

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

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934
Date of Report (Date of earliest event reported): October 14, 2022

P3 Health Partners Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-40033
(Commission
File Number)

85-2992794
(I.R.S. Employer
Identification No.)

2370 Corporate Circle, Suite 300
Henderson, NV
(Address of principal executive offices)

89074
(Zip Code)

(702) 910-3950
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.0001 per share	PIII	The Nasdaq Stock Market LLC
Warrants, each whole warrant exercisable for one share of Class A Common Stock at an exercise price of \$11.50.	PIIIW	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02. Results of Operations and Financial Condition.

On October 20, 2022, P3 Health Partners Inc. (the "Company" or "P3") announced its financial results for the three and six months ended June 30, 2022. The full text of the press release issued in connection with the announcement is attached as Exhibit 99.1 to this Current Report on Form 8-K (the "Report").

The information in this Item 2.02, including the information contained in Exhibit 99.1 of this Current Report on Form 8-K, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Exchange Act or the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such a filing.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On October 14, 2022, Eric Atkins notified the Company of his resignation as Chief Financial Officer of the Company, effective as of November 1, 2022 (the "Effective Date"). On October 18, 2022, the Board of Directors (the "Board") of the Company appointed Erin Darakjian to serve as Interim Chief Financial Officer of the Company, effective as of the Effective Date, while the Company searches for a permanent successor to Mr. Atkins. The Board also designated Ms. Darakjian as the Company's principal financial officer and principal accounting officer as of the Effective Date, succeeding Mr. Atkins in such roles. Mr. Atkins' resignation was not a result of any disagreement with the Company on any matter relating to the registrant's operations, policies or practices.

Ms. Darakjian, 41, has served as the Company's Vice President and Chief Accounting Officer since August 2022. Prior to joining P3, Ms. Darakjian served as the Senior Vice President, Corporate Controller of Curaleaf, Inc. from November 2021 to August 2022 and as Vice President, Finance and Technical Accounting from February 2021 to November 2021. From August 2018 to February 2021, Ms. Darakjian served as Vice President, Treasury and Finance of Credit One Bank, N.A. From December 2015 to August 2018, Ms. Darakjian served as Director, Financial Reporting at MGM Resorts International, where she also previously served as Manager, Financial Reporting, from July 2013 to December 2015. Ms. Darakjian received a Bachelor of Science in Apparel Merchandising from the Indiana University and a Masters in Accounting from the University of Nevada, Las Vegas. Ms. Darakjian is a registered public accountant in the state of Nevada.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
99.1	Press Release of the Company, dated October 20, 2022
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

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

P3 Health Partners Inc.

Date: October 20, 2022

By: /s/ Jessica Puathasnanon
Jessica Puathasnanon
Chief Legal Officer

P3 Health Partners

Provides Second-Quarter and Year-to-Date 2022 Financial Results

Increases 2022 Revenue Outlook

- *Strong First-Half 2022 revenue growth of 84% compared to the First-Half 2021*
- *At-risk Medicare Advantage members exceeded 100,000 at the end of the First Half of 2022*
- *Net loss PMPM increased to \$1,580 in the First Half of 2022 from \$135 in the First Half of 2021, primarily due to an \$851.5 goodwill impairment charge*
- *Adjusted EBITDA loss PMPM improved significantly in First Half of 2022 at a loss of \$78 compared to a PMPM loss of \$85 in the First Half of 2021*
- *Raising Full-Year 2022 revenue guidance*
- *Management to Host Conference Call and Webcast on October 20, 2022 at 4:30 PM ET*

Henderson, NY, October 20, 2022 (BUSINESS WIRE)-- P3 Health Partners, Inc. ("P3" or the "Company") (NASDAQ: PIII), a patient-centered and physician-led population health management company, today announced its financial results for the second quarter and six months ended June 30, 2022.

"We are pleased to report a solid first half of 2022, with strong revenue growth resulting from continued growth of our at-risk Medicare Advantage members. We recently reached an important milestone, with over 100,000 at-risk Medicare Advantage patients in our network and are now seeing the strength of our model at work, with an average of 11% annual reduction in cost per member per year for patients that we are honored and privileged to serve," said Dr. Sherif Abdou, CEO of P3 Health Partners. "First-half revenue of \$543 million, an increase of 84% from the first half of the prior year, was driven by membership increases from our recent entry into California, expanded relationships with our existing payor partners, and better than anticipated growth from the open and annual enrollment periods."

Dr. Abdou continued, "We are increasing our revenue guidance for 2022, and we now anticipate revenue will range between \$1.025 billion and \$1.075 billion at the end of 2022, compared to \$637 million of revenue in 2021. The anticipated top-line increase is driven by our growth in our at-risk Medicare Advantage membership. Additionally, we recently announced an expansion of our partnership with Humana to include southern Nevada. Humana represents one of the largest Medicare Advantage payors in Nevada and is expected to be an important growth driver in 2023. We also recently acquired Pahrump Cardiology and Family Practice in Nevada and a new clinic in Cochise County, Arizona, both of which are part of our disciplined, purposeful growth strategy."

Second-Quarter 2022 Financial Results

- Revenue was \$269.5 million, an increase of 86% compared to \$144.6 million in the second quarter of the prior year
- At-risk Medicare Advantage members at June 30, 2022 grew to approximately 102,000, a 52% increase compared to 67,000 at the end of 2021⁽¹⁾
- Net loss was \$903.1 million compared to a net loss of \$29.5 million in the second quarter of the prior year, primarily due to a goodwill impairment charge of \$851.5 million
- Net loss per member per month ("PMPM") increased to \$2,960 from a loss of \$147 in the second quarter of the prior year, primarily due to a goodwill impairment charge of \$851.5 million
- Adjusted EBITDA⁽²⁾ loss was \$28.6 million compared to an adjusted EBITDA loss of \$24.0 million in the second quarter of the prior year
- Adjusted EBITDA⁽²⁾ loss PMPM improved to \$94 from a loss of \$119 in the second quarter of the prior year

First-Half 2022 Financial Results

- Revenue was \$543.0 million, an increase of 84% compared to \$295.9 million in the first half of the prior year
- Net loss was \$963.9 million compared to a net loss of \$54.1 million in the first half of the prior year, primarily due to an \$851.5 goodwill impairment charge
- Net loss PMPM was \$1,580 compared to a net loss of \$135 in the second half of the prior year, primarily due to a goodwill impairment of \$851.5 million
- Adjusted EBITDA⁽²⁾ loss was \$47.6 million compared to an adjusted EBITDA loss of \$34.2 million in the first half of the prior year⁽¹⁾ as a result of increased members in our care
- Adjusted EBITDA⁽²⁾ loss PMPM improved to \$78 from \$85 in the first half of the prior year

⁽¹⁾ See "Key Performance Metrics" for additional information on how the Company defines "at-risk Medicare Advantage members."

⁽²⁾ Adjusted EBITDA and Adjusted EBITDA PMPM are non-GAAP financial measures. For reconciliations of these measures to the most directly comparable GAAP measures and more information regarding the Company's use of non-GAAP financial measures, please see the section titled "Non-GAAP Financial Measures."

Full-Year 2022 Outlook

- The Company now expects full year 2022 revenue between \$1.025 billion and \$1.075 billion, compared to previous guidance of up to \$1 billion, representing a 61% to 69% increase over the prior year
- The Company now expects at-risk Medicare Advantage membership to be greater than 100,000, at December 31, 2022, compared to previous guidance of up to 95,000, representing an approximately 49% increase over the prior year
- Based on increased at-risk Medicare Advantage membership, the Company expects full year 2022 Adjusted EBITDA⁽²⁾ loss to range between \$90 million and \$55 million compared to previous guidance of Adjusted EBITDA⁽²⁾ loss to range between \$80 million and \$50 million, which reflects our expected high growth rate and continued improvement and efficiency in our underlying operating performance offset by incremental labor expenses due to additional staffing necessary to support growth as well as public company costs
- On a PMPM basis, full-year 2022 Adjusted EBITDA⁽²⁾ loss is expected to improve in the range of \$75 PMPM to \$45 PMPM, compared to a loss of \$119 PMPM in the prior year, representing a 35% to 61% improvement versus the prior year
- The company anticipates Adjusted EBITDA profitability in 2024

While the Company expects COVID-19 to impact our future results to a lesser extent than our full-year 2021 results, P3 expects to incur additional COVID-19 related costs in full year 2022 given the volume of positive cases and “breakthrough” cases (positive cases in vaccinated patients) present in the Company’s markets. COVID-19 disproportionately impacts older adults, especially those with chronic illnesses, which describes many of P3’s patients. The full extent to which COVID-19 will directly or indirectly impact P3’s full year 2022 results of operations and financial condition will depend on multiple factors, including, but not limited to new and emerging information from the impact of new variants of the virus. Because of these factors, management may not be able to fully estimate the length or severity of the impact of the pandemic on P3’s business and results of operations.

The foregoing 2022 outlook statement represents management's current estimate as of the date of this release. Actual results may differ materially depending on a number of factors. Investors are urged to read the Cautionary Note Regarding Forward-Looking Statements included in this release. Management does not assume any obligation to update these estimates.

The Company is not able to provide a quantitative reconciliation of guidance for Adjusted EBITDA loss or Adjusted EBITDA loss PMPM to net income (loss) and net income (loss) PMPM, the most directly comparable GAAP measures, respectively, and has not provided forward-looking guidance for net income (loss) or net income (loss) PMPM, because of the uncertainty around certain items that may impact net income (loss) that are not within our control or cannot be reasonably predicted without unreasonable effort. For more information regarding the non-GAAP financial measures discussed in this press release, please see “Non-GAAP Financial Measures” below.

Restatement of the Company's Historical Financial Statements

As disclosed in the Current Report on Form 8-K filed with the Securities and Exchange Commission (the “SEC”) on April 25, 2022, the Company concluded that the previously issued audited consolidated financial statements for the years ended December 31, 2020, 2019 and 2018 and unaudited condensed consolidated financial statements for the quarterly periods ended March 31, 2021, June 30, 2021, September 30, 2021, March 31, 2020, June 30, 2020 and September 30, 2020 required restatement. The restatement results from the Company's correction of its accounting for non-controlling interests related to certain medical practices accounted for as variable interest entities. In the Company’s judgment, the Company should not have historically presented the net losses of these medical practices as net loss attributable to non-controlling interests. The correction resulted in changes to net loss attributable to controlling interests, net loss attributable to non-controlling interests, retained loss from controlling interests and retained loss from non-controlling interests. The restatement did not impact the Company's EBITDA, cash from operations, or its cash position. The Company’s Annual Report on Form 10-K for the year ended December 31, 2021 includes restated financial statements for the years ended December 31, 2020 and 2019, and restated selected information for the quarterly periods ended March 31, 2021, June 30, 2021, September 30, 2021, March 31, 2020, June 30, 2020 and September 30, 2020.

Conference Call and Webcast

Management will host a conference call and webcast at 4:30 PM ET today to provide a corporate and financial update.

Title & Webcast	P3 Health Partners Second-Quarter 2022 Results Conference Call and Webcast
Date & Time	Thursday, October 20, 2022 at 4:30 PM ET
Conference Call Details	Toll-Free 1-877-407-4018 (US) International 1-201-689-8471 Conference ID: 13733979
The conference call will also be webcast live in the "Events & Presentations" section of the Investor page of the P3 website (ir.p3hp.org). The Company’s press release will be available on the Investor page of P3’s website in advance of the conference call. An archived recording of the webcast will be available on the Investor page of P3’s website for a period of 90 days following the conference call.	

About P3 Health Partners (NASDAQ: PIII):

[P3 Health Partners Inc.](#) is a leading population health management company committed to transforming healthcare by improving the lives of both patients and providers. Founded and led by physicians, P3 has an expansive network of more than 2,600 affiliated primary care providers across the country. Our local teams of health care professionals manage the care of thousands of patients in 18 counties across five states. P3 supports primary care providers with value-based care coordination and administrative services that improve patient outcomes and lower costs. Through partnerships with these local providers, the P3 care team creates an enhanced patient experience by navigating, coordinating, and integrating the patient’s care within the healthcare system. For more information, visit www.p3hp.org and follow us on [@p3healthpartners](#) and [Facebook.com/p3healthpartners](https://www.facebook.com/p3healthpartners).

Business Combination and Presentation of Financial Results

As a result of the business combination consummated on December 3, 2021, the Company was deemed to be the acquirer and successor for accounting purposes, and P3 Health Group Holdings, LLC, which is the business conducted prior to the closing of the business combination, was deemed to be the acquiree and accounting predecessor. The

Company's financial results are distinguished between two distinct periods, the period prior to the business combination closing date (the "Predecessor" period) and the period after the closing date through December 31, 2022 (the "Successor" period), which reflects a new basis of accounting that is based on the fair value of net assets acquired. The financial results for the quarter and year ended December 31, 2021, presented in this release combine these two periods.

Non-GAAP Financial Measures

In addition to the financial results prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), this press release contains certain non-GAAP financial measures as defined by the SEC rules, including Adjusted EBITDA and Adjusted EBITDA PMPM. EBITDA is defined as GAAP net income (loss) before (i) interest expense, (ii) income taxes and (iii) depreciation and amortization. Adjusted EBITDA is defined as EBITDA, further adjusted to add back the effect of certain expenses, such as (iv) mark-to-market warrant expense, (v) premium deficiency reserves, (vi) stock-based compensation and (vii) transaction expenses. Adjusted EBITDA PMPM is defined as Adjusted EBITDA divided by the number of at-risk Medicare Advantage members each month divided by the number of months in the period. We believe these non-GAAP financial measures provide an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing our financial measures with other similar companies. We do not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP. These non-GAAP financial measures are subject to inherent limitations as they reflect the exercise of judgments by management about which expense and income are excluded or included in determining these non-GAAP financial measures. In addition, other companies may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. The tables at the end of this press release present a reconciliation of Adjusted EBITDA to net income (loss) and Adjusted EBITDA PMPM to net income (loss) PMPM, which are the most directly comparable financial measures calculated in accordance with GAAP.

Key Performance Metrics

In addition to our GAAP and non-GAAP financial information, the Company also monitors "at-risk members" to help us evaluate our business, identify trends affecting our business, formulate business plans and make strategic decisions. At-risk membership represents the approximate number of Medicare Advantage members for whom we receive a fixed per member per month fee under capitation arrangements as of the end of a particular period.

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, as amended. Words such as "anticipate," "believe," "budget," "contemplate," "continue," "could," "envision," "estimate," "expect," "guidance," "indicate," "intend," "may," "might," "plan," "possibly," "potential," "predict," "probably," "pro-forma," "project," "seek," "should," "target," or "will," or the negative or other variations thereof, and similar words or phrases or comparable terminology, are intended to identify forward-looking statements. These forward-looking statements address various matters, including the Company's future expected growth strategy and operating performance; current expectations regarding the COVID-19 pandemic; the Company's outlook as to revenue, at-risk Medicare Advantage membership, Adjusted EBITDA loss and Adjusted EBITDA loss PMPM for the full-year 2022; and our expectation to achieve Adjusted EBITDA profitability in 2024, all of which reflect the Company's expectations based upon currently available information and data. Because such statements are based on expectations as to future financial and operating results and are not statements of fact, actual results may differ materially from those projected or estimated and you are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements are not guarantees of future performance, conditions or results, and involve a number of known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside the Company's control, that could cause actual results or outcomes to differ materially from those discussed in the forward-looking statements.

Important risks and uncertainties that could cause our actual results and financial condition to differ materially from those indicated in forward-looking statements include, among others, changes in market or industry conditions, regulatory environment, competitive conditions, and receptivity to our services; our ability to continue our growth and expand our operations; changes in laws and regulations applicable to our business; our ability to maintain our relationships with health plans and other key payers; the impact of COVID-19, including the impact of new variants of the virus, or another pandemic, epidemic or outbreak of infectious disease on our business and results of operation; increased labor costs; our ability to recruit and retain qualified team members and independent physicians; and other factors discussed in Part I, Item 1A. "Risk Factors" of the Company's Annual Report on Form 10-K for the year ended December 31, 2021 to be filed with the SEC on October 21, 2022, and in the Company's other filings with the SEC. All information in this press release is as of the date hereof, and we undertake no duty to update or revise this information unless required by law. You are cautioned not to place undue reliance on any forward-looking statements contained in this press release.

Contacts

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P3 HEALTH PARTNERS INC and SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	As of June 30, 2022	As of December 31, 2021
ASSETS		
CURRENT ASSETS:		
Cash	\$ 63,145,379	\$ 140,477,586
Restricted Cash	753,920	356,286
Health Plan Receivables, Net	99,806,410	50,251,004
Clinic Fees and Insurance Receivables, Net	1,931,291	1,090,104
Other Receivables	261,935	726,903
Prepaid Expenses and Other Current Assets	5,080,149	6,959,067
TOTAL CURRENT ASSETS	170,979,084	199,860,950
LONG-TERM ASSETS:		
Property and Equipment	9,630,761	8,230,250
Less: Accumulated Depreciation	(1,337,796)	(182,321)
Property and Equipment, Net	8,292,965	8,047,929
Goodwill	458,294,462	1,309,750,216
Intangible Assets, Net	793,553,591	835,838,605
Notes Receivable, Net	3,579,220	3,590,715
Right of Use Asset	9,510,518	7,020,045
TOTAL LONG-TERM ASSETS	1,273,230,756	2,164,247,510
TOTAL ASSETS ⁽¹⁾	\$ 1,444,209,840	\$ 2,364,108,460
LIABILITIES, MEZZANINE EQUITY and STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts Payable and Accrued Expenses	\$ 20,693,070	\$ 17,730,683
Accrued Payroll	3,263,338	6,304,362
Health Plans Settlements Payable	18,022,395	22,548,694
Claims Payable	139,322,367	101,958,324
Premium Deficiency Reserve	35,021,557	37,835,642
Accrued Interest	11,329,930	8,771,065
Current Portion of Long-Term Debt	-	46,101
Short-Term Debt	1,178,229	3,578,561
TOTAL CURRENT LIABILITIES	228,830,886	198,773,432
LONG-TERM LIABILITIES:		
Right of Use Liability	10,575,753	6,296,883
Warrant Liabilities	5,429,009	11,382,826
Contingent Consideration	3,674,192	3,486,593
Long-Term Debt	80,000,000	80,000,000
TOTAL LONG-TERM LIABILITIES	99,678,954	101,166,302
TOTAL LIABILITIES ⁽¹⁾	328,509,840	299,939,734
COMMITMENTS AND CONTINGENCIES (NOTE 23)		
MEZZANINE EQUITY		
Redeemable Non-Controlling Interest	1,007,075,525	1,790,617,285
STOCKHOLDERS' EQUITY:		
Class A Common Stock, \$.0001 par value; 800,000,000 shares authorized; 41,578,890 shares issued and outstanding as of June 30, 2022 and December 31, 2021, respectively	4,158	4,158
Class V Common Stock, \$.0001 par value; 205,000,000 shares authorized; 201,423,309 shares and 196,553,523 shares issued and outstanding as of June 30, 2022 and December 31, 2021, respectively	20,142	19,655
Additional Paid in Capital	312,945,752	312,945,752
Accumulated Deficit	(204,345,577)	(39,418,124)
TOTAL STOCKHOLDERS' EQUITY	108,624,475	273,551,441
TOTAL LIABILITIES, MEZZANINE EQUITY & STOCKHOLDERS' EQUITY	\$ 1,444,209,840	\$ 2,364,108,460

(1) The Company's condensed consolidated balance sheets include the assets and liabilities of its consolidated variable interest entities ("VIEs"). As discussed in Note 25: Variable Interest Entities, P3 LLC is itself a VIE. P3 LLC represents substantially all the assets and liabilities of the Company. As a result, the language and numbers below refer only to VIEs held at the P3 LLC level. The condensed consolidated balance sheets include total assets that can be used only to settle obligations of the P3 LLC's VIEs totaling \$9.2 million and \$8.1 million as of June 30, 2022 and December 31, 2021, respectively, and total liabilities of the P3 LLC's consolidated VIEs for which creditors do not have recourse to the general credit of the Company totaled \$7.8 million and \$6.1 million as of June 30, 2022 and December 31, 2021, respectively. These VIE assets and liabilities do not include \$6.0 million of investment in affiliates as of June 30, 2022 and December 31, 2021, and \$28.6 million and \$24.1 million of amounts due to affiliates as of June 30, 2022 and December 31, 2021, respectively, as these are eliminated in consolidation and not presented within the condensed consolidated balance sheets. See Note 25 "Variable Interest Entities."

See accompanying notes to condensed consolidated financial statements.

P3 HEALTH PARTNERS INC and SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

Successor	Predecessor	Successor	Predecessor
Three Months Ended	Three Months Ended	Six Months Ended	Six Months Ended
June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021

	June 30, 2022	(As Restated)	June 30, 2022	(As Restated)
OPERATING REVENUE:				
Capitated Revenue	\$ 267,102,466	\$ 141,560,867	\$ 536,787,281	\$ 290,525,057
Other Patient Service Revenue	2,351,505	3,025,577	6,211,024	5,359,329
TOTAL OPERATING REVENUE	269,453,971	144,586,444	542,998,305	295,884,386
OPERATING EXPENSES:				
Medical Expenses	267,448,368	150,380,517	533,269,170	297,005,022
Premium Deficiency Reserve	(1,489,571)	1,000,000	(2,814,084)	3,000,000
Corporate, General and Administrative Expenses	41,098,400	18,390,659	79,697,812	33,449,735
Sales and Marketing Expenses	1,408,096	356,501	2,272,626	626,742
Goodwill impairment	851,455,754	-	851,455,754	-
Depreciation and Amortization	21,720,081	429,830	43,471,912	762,378
TOTAL OPERATING EXPENSES	1,181,641,128	170,557,507	1,507,353,190	334,843,877
OPERATING LOSS	(912,187,157)	(25,971,063)	(964,354,885)	(38,959,491)
OTHER INCOME (EXPENSES):				
Interest Expense, net	(2,733,875)	(2,369,764)	(5,495,125)	(4,494,049)
Mark-to-Market of Stock Warrants	11,815,093	(1,123,583)	5,953,817	(10,661,579)
TOTAL OTHER INCOME (EXPENSE)	9,081,218	(3,493,347)	458,692	(15,155,628)
LOSS BEFORE INCOME TAXES	(903,105,939)	(29,464,410)	(963,896,193)	(54,115,119)
PROVISION FOR INCOME TAXES	-	-	-	-
NET LOSS	(903,105,939)	(29,464,410)	(963,896,193)	(54,115,119)
LESS NET LOSS ATTRIBUTABLE TO REDEEMABLE NON-CONTROLLING INTERESTS				
	(748,755,990)	-	(798,968,740)	-
NET LOSS ATTRIBUTABLE TO CONTROLLING INTERESTS	\$ (154,349,949)	\$ (29,464,410)	\$ (164,927,453)	\$ (54,115,119)
NET LOSS PER SHARE (BASIC)	\$ (3.71)	N/A¹	\$ (3.97)	N/A¹
NET LOSS PER SHARE (DILUTED)	\$ (3.73)	N/A¹	\$ (4.01)	N/A¹

See accompanying notes to condensed consolidated financial statements.

¹ The Company analyzed the calculation of net loss per member unit for predecessor periods prior to the Business Combinations and determined that it resulted in values that would not be meaningful to the users of these consolidated financial statements. Therefore, net loss per member unit information has not been presented for predecessor periods prior to the Business Combinations on December 3, 2021.

P3 HEALTH PARTNERS INC and SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Successor	Predecessor
	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021 (As Restated)
Cash Flows from Operating Activities		
Net Loss	\$ (963,896,193)	\$ (54,115,119)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Depreciation and Amortization	43,471,912	762,378
Stock-Based Compensation	15,426,980	1,024,307
Goodwill impairment	851,455,754	-
Class A and Class D Preferred Returns	-	-
Amortization of Debt Origination Fees	-	349,324
Amortization of Discount from Issuance of Debt	-	621,305
Mark-to-Market Adjustment of Stock Warrants	(5,953,817)	10,661,579
Premium Deficiency Reserve	(2,814,084)	3,000,000
Changes in Assets and Liabilities:		
Non-cash Interest Expense	187,599	-
Accounts Receivable	(376,219)	92,491
Health Plan Receivables / Premiums	(49,555,406)	1,212,093
Other Current Assets	1,890,414	(361,241)
Net Change in ROU Assets and Liabilities	3,556,272	75,337
Accounts Payable	1,163,574	(1,005,876)
Accrued Payroll	(3,041,024)	(2,648,873)
Accrued Interest	2,558,865	1,807,007
Health Plan Payables / Premiums	(4,526,299)	(1,342,803)
Claims Payable	37,364,043	5,736,206
Net Cash used in Operating Activities	(73,087,629)	(34,131,885)
Cash Flows from Investing activities		
Purchase of Property, Plant and Equipment	(1,400,511)	(1,883,226)
Acquisitions	-	(82,000)
Increase in Notes Receivable, Net	-	226,808
Net Cash used in Investing Activities	(1,400,511)	(1,738,418)
Cash Flows from Financing activities		
Issuance of Long-Term Debt	-	12,750,000

Repayment of Short-Term and Long-Term Debt	(2,446,433)	(44,629)
Loan Origination and Closing Fees	-	(191,250)
Net Cash used in (provided by) Financing Activities	(2,446,433)	12,514,121
Net Change in Cash and Restricted Cash	(76,934,573)	(23,356,182)
Cash and Restricted Cash, Beginning of Period	140,833,872	39,902,947
Cash and Restricted Cash, End of Period	\$ 63,899,299	\$ 16,546,765

See accompanying notes to condensed consolidated financial statements.

Reconciliation of Non-GAAP Adjusted EBITDA
(in millions)

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Net Loss	\$ (903.0)	\$ (29.5)	\$ (963.9)	\$ (54.1)
Interest Expense, Net	2.7	2.4	5.5	4.5
Depreciation and Amortization Expense	21.7	0.4	43.5	0.8
Goodwill Impairment	851.5	0.0	851.5	-
Mark-To-Market Adjustment For Stock Warrants	(11.8)	1.1	(6.0)	10.6
Premium Deficiency Reserve	(1.5)	1.0	(2.8)	3.0
Transaction Expense, Business Combinations	1.0	-	2.1	-
Transaction Related Litigation Expense	1.1	-	1.1	-
Transaction Bonuses	5.9	-	5.9	-
Stock-Based Compensation	3.7	0.6	15.4	1.0
Other	0.1	-	0.1	-
EBITDA, Adjusted	\$ (28.6)	\$ (24.0)	\$ (47.6)	\$ (34.2)

Reconciliation of non-GAAP adjusted EBITDA / PMPM
(in PMPM \$)

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Net Loss	\$ (2,959.7)	\$ (147)	\$ (1,580)	\$ (135)
Interest Expense, Net	\$ 8.8	\$ 12	\$ 9	\$ 11
Depreciation and Amortization Expense	\$ 71.1	\$ 2	\$ 71	\$ 2
Goodwill Impairment	\$ 2,790.9	\$ 0	\$ 1,396	\$ -
Mark-To-Market Adjustment For Stock Warrants	\$ (38.7)	\$ 5	\$ (10)	\$ 26
Premium Deficiency Reserve	\$ (4.9)	\$ 5	\$ (5)	\$ 7
Transaction Expense, Business Combinations	\$ 3.3	\$ -	\$ 3	\$ -
Transaction Related Litigation Expense	\$ 3.6	\$ -	\$ 2	\$ -
Transaction Bonuses	\$ 19.3	\$ -	\$ 10	\$ -
Stock-Based Compensation	\$ 12.1	\$ 3	\$ 25	\$ 2
Other	\$ 0.3	\$ -	\$ 0	\$ -
EBITDA, Adjusted	\$ (94)	\$ (119)	\$ (78)	\$ (85)