any objection to, or any claim for damages or loss related to, the Company pursuing any other method of recovery of erroneously awarded Incentive Compensation that is deemed appropriate by the Committee in its sole discretion (including, without limitation, the methods of recovery set forth in the Policy).

I further acknowledge and agree that in no event shall any of the terms of the Policy, or any action taken the Company to enforce its rights under the Policy, be deemed to constitute "good reason" for purposes of determining any right I may otherwise have to receive any severance or other benefits under any Company plan, policy, agreement or arrangement in connection with the termination of my employment. Further, I acknowledge and agree that the Company's rights under the Policy are in addition to, and not in lieu of, any other legal remedies or rights of recovery, recoupment, forfeiture or offset that may be available to the Company.

My execution of this Acknowledgement Form is in consideration of, and is a condition to, my opportunity to participate in, and receive future awards under, the Company's Incentive Compensation programs; provided, however, that nothing in this Acknowledgement Form or the Policy shall be deemed to obligate the Company to make any specific Incentive Compensation awards in the future.

[SIGNATURE PAGE FOLLOWS]

AGREED TO AND ACCEPTED BY:

______________ ____________
Signature Date

____
Print Name