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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2022

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 001-40365

Privia Health Group, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**81-3599420**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
950 N. Glebe Rd., **Suite 700** **Arlington, Virginia**	**22203**
(Address of Principal Executive Offices)	(Zip Code)

(571) 366-8850

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value per share	PRVA	The Nasdaq Global Select Market

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

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

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
		Emerging growth company	☒

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

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

As of August 5, 2022, the registrant had outstanding 111,326,147 shares of common stock.

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INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in 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”). In some cases, you can identify these statements by forward-looking words such as “may,” “might,” “will,” “should,” “could,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or “continue,” the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include projections of our future financial performance, our anticipated growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. These risks and uncertainties include factors related to, among other things:

- the heavily regulated industry in which we operate, and if we fail to comply with applicable healthcare laws and government regulations, we could incur financial penalties and become excluded from participating in government health care programs;
- our dependence on relationships with Medical Groups (defined herein), some of which we do not own;
- our growth strategy, which may not prove viable and we may not realize expected results;
- difficulties implementing our proprietary end-to-end, cloud-based technology solution (the “Privia Technology Solution”) for Privia Physicians (defined herein) and new Medical Groups;
- the high level of competition in our industry and our failure to compete and innovate;
- challenges in successfully establishing a presence in new geographic markets;
- our reliance on our electronic medical record (“EMR”) vendor, athenahealth, Inc., which the Privia Technology Solution is integrated with and built upon;
- changes in the payer mix of patients and potential decreases in our reimbursement rates as a result of consolidation among commercial payers;
- our use, disclosure, and other processing of personal information is subject to various federal and state privacy and security regulations and our use, disclosure, and other processing of protected health information is subject to the Health Insurance Portability and Accountability Act of 1996;
- the continued availability of qualified workforce, including staff at our Medical Groups, and the continued upward pressure on compensation for such workforce; and
- other risk factors described in our annual report on Form 10-K for the year ended December 31, 2021 and our other filings with the Securities and Exchange Commission (“SEC”).

You should read this quarterly report on Form 10-Q and the documents that we reference in this quarterly report on Form 10-Q and have filed as exhibits to this quarterly report on Form 10-Q with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. These forward-looking statements speak only as of the date of this quarterly report on Form 10-Q. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this quarterly report on Form 10-Q, whether as a result of any new information, future events or otherwise.

Part I - Financial Information

ITEM 1. FINANCIAL STATEMENTS

Privia Health Group, Inc.
Condensed Consolidated Balance Sheets
(in thousands, except share and per share amounts)

	June 30, 2022	December 31, 2021
Assets	(unaudited)	
Current assets:		
Cash and cash equivalents	$ 292,193	$ 320,577
Accounts receivable	213,889	117,402
Prepaid expenses and other current assets	15,188	8,697
Total current assets	521,270	446,676
Non-current assets:		
Property and equipment, net	3,959	4,502
Right-of-use asset	8,808	9,634
Intangible assets, net	59,070	59,738
Goodwill	126,938	127,938
Deferred tax asset	21,822	33,364
Other non-current assets	3,123	4,521
Total non-current assets	223,720	239,697
Total assets	$ 744,990	$ 686,373
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 40,334	$ 45,985
Provider liability	221,877	140,708
Current portion of note payable	—	875
Operating lease liabilities, current	2,929	2,893
Total current liabilities	265,140	190,461
Non-current liabilities:		
Note payable, net of current portion	—	31,688
Operating lease liabilities, non-current	9,744	11,043
Other non-current liabilities	3,000	3,000
Total non-current liabilities	12,744	45,731
Total liabilities	277,884	236,192
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Common stock, $0.01 par value, 1,000,000,000 and 1,000,000,000 shares authorized; 109,582,734 and 107,837,741 shares issued and outstanding at June 30, 2022 and December 31, 2021, respectively	1,096	1,078
Additional paid-in capital	680,152	633,902
Accumulated deficit	(236,093)	(208,108)
Total Privia Health Group, Inc. stockholders' equity	445,155	426,872
Non-controlling interest	21,951	23,309
Total stockholders' equity	467,106	450,181
Total liabilities and stockholders' equity	$ 744,990	$ 686,373

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

Privia Health Group, Inc.
Condensed Consolidated Statements of Operations
(unaudited)
(in thousands, except share and per share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue	$ 335,536	$ 225,756	$ 649,337	$ 439,363
Operating expenses:				
Provider expense	259,311	169,937	501,498	331,050
Cost of platform	42,384	68,731	83,656	95,693
Sales and marketing	4,819	11,178	9,480	14,362
General and administrative	33,107	168,657	69,217	182,653
Depreciation and amortization	1,165	440	2,283	885
Total operating expenses	340,786	418,943	666,134	624,643
Operating loss	(5,250)	(193,187)	(16,797)	(185,280)
Interest expense	663	302	895	593
Loss before provision for (benefit from) income taxes	(5,913)	(193,489)	(17,692)	(185,873)
Provision for (benefit from) income taxes	5,468	(20,004)	11,776	(18,004)
Net loss	(11,381)	(173,485)	(29,468)	(167,869)
Less: loss attributable to non-controlling interests	(906)	(951)	(1,483)	(733)
Net loss attributable to Privia Health Group, Inc.	$ (10,475)	$ (172,534)	$ (27,985)	$ (167,136)
Net loss per share attributable to Privia Health Group, Inc. stockholders – basic and diluted	$ (0.10)	$ (1.68)	$ (0.26)	$ (1.68)
Weighted average common shares outstanding – basic and diluted	108,685,835	102,739,033	108,374,181	99,381,053

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

Privia Health Group, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(unaudited)
(in thousands except share amounts)

	Common Stock Shares	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity attributable to Privia Health Group, Inc.	Non-controlling Interest	Total Stockholders' Equity
Balance at December 31, 2020	95,985,817	$ 960	$ 165,666	$ (19,878)	$ 146,748	$ (3,096)	$ 143,652
Stock-based compensation expense	—	—	101	—	101	—	101
Net income	—	—	—	5,398	5,398	218	5,616
Balance at March 31, 2021	95,985,817	$ 960	$ 165,767	$ (14,480)	$ 152,247	$ (2,878)	$ 149,369
Issuance of common stock upon closing of initial public offering	9,725,000	97	210,897	—	210,994	—	210,994
Issuance of common stock upon exercise of stock options and vesting of restricted stock units	29,645	—	33	—	33	—	33
Stock-based compensation expense	—	—	202,560	—	202,560	—	202,560
Net loss	—	—	—	(172,534)	(172,534)	(951)	(173,485)
Balance at June 30, 2021	105,740,462	$ 1,057	$ 579,257	$ (187,014)	$ 393,300	$ (3,829)	$ 389,471
Balance at December 31, 2021	107,837,741	$ 1,078	$ 633,902	$ (208,108)	$ 426,872	$ 23,309	$ 450,181
Issuance of common stock upon exercise of stock options and vesting of restricted stock units	435,030	5	794	—	799	—	799
Stock-based compensation expense	—	—	24,881	—	24,881	—	24,881
Contributed non-controlling interest	—	—	—	—	—	125	125
Net loss	—	—	—	(17,510)	(17,510)	(577)	(18,087)
Balance at March 31, 2022	108,272,771	$ 1,083	$ 659,577	$ (225,618)	$ 435,042	$ 22,857	$ 457,899
Issuance of common stock upon exercise of stock options and vesting of restricted stock units	1,309,963	13	2,105	—	2,118	—	2,118
Stock-based compensation expense	—	—	18,470	—	18,470	—	18,470
Net loss	—	—	—	(10,475)	(10,475)	(906)	(11,381)
Balance at Balance at June 30, 2022	109,582,734	$ 1,096	$ 680,152	$ (236,093)	$ 445,155	$ 21,951	$ 467,106

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

Privia Health Group, Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited)
(in thousands)

	For the Six Months Ended June 30,	
	2022	2021
Cash flows from operating activities		
Net loss	$ (29,468)	$ (167,869)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	615	564
Amortization of intangibles	1,668	320
Amortization of debt issuance costs	687	77
Stock-based compensation	43,351	202,661
Deferred tax expense	11,542	(18,209)
Changes in asset and liabilities:		
Accounts receivable	(96,487)	(27,754)
Prepaid expenses and other current assets	(6,491)	(3,494)
Other non-current assets and right-of-use asset	2,225	(4,281)
Accounts payable and accrued expenses	(5,651)	(6,554)
Provider liability	81,169	24,216
Operating lease liabilities	(1,263)	10,312
Other long-term liabilities	—	(5,262)
Net cash provided by operating activities	1,897	4,727
Cash from investing activities		
Purchases of property and equipment	(73)	(199)
Net cash used in investing activities	(73)	(199)
Cash flows from financing activities		
Proceeds from initial public offering	—	223,686
Payments of underwriting fees, net of discounts and offering costs	—	(12,658)
Repayment of note payable	(33,250)	(438)
Proceeds from exercised stock options	2,917	—
Proceeds from non-controlling interest	125	—
Net cash (used in) provided by financing activities	(30,208)	210,590
Net (decrease) increase in cash and cash equivalents	(28,384)	215,118
Cash and cash equivalents at beginning of period	320,577	84,633
Cash and cash equivalents at end of period	$ 292,193	$ 299,751
Supplemental disclosure of cash flow information:		
Interest paid	$ 647	$ 585
Income taxes paid	$ 245	$ 451

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

Privia Health Group, Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)

1. Organization and Summary of Significant Accounting Policies

Organization

Privia Health Group, Inc. (NASDAQ: PRVA) ("we", "our" the "Company"), became the sole shareholder of PH Group Holdings Corp. ("PH Holdings") (formerly Brighton Health Services Holding Corporation) effective August 11, 2016. At the time, the Company was a wholly owned subsidiary of Brighton Health Group Holdings, LLC ("BHG Holdings") (formerly MC Acquisition Holdings I, LLC, HoldCo).

The Company uses the same operational and financial model in each market. As of June 30, 2022, Privia operates in nine markets: 1) the Mid-Atlantic Region (states of Virginia, Maryland and the District of Columbia); 2) the state of Georgia; 3) the Gulf Coast Region (Houston, Texas); 4) North Texas (Dallas/Fort Worth, Texas); 5) West Texas (Abilene, Texas); 6) Central Florida; 7) the state of Tennessee; 8) the state of California and 9) the state of Montana.

Medical groups are formed in each market with the primary purpose to operate as a physician group practice with healthcare services being furnished through physician members ("Privia Physicians") and non-physician clinicians (together, "Privia Providers") supervised by Privia Physicians.

The Company also forms local management companies to provide administrative and management services ("MSOs") to the medical groups through a Management Services Agreement ("MSA") in each market. The Company owns 100% of all MSOs, except four where the Company is at least the majority owner.

Basis of Presentation

The condensed consolidated financial statements are prepared in accordance with United States generally accepted accounting principles ("GAAP") and include the accounts of the Company and its subsidiaries. Amounts shown on the condensed consolidated statements of operations within the operating expense categories of provider expense, cost of platform, selling and marketing, and general and administrative are recorded exclusive of depreciation and amortization.

All significant intercompany transactions are eliminated in consolidation.

The results of operations for the six months ended June 30, 2022, are not indicative of the results to be expected for the full fiscal year ending December 31, 2022. The condensed balance sheet at December 31, 2021, was derived from audited annual financial statements but does not contain all disclosures required by accounting principles generally accepted in the United States of America. In the opinion of management, all adjustments (consisting of only normal and recurring adjustments) considered necessary for a fair statement have been included.

Variable Interest Entities

Management evaluates the Company's ownership, contractual, and other interests in entities to determine if it has any variable interest in a variable interest entity ("VIE"). These evaluations are complex, involve judgment, and the use of estimates and assumptions based on available historical information, among other factors. If the Company determines that an entity in which it holds a contractual, or ownership, interest is a VIE and that the Company is the primary beneficiary, the Company consolidates such entity in its consolidated financial statements. The primary beneficiary of a VIE is the party that meets both of the following criteria: (i) has the power to make decisions that most significantly affect the economic performance of the VIE; and (ii) has the obligation to absorb losses or the right to receive benefits that in either case could potentially be significant to the VIE. Management performs ongoing reassessments of whether changes in the facts and circumstances regarding the Company's involvement with a VIE will cause the consolidation conclusion to change. Changes in consolidation status are applied prospectively.

The Company evaluated its relationship with (a) Non-Owned Medical Groups and their Affiliated Practices, (b) Friendly Medical Groups and their Affiliated Practices, and (c) Affiliated Practices associated with Owned Medical Groups to determine if any of these entities should be subject to consolidation. The Company does not have ownership interest in any Affiliated Practices (whether those of Owned Medical Groups, Non-Owned Medical Groups or Friendly Medical Groups); nor does the Company have an ownership in Non-Owned Medical Groups. The PMSA and support services agreement ("SSA") entered by Non-Owned Medical Groups and Friendly Medical Groups with their Privia Physician members and the Affiliated Practices are not contractual relationships within Privia's legal structure. The only contractual relationship between Privia and Non-Owned Medical Groups is established through the MSA. For Friendly Medical Groups, in addition to the MSA, the Company has a contractual relationship, evidenced by a restriction agreement (each a "Restriction Agreement") with its Nominee Physicians and their respective Friendly Medical Groups. Management has determined, based on the provisions of the MSAs between the Company and Non-Owned Medical Groups, and after considering the requirements of Accounting Standards Codification ("ASC") Topic 810, *Consolidation* ("ASC 810"), the Company is not required to consolidate the financial position or results of operations of the Affiliated Practices associated with Owned Medical Groups; nor is it required to consolidate the financial position or results of operations of Non-Owned Medical Groups (and, therefore, the Company is not required to consolidate the Affiliated Practices of the Non-Owned Medical Groups). However, management has determined, based on the provisions of the Restriction Agreement on the Nominee Physician (Friendly PC), the governing documents of the Friendly Medical Groups, and after considering the requirements of ASC 810, that the Company should consolidate the financial position or results of operations of the Friendly Medical Groups and the friendly PCs.

ASC 810 requires the Company to consolidate the financial position, results of operations and cash flows of a Non-Owned Medical Group affiliated by means of a service agreement if the Non-Owned Medical Group is a VIE and the Company is its primary beneficiary. An Affiliated Practice would be considered a VIE if (a) it is thinly capitalized (i.e., the equity is not sufficient to fund the Non-Owned Medical Group's activities without additional subordinated financial support) or (b) the equity holders of the Non-Owned Medical Group as a group have one of the following four characteristics: (i) lack the power to direct the activities that most significantly affect the Non-Owned Medical Group's economic performance, (ii) possess non-substantive voting rights, (iii) lack the obligation to absorb the Non-Owned Medical Group's expected losses, or (iv) lack the right to receive the Non-Owned Medical Group's expected residual returns.

The characteristics of both (a) and (b) do not exist and as such the Non-Owned Medical Groups do not represent VIEs. Accordingly, the Company has not consolidated the financial position, results of operations or cash flows of the Non-Owned Medical Groups that are affiliated with the Company by means of a service agreement for the three and six months ended June 30, 2022 and 2021. Each time that it enters into a new service agreement or enters into a material amendment to an existing service agreement, the Company considers whether the terms of that agreement or amendment would change the elements it considers in accordance with the VIE guidance. The same analysis was performed for the Affiliated Practices of Owned Medical Groups, which have contractual relationships with Privia through the SSA, and the Company determined they do not represent VIEs as they do not meet the criteria in ASC 810 for similar reasons outlined above.

The Company, however, does meet the criteria for consolidation of the Friendly Medical Groups based on the discussion above.

During the fourth quarter of 2021, the Company launched Privia Medical Group – West Texas, PLLC, formerly known as Abilene Diagnostic Clinic ("PMG West Texas"). PMG West Texas is a physician-owned Medical Group, with PMG West Texas Holdings, PLLC ("Friendly WTX PC"), a Texas professional limited liability company entirely owned by a licensed physician with a leadership role in the Company, owning majority membership interests and having governance and control rights via the governing documents of PMG West Texas. The Company has a contractual relationship with Friendly WTX PC through a Restriction Agreement. The VIE analysis was performed, and the Company determined that characteristic (b) exists as a result of meeting (ii) and (iv) and as such, PMG West Texas and Friendly WTX PC do represent VIEs and are consolidated as they do meet the criteria in ASC 810.

Similarly, during the fourth quarter of 2021, the Company established a second Friendly Medical Group in the State of Tennessee - Privia Medical Group Tennessee, PLLC ("PMG-TN"). PMG-TN is a physician owned Medical Group, with PMG-TN Physicians, PLLC, a Tennessee professional limited liability company entirely owned by a licensed physician with a leadership role in the Company ("Friendly TN PC"), owning 51% of the membership interests therein and having governance and control rights via the governing documents of PMG-TN. Again, the same analysis was performed, and the Company determined that characteristic (b) exists as a result of meeting (ii) and (iv) and as such, PMG-TN and Friendly TN PC do represent VIEs as they do meet the criteria in ASC 810.

The aggregated carrying value of the Company's VIE's for both the current assets and liabilities included in the consolidated balance sheets after elimination of intercompany transactions were $2.9 million as of June 30, 2022 and $4.2 million as of December 31, 2021.

Emerging Growth Company Status

We are an emerging growth company under the Jumpstart Our Business Startups Act (the "JOBS Act"). The JOBS Act provides that an emerging growth company can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected to avail ourselves of this exemption and, therefore, we will not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Subject to certain conditions set forth in the JOBS Act, if, as an "emerging growth company", we choose to rely on such exemptions, we may not be required to, among other things, (i) provide an auditor's attestation report on our system of internal controls over financial reporting pursuant to Sarbanes-Oxley Act of 2002, Section 404, (ii) provide all of the compensation disclosure that may be required of non-emerging growth public companies under the Dodd-Frank Wall Street Reform and Consumer Protection Act, (iii) comply with any requirement that may be adopted by the Public Company Accounting Oversight Board ("PCAOB") regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (auditor discussion and analysis), and (iv) hold non-binding advisory votes on executive compensation and obtain shareholder approval of any golden parachute payments not previously approved. These exemptions will apply for a period of five years following the completion of our IPO or until we are no longer an "emerging growth company," whichever is earlier.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosure. On an on-going basis we evaluate significant estimates and assumptions, including, but not limited to, revenue recognition, stock-based compensation, estimated useful lives of assets, intangible assets subject to amortization, and the computation of income taxes. Future events and their effects cannot be predicted with certainty; accordingly, the Company's accounting estimates require the exercise of judgment. The accounting estimates used in the preparation of the financial statements will change as new events occur, as more experience is acquired, as additional information is obtained, and as the Company's operating environment changes. Management evaluates and updates assumptions and estimates on an ongoing basis. Actual results may differ from these estimates under different assumptions or conditions.

Operating Segments

The Company determined in accordance with ASC 280, *Segment Reporting* ("ASC 280") that the Company operates in and reports as a single operating segment, and therefore one reporting segment – Privia Health Group, Inc. Refer to Note 14 "Segment Financial Information" for additional information concerning the Company's services.

Coronavirus Aid, Relief and Economic Stimulus Act ("CARES Act")

The COVID-19 pandemic has an impact and may continue to impact our results of operations, cash flow and financial position. We are closely monitoring the impact of the pandemic on all aspects of our business including impacts to employees, customers, patients, suppliers and vendors.

On March 27, 2020, the CARES Act was passed. It is intended to provide economic relief to individuals and businesses affected by the coronavirus pandemic. It also contains provisions related to healthcare providers' operations and the issues caused by the coronavirus pandemic. Pursuant to the CARES Act the Company elected to defer its portion of Social Security taxes in 2020, which may be repaid over two years as follows: 50% by the end of 2021 and 50% by the end of 2022. During the year ended December 31, 2021, 50% of the Social Security taxes were repaid. Approximately $0.8 million is recorded in accounts payable and accrued expenses on the balance sheet as of June 30, 2022 related to this deferral and the Company intends to remit payment by the end of 2022.

Non-Controlling Interest

The non-controlling interest represents the equity interest of the non-controlling equity holders in results of operations of Complete MD Solutions, LLC, Privia Management Services Organization, LLC ("PMSO"), Privia Management Company Montana, LLC, BASS Privia Management Company of California, LLC, Privia Management Company West Texas, LLC and our Owned Medical Groups. The condensed consolidated financial statements include all assets, liabilities, revenues, and expenses of less-than-100%-owned affiliates where the Company has a controlling financial interest. The Company has separately reflected net income attributable to the non-controlling interests in net income in the condensed consolidated statements of operations.

Significant Accounting Policies

The Company described its significant accounting policies in Note 1 of the notes to condensed consolidated financial statements for the year ended December 31, 2021 in the Annual Form 10-K. During the three and six months ended June 30, 2022, there were no significant changes to those accounting policies and estimates, other than those policies impacted by the Florida and the Mid-Atlantic ACOs entering into Capitated revenue payer arrangements. These agreements cover healthcare services provided to approximately 23,000 Medicare Advantage beneficiaries effective January 1, 2022. The impacts to the financial statements and accounting policies of these new agreements are noted and further discussed below.

Provider Liability

Provider Liability, previously referred to as "Physician and Practice liability", represents costs payable to physicians, hospitals and other ancillary providers, including both Privia physicians, their related practices, and providers the Company has contracted with through payer partners. Those costs include amounts that have not yet been paid for physician guaranteed payments and other required distributions pursuant to the service agreements as well as medical claims costs for services provided to attributed beneficiaries for which the Company is financially responsible under at-risk capitated revenue arrangements whether paid directly by the Company or indirectly by payers with whom the Company has contracted.

Value Based Care ("VBC") Revenue

The Company's VBC business consists of its clinically integrated network and ACOs which bring together independent physician practices within our medical groups to focus on sharing data, improving care coordination, and collaborating on initiatives to improve outcomes and lower healthcare spending. The Company has contracts with the U.S. federal government and large payer organizations that are multi-year in nature, typically ranging from three to five years, and revenue is earned as: (1) Capitated revenue (2) on a shared savings basis and (3) Care management fees on a per member per month basis.

Capitated Revenue

Capitated revenue consists of capitation fees earned under contracts with various Medicare Advantage payers ("payers") in at-risk capitation arrangements. The Company is entitled to monthly fees to provide a defined range of healthcare services for Medicare Advantage health plan members ("attributed beneficiaries" or "attributed lives") attributed to the Company's contracted physicians (typically primary care). Monthly fees are determined as a percentage of the premium payers receive from the Centers for Medicare &

Medicaid Services ("CMS") for these attributed beneficiaries. In at-risk arrangements, the Company generally accepts financial risk for beneficiaries attributed to its contracted physicians and, therefore, is responsible for the cost of contracted healthcare services required by those beneficiaries in accordance with the terms of each agreement. Fees are recorded gross in revenue because the Company is acting as a principal in coordinating and controlling the range of services provided (other than clinical decisions) under its Capitated revenue contracts with payers. Capitated revenue contracts with payers are generally multi-year arrangements and have a single monthly stand ready performance obligation, as defined by ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), to provide all aspects of necessary medical care to members for the contracted period. The Company recognizes revenue in the month in which the eligible beneficiary is entitled to receive healthcare benefits during the contract term.

The transaction price for the Company's capitation contracts is a fixed percentage of premium per attributed life with periodic adjustment, as the monthly fees to which the Company are entitled are subject to periodic adjustments under CMS's risk adjustment payment methodology. CMS deploys a risk adjustment model that determines premiums paid to all payers according to each attributed life's health status and certain demographic factors. Under this risk adjustment methodology, CMS calculates the risk adjusted premium payment using diagnosis data from various settings. The Company and healthcare providers collect and submit diagnosis data to payers (and ultimately to CMS) to be utilized in the determination of risk adjustments and such data is used by the Company to estimate any adjustments to the Capitated revenue earned that may increase or decrease revenue in subsequent periods pursuant to contractual terms. Such adjustments are estimated 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. Capitated revenue fees are also subject to adjustment for incentives or penalties based on the achievement of certain quality metrics defined in the Company's contracts with payers. The Company recognizes incentive revenue as earned using the most likely amount methodology and only to the extent that it is probable that a significant reversal of cumulative revenue will not occur once any uncertainty is resolved.

Neither the Company nor any of its affiliates are a registered insurance company as state law in the states in which we operate do not require such registration for risk bearing providers.

Provider expense

Provider expense, previously referred to as "Physician and Practice expense", are amounts accrued or payments made to physicians, hospitals and other service providers, including Privia physicians, their related physician practices, and providers the Company has contracted with through payer partners. Those costs include physician guaranteed payments and other required distributions pursuant to the service agreements as well as medical claims costs for services provided to attributed beneficiaries under at-risk Capitated revenue arrangements for which the Company is financially responsible whether paid directly by the Company or indirectly by payers with whom the Company has contracted. Provider expenses are recognized in the period in which services are provided.

Recently Adopted Accounting Pronouncements

None.

Recently Issued Accounting Pronouncements Pending Adoption

In March 2020, FASB issued ASU 2020-04, *Reference Rate Reform* (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The ASU provides temporary relief from some of the existing rules governing contract modifications when the modification is related to the replacement of the London Interbank Offered Rate ("LIBOR") or other reference rates discontinued as a result of reference rate reform. The ASU specifically provides optional practical expedients for contract modification accounting related to contracts subject to ASC 310, *Receivables*, ASC 470, *Debt*, ASC 842, *Leases*, and ASC 815, *Derivatives and Hedging*. The ASU also establishes a general contract modification principle that entities can apply in other areas that may be affected by reference rate reform and certain elective hedge accounting expedients. For eligible contract modifications, the principle generally allows an entity to account for and present modifications as an event that does not require contract remeasurement at the modification date or reassessment of a previous accounting determination. That is, the modified contract is accounted for as a continuation of the existing contract. The standard was effective upon issuance on March 12, 2020, and the optional practical expedients can generally be applied to contract modifications made and hedging relationships entered into on or before December 31, 2022. The Company's Credit Facilities bear interest based on LIBOR or an alternate rate. Provisions currently provide the Company with the ability to replace LIBOR with a different reference rate in the event that LIBOR ceases to exist.

2. Revenue Recognition

The following table presents our revenues disaggregated by source:

(Dollars in Thousands)	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
FFS-patient care	$ 211,286	$ 180,821	$ 415,630	$ 350,398
FFS-administrative services	23,635	15,345	46,641	30,756
Capitated revenue	57,738	—	106,068	—
Shared savings	32,094	18,879	60,053	36,712
Care management fees	9,476	9,374	18,280	17,945
Other revenue	1,307	1,337	2,665	3,552
Total revenue	$ 335,536	$ 225,756	$ 649,337	$ 439,363

Fee-for-service ("FFS") patient care is primarily generated from third-party payers with which the Company has established contractual billing arrangements. The following table presents the approximate percentages by source of net operating revenue received for healthcare services we provided for the periods indicated:

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Commercial insurers	69 %	67 %	70 %	68 %
Government payers	16 %	17 %	15 %	16 %
Patient	15 %	16 %	15 %	16 %
	100 %	100 %	100 %	100 %

FFS-administrative services revenue is earned through the Company's MSA with Non-Owned Medical Groups primarily based on a fixed percentage of net collections on patient care generated by those medical groups.

VBC revenue is primarily earned through contracts for Capitated revenue, Shared savings and Care management fees. Capitated revenue is generated through what is typically known as an "at-risk contract." At-risk capitation refers to a model in which the Company receives a fixed monthly payment from the third-party payer in exchange for providing healthcare services to attributed beneficiaries. The Company is responsible for providing or paying for the cost of healthcare services required by those attributed beneficiaries for a set of services. At-risk Capitated revenue is recorded at the total amount gross in revenues because the Company is acting as a principal in arranging for, providing, and controlling the managed healthcare services provided to the attributed lives. Shared savings revenue and Care management fees are generated through contracts with large commercial payer organizations and the U.S. Federal Government.

Contract Asset

The Company has the following contract assets and unearned revenue:

(Dollars in Thousands)	June 30, 2022	December 31, 2021
Balances for contracts with customers		
Accounts receivable	213,889	117,402
Unearned revenue	507	404

Remaining Performance Obligations

As our performance obligations relate to contracts with a duration of one year or less, the Company elected the optional exemption in ASC 606-10-50-14(a). Therefore, the Company is not required to disclose the transaction price for the remaining performance obligations at the end of the reporting period or when the Company expects to recognize revenue. The Company has minimal unsatisfied performance obligations at the end of the reporting period as our patients typically are under no obligation to continue receiving services at our facilities.

3. Goodwill and Intangible Assets, Net

For the purposes of the goodwill impairment assessment, the Company as a whole is considered to be a reporting unit. The Company recognizes the excess of the purchase price, plus the fair value of any non-controlling interests in the acquiree, over the fair value of identifiable net assets acquired as goodwill. The Company performs a qualitative assessment on goodwill at least annually or more frequently if events or changes in circumstances indicate that the carrying value of goodwill may not be recoverable. If it is determined in the qualitative assessment that the fair value of a reporting unit is more likely than not below its carrying amount, then the Company will perform a quantitative impairment test. The quantitative goodwill impairment test is performed by comparing the fair value of a reporting unit with its carrying amount. Any excess in the carrying value of a reporting unit's goodwill over its fair value is recognized as an impairment loss, limited to the total amount of goodwill allocated to that reporting unit. The Company's carrying value of goodwill at June 30, 2022 and December 31, 2021 is approximately $126.9 million and $127.9 million, respectively. The most recently completed annual impairment test of goodwill was performed as of October 1, 2021 and it was determined that no impairment existed. No indicators of impairment were identified during the six months ended June 30, 2022 and 2021.

On October 13, 2021,the Company entered the California market through an affiliation with BASS Medical Group, one of the Greater San Francisco Bay Area's leading healthcare multi-specialty groups with more than 400 providers spanning 42 specialties caring for patients at over 125 locations. Privia acquired a majority interest in BASS Management Services Organization, LLC, now BASS Privia Management Company of California, LLC ("BPMC"), which is the exclusive provider of management services to BASS Medical Group. BPMC provides management and other administrative services, as well as various other services to medical practices and others. The Company acquired a 51% interest in BPMC.

A summary of the Company's intangible assets is as follows:

	June 30, 2022		December 31, 2021	
(Dollars in thousands)	**Intangible Assets**	**Accumulated Amortization**	**Intangible Assets**	**Accumulated Amortization**
Trade names	$ 4,600	$ 1,801	$ 4,600	$ 1,689
Consumer customer relationships	2,500	1,957	2,500	1,835
PMG customer relationships	600	195	600	184
Management Service Agreement (Complete MD)	2,200	927	2,200	860
Physician network	1,520	75	1,520	26
Payer contracts	2,750	97	2,750	33
MSO Service Agreement (BPMC)	51,800	1,848	50,800	605
	65,970	$ 6,900	64,970	$ 5,232
Less accumulated amortization	(6,900)		(5,232)	
Intangible assets, net	$ 59,070		$ 59,738	

The remaining weighted average life of all amortizable intangible assets is approximately 18.5 years at June 30, 2022.

Amortization expense for intangible assets was approximately $0.9 million and $0.2 million for the three months ended June 30, 2022 and 2021, respectively, and $1.7 million and $0.3 million for the six months ended June 30, 2022 and 2021, respectively.

Estimated amortization expense for the Company's intangible assets for the following five years is as follows:

		(Dollars in Thousands)
Remainder of 2022	$	1,671
2023		3,342
2024		3,259
2025		3,092
2026		3,092
Thereafter		44,614
Total	$	59,070

4. Leases

The Company leases office space under various operating lease agreements. The initial terms of these leases range from 2 to 9 years and generally provide for periodic rent increases and renewal options.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(Dollars in Thousands)	2022	2021	2022	2021
Operating lease cost	$ 666	$ 485	$ 1,330	$ 931
Cash paid for amounts included in the measurement of lease liabilities - operating leases			$ 1,467	$ 1,250
Weighted-average remaining lease term - operating leases			4.8 Years	5.1 Years
Weighted-average discount rate - operating leases			3.0 %	3.5 %

The aggregate future lease payments for operating leases in the years subsequent to June 30, 2022 are as follows:

(Dollars in Thousands)		
Remainder of 2022	$	1,272
2023		2,962
2024		2,996
2025		2,980
2026		2,173
Thereafter		1,231
Total future lease payments		13,614
Imputed interest		(940)
Total	$	12,674

5. Property and Equipment, Net

A summary of the Company's property and equipment, net is as follows:

(Dollars in Thousands)	June 30, 2022	December 31, 2021
Furniture and fixtures	$ 1,402	$ 1,110
Computer equipment	1,626	1,864
Leasehold improvements	4,855	4,827
	7,883	7,801
Less accumulated depreciation and amortization	(3,924)	(3,299)
Property and equipment, net	$ 3,959	$ 4,502

6. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following:

(Dollars in Thousands)	June 30, 2022	December 31, 2021
Accounts payable	$ 6,521	$ 2,973
Accrued employee compensation and benefits	10,127	7,491
Bonuses payable	6,005	12,292
Other accrued expenses	17,681	23,229
Total accounts payable and accrued expenses	$ 40,334	$ 45,985

7. Provider Liability

Provider liability, previously referred to as "Physician and Practice liability", represents costs payable to physicians, hospitals and other ancillary providers, including both Privia physicians, their related physician practices, and providers the Company has contracted with through payer partners. Those costs include amounts that have not yet been paid for physician guaranteed payments and other required distributions pursuant to the service agreements as well as medical claims costs for services provided to attributed beneficiaries for which the Company is financially responsible under at-risk Capitated revenue arrangements whether paid directly by the Company or indirectly by payers with whom the Company has contracted. Provider expenses are recognized in the period in which services are provided and include estimates of claims that have been incurred but have either not yet been received, processed, or paid and as such, not reported.

Provider liability estimates are developed using actuarial methods commonly used by health insurance actuaries that include a number of factors and assumptions including medical service utilization trends, changes in membership, observed medical cost trends, historical claim payment patterns and other factors.

Each period, the Company re-examines previously established provider liability estimates based on actual claim submissions and other changes in facts and circumstances. As more complete claims information becomes available, the Company adjusts its estimates and recognizes those changes in estimates in the period in which the change is identified. The difference between the estimated liability and the actual settlements of claims is recognized in the period in which the claims are settled. The Company's physician and practice liability balance represents management's best estimate of its liability for unpaid Provider expenses as of June 30, 2022. The Company uses judgment to determine the appropriate assumptions for developing the required estimates.

The Company's liabilities for unpaid medical claims under at-risk capitation arrangements, which are included in Provider liability in the Company's condensed consolidated balance sheets, were as follows:

	(Dollars in Thousands)
Balance at December 31, 2021	$ —
Incurred health care costs:	
Current year	106,068
Prior years	—
Total claim incurred	106,068
Claims paid:	
Current year	(72,041)
Prior year	—
Total claims paid	(72,041)
Adjustments to other claims-related liabilities	—
Balance at June 30, 2022	$ 34,027

8. Note Payable

The Company's Credit Facilities consists of the following:

(Dollars in Thousands)	June 30, 2022	December 31, 2021
Note payable	$ —	$ 33,250
Less debt issuance costs	—	(687)
Less current portion	—	(875)
Note payable, net	$ —	$ 31,688

On November 15, 2019, the Company entered into a Credit Agreement (the "Original Credit Agreement") by and among Privia Health, LLC, as the borrower, PH Group Holdings Corp., as a guarantor, certain subsidiaries of Privia Health, LLC, as guarantors, Silicon Valley Bank, as administrative agent and collateral agent (the "Administrative Agent"), and the several lenders from time to time party thereto. The Original Credit Agreement provided for up to $35.0 million in term loans (the "Term Loan Facility") that mature on November 15, 2024 with interest payable monthly at the lesser of LIBOR plus 2.0% or ABR plus 1.0% payable monthly (3.0% at June 30, 2022), plus up to an additional $10.0 million of financing (which was increased to $15.0 million in connection with the first amendment) in the form of a revolving loan (the "Revolving Loan Facility" and together with the Term Loan Facility, the "Credit Facilities"). The Revolving Loan Facility also includes a letter of credit sub-facility in the aggregate availability amount of $2.0 million and a swingline sub-facility in the aggregate availability amount of $2.0 million. The Company borrowed $35.0 million in term loans on November 15, 2019.

On August 27, 2021, the Company and certain of its subsidiaries entered into an assumption agreement and third amendment (the "Third Amendment") to the Original Credit Agreement (as amended by the Third Amendment, the "Credit Agreement"). Pursuant to the Third Amendment, the Company became the parent guarantor under the Credit Agreement and granted the Administrative Agent a first-priority security interest on substantially all of its real and personal property, subject to permitted liens.

The Third Amendment increased the size of the Revolving Loan Facility to $65.0 million, increased the letter of credit sub-facility to $5.0 million and extended the maturity date of the Credit Agreement to August 27, 2026. As amended, borrowings under the Credit Agreement bear interest at a rate equal to (i) in the case of eurodollar loans, LIBOR plus an applicable margin, subject to a 0.5% floor, and (ii) in the case of ABR loans, an ABR rate plus an applicable margin, subject to a floor of 1.5%. In addition, the Amendment, among other things, (i) changed the Term Loan Facility amortization schedule to 0.625% of the original principal amount of term loans for the fiscal quarters ending September 30, 2021 through and including June 30, 2024 and 1.25% of the original principal amount of term loans for the fiscal quarters ending thereafter and (ii) added a 1.0% prepayment premium for any term loans prepaid within six months of the effective date of the Third Amendment. The Third Amendment converted the financial covenants in the Original Credit Agreement to "springing" financial covenants, so that at any time the Company's cash is less than 125% of the outstanding borrowings under the Credit Facilities, or at least $15.0 million of borrowings are outstanding under the Revolving Loan, the Company will be required to maintain (i) a consolidated fixed charge coverage ratio of not less than 1.25 to 1.0, and (ii) a consolidated leverage ratio of no more than 3.0 to 1.0.

On June 24, 2022, the Company voluntarily prepaid the outstanding indebtedness under the Term Loan Facility. The Company's prepayment to the lenders was approximately $33.1 million, including accrued interest. The Company did not incur any prepayment penalties in connection with the repayment of the term loan, which had a scheduled maturity of August 27, 2026. The prepayment was made with cash on hand. Pursuant to this repayment, the Company accelerated recognition of $0.6 million of expense related to the remaining unamortized debt issuance costs. Including this accelerated expense, amortization expense of approximately $0.7 million and $0.1 million was recorded for the six months ended June 30, 2022 and 2021, respectively. The Revolving Loan Facility remains in place and available to the Company. As of June 30, 2022 and December 31, 2021 there were no amounts outstanding under the Revolving Loan Facility.

Interest expense relating to the Credit Facilities, inclusive of amortization of deferred financing costs, was approximately $0.7 million and $0.3 million for the three months ended June 30, 2022 and 2021, respectively, and $0.9 million and $0.6 million for the six months ended June 30, 2022 and 2021, respectively.

Substantially all of the Company's real and personal property serve as collateral under the above debt arrangements.

9. Income Taxes

The Company recorded a provision for (benefit from) income tax of $5.5 million and $(20.0) million for the three months ended June 30, 2022 and 2021, respectively, and $11.8 million and $(18.0) million for the six months ended June 30, 2022 and 2021, respectively. This represents an annual effective tax rate of (66.6)% and 9.7% as of June 30, 2022 and 2021, respectively. The effective tax rate for the three and six month period ended June 30, 2022 were impacted by the non-deductible stock-based compensation expense related to the Company's IPO and its effect on the pre-tax loss. The effective tax rate for the three and six month periods ended June 30, 2021 was lower than the statutory rate due to the effect on the pre-tax loss of the non-deductible stock-based compensation expense related to the Company's IPO.

Management considers both positive and negative evidence when evaluating the recoverability of our DTAs. The assessment is required to determine whether, based on all available evidence, it is more likely than not (i.e., greater than a 50% probability) that all or some portion of the DTAs will be realized in the future. As of June 30, 2022 and 2021, the weight of all available positive evidence was greater than the weight of all negative evidence, so a valuation allowance against the deferred tax asset was not recorded.

10. Stockholders' Equity

Elevance Health Inc.f.k.a. Anthem, Inc. ("Elevance Health") Private Placement

On May 3, 2021, concurrent with the closing of its IPO, the Company issued and sold, 4,000,000 shares of common stock, par value $0.01 per share, of the Company for an aggregate purchase price of $92 million (the "Private Placement"), or $23.00 per share, in a private placement to an affiliate of Elevance Health. As of May 3, 2021, Elevance Health holds approximately 3.9% of the issued and outstanding common stock of the Company. The securities issued to the Investor in the Private Placement were issued pursuant to the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933.

Stock option plan

The PH Group Holdings Corp. Stock Option Plan (the "PH Group Option Plan") was created on January 17, 2014. The employees of the Company and its subsidiaries, consultants of the Company and the employees of Brighton Health Plan Services Holdings Corp. (BHPS) (a wholly-owned subsidiary of BHG Holdings) and its subsidiaries who have performed services for the Company were the participants of the PH Group Option Plan. The aggregate number of shares of common stock for which options may be granted under the PH Group Option Plan shall not exceed 4,229,850 shares.

Effective August 11, 2016, the PH Group Option Plan was transferred to its parent and became the PH Group Parent Corp. Stock Option Plan (the "PH Parent Option Plan"). All other terms in the PH Group Option Plan remained unchanged in the PH Parent Option Plan at the effective date of the transfer.

Effective August 28, 2018, the PH Parent Option Plan was amended and restated to increase the aggregate number of shares of common stock for which options may be granted from 4,229,850 shares to 18,985,846 shares.

On April 1, 2021, contingent on the consummation of the IPO, the Board of Directors approved a modification to the PH Group Parent Corp. Stock Option Plan of the vesting conditions of certain outstanding stock option grants to certain employees and consultants. The modification accelerated by one year any time vested options that were not previously 100% vested and modified the vesting condition of the performance based options to vest 60% at IPO, 20% 12 months after IPO and 20% 18 months after the IPO. The modification also accelerated the CEO's time based options by an additional four months such that 100% of his time based options are vested. We recognized stock-based compensation of $195.1 million in the second quarter of 2021 related to these modifications and we expect to recognize an additional $89.9 million of additional stock compensation expense over the eighteen months following the completion of the IPO.

2021 Omnibus Incentive Plan

On April 6, 2021, the Company approved the Privia Health Group, Inc. 2021 Omnibus Incentive Plan (the "Plan") which permits awards up to 10,278,581 shares of the Company's common stock. The Plan also allows for an automatic increase on the first day of each fiscal year following the effective date of the Plan by an amount equal to the lesser of (i) 5% of outstanding shares on December 31 of the immediately preceding fiscal year or (ii) such number of shares as determined by the Company's Compensation Committee in its discretion. The Plan provides for the granting of stock options at a price equal to at least 100% of the fair market value of the Company's common stock as of the date of grant. The Plan also provides for the granting of Stock Appreciation Rights, Restricted Stock, Restricted Stock Units ("RSUs"), Performance Awards and other cash-based or other stock-based awards, all which must be granted at not less than the fair market value of the Company's common stock as of the date of grant. Participants in the Plan may include employees, consultants, other service providers and non-employee directors. On the effective date of the IPO, the Company issued 1,183,871 restricted stock units at the offering price and 3,683,217 options, with an exercise price equal to the offering price. These issuances are expected to generate stock-based compensation expense of $62.3 million to be recognized over the next four years starting on the effective date of the IPO as both the restricted stock units and stock options vest. The 2021 Plan is intended as the successor to and continuation of the PH Parent Option Plan. No additional stock awards will be granted under the PH Parent Option Plan.

2021 Employee Stock Purchase Plan

In April 2021, the Company's Board of Directors approved the Company's 2021 Employee Stock Purchase Plan ("2021 ESPP"). The 2021 ESPP became effective upon the execution of the underwriting agreement for the Company's IPO in April 2021. Per the Plan, shares may be newly issued shares, treasury shares or shares acquired on the open market. The Compensation Committee may elect to increase the total number of Shares available for purchase under the Plan as of the first day of each Company fiscal year following the Effective Date in an amount equal to up to one percent (1%) of the shares issued and outstanding on the immediately preceding December 31; provided that the maximum number of shares that may be issued under the Plan in any event shall be 10,278,581 shares. As June 30, 2022, the Company has reserved 1,027,858 shares of common stock for issuance under the 2021 ESPP.

Stock option activity

The following table summarizes stock option activity under the PH Parent Option Plan and 2021 Plan:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value (in thousands)
Balance at December 31, 2021	19,916,202	$ 5.90	9.36	$ 398,117
Granted	93,793	26.35		
Exercised	(1,647,247)	2.01		
Forfeited	(115,223)	19.76		
Balance at June 30, 2022	18,247,525	$ 6.27	9.53	$ 417,248
Exercisable June 30, 2022	11,797,301	$ 2.01	9.74	$ 319,821

RSU Activity

The following table summarizes the RSU activity under the 2021 Plan:

	Number of Shares	Grant Date Fair Value
Unvested and outstanding at December 31, 2021	984,901	$ 23.23
Granted	1,109,150	24.14
Vested	(103,263)	23.00
Forfeited	(42,800)	24.09
Unvested and outstanding at June 30, 2022	1,947,988	$ 23.74

Stock-based compensation expense

Total stock-based compensation expense for the three months ended June 30, 2022 and 2021, was approximately $18.5 million and $202.6 million, respectively, and $43.4 million and $202.7 million for the six months ended June 30, 2022 and 2021, respectively. At June 30, 2022, there was approximately $78.7 million of unrecognized stock-based compensation expense related to unvested options and RSUs, net of forfeitures, that is expected to be recognized over a weighted-average period of 1.3 years.

Stock-based compensation expense was classified in the condensed consolidated statements of operations as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(Dollars in Thousands)	**2022**	**2021**	**2022**	**2021**
Cost of platform	$ 3,664	$ 36,040	$ 8,287	$ 36,040
Sales and marketing	741	7,694	1,529	7,694
General and administrative	14,065	158,826	33,535	158,927
Total stock-based compensation	$ 18,470	$ 202,560	$ 43,351	$ 202,661

11. Commitments and Contingencies

There are no material commitments and contingencies as of June 30, 2022.

12. Concentrations of Credit Risk

Our financial instruments that are potentially subject to concentrations of credit risk consist primarily of cash, cash equivalents, and accounts receivable. While our cash and cash equivalents are managed by reputable financial institutions, the Company's cash balances with the individual institutions may at times exceed the federally insured limits. At June 30, 2022, substantially all of the Company's cash and cash equivalents were held at two financial institutions. The Company believes these financial institutions are financially sound and that minimal credit risk exists.

The Company receives payment for medical services provided to patients by its physicians through contracts with payers. Six payers within the network accounted for approximately 74% of such payments for both the three and six month periods ended June 30, 2022 and 2021, respectively. The Company evaluates accounts receivable to determine if they will ultimately be collected. In performing this evaluation, significant judgments and estimates are involved, such as past experience, credit quality, age of the receivable balance and current economic conditions that may affect ability to pay. As of June 30, 2022 and December 31, 2021, the Company had six payers within the network that made up approximately 69% and 68% of accounts receivable, respectively.

13. Net Loss Per Share

A reconciliation of net loss available to common shareholders and the number of shares in the calculation of basic and diluted earnings loss per share was calculated as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in thousands, except for share and per share amounts)	**2022**	**2021**	**2022**	**2021**
Net loss attributable to Privia Health Group, Inc. common stockholders	$ (10,475)	$ (172,534)	$ (27,985)	$ (167,136)
Weighted average common shares outstanding - basic and diluted	108,685,835	102,739,033	108,374,181	99,381,053
Earnings per share attributable to Privia Health Group, Inc. common stockholders – basic and diluted	$ (0.10)	$ (1.68)	$ (0.26)	$ (1.68)

The treasury stock method is used to consider the effect of the potentially dilutive stock options. The following outstanding shares of potentially dilutive securities were excluded from computation of diluted loss per share attributable to common stockholders for the period presented because including them would have been antidilutive:

	Six Months Ended June 30,	
	2022	**2021**
Potentially dilutive stock options to purchase common stock and RSUs	20,195,513	23,039,656
Total potentially dilutive shares	20,195,513	23,039,656

14. Segment Financial Information

The Company determined in accordance with ASC 280, that the Company operates in and reports as a single operating segment, which is to care for its patients' needs. Operating segments are identified as components of an enterprise where separate discrete financial information is available for evaluation by the chief operating decision maker ("CODM"), or decision-making group, who reviews financial operating results on a regular basis for the purpose of allocating resources and evaluating financial performance.

The Company defines its CODM as its Chief Executive Officer, who regularly reviews financial operating results on a consolidated basis for purposes of allocating resources and evaluating financial performance. Although the Company derives its revenues from a number of different geographic regions, the Company neither allocates resources based on the operating results from the individual regions, nor manages each individual region as a separate business unit. The Company's CODM manages the operations on a consolidated basis to make decisions about overall corporate resource allocation and to assess overall corporate profitability. As of June 30, 2022 and December 31, 2021, all of the Company's long-lived assets were located in the United States and for the three and six months ended June 30, 2022 and 2021 all revenue was earned in the United States.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements and accompanying notes included elsewhere in this quarterly report on Form 10-Q. In addition, the following discussion and analysis and information contains forward-looking statements about the business, operations and financial performance of the Company based on our current expectations that involve risks, uncertainties and assumptions. Our actual results could differ materially from those anticipated by these forward-looking statements as a result of many factors. including, but not limited to, those identified below and those discussed in the sections titled "Risk Factors" and "Information Regarding Forward-Looking Statements" in this quarterly report on Form 10-Q.

Overview

Privia Health is a technology-driven, national physician-enablement company that collaborates with medical groups, health plans, and health systems to optimize physician practices, improve patient experiences, and reward doctors for delivering high-value care in both in-person and virtual care settings on the "Privia Platform". We directly address three of the most pressing issues facing physicians today: the transition to the VBC reimbursement model, the ever-increasing administrative requirements to operate a successful medical practice and the need to engage patients using modern user-friendly technology. We seek to accomplish these objectives by entering markets and organizing existing physicians and non-physician clinicians into a unique practice model that combines the advantages of a partnership in a large regional Medical Group with significant local autonomy for Privia Providers joining our Medical Groups. Other than Tennessee, where our Friendly Medical Group is actively negotiating with major health insurance plans after recently starting to operate under the "friendly PC" model, our Medical Groups are designated as in-network by all major health insurance plans in all of our markets and all Privia Providers are credentialed with such health insurance plans.

Under our standard model, Privia Physicians join the Medical Group in their geographic market as an owner of the Medical Group. Certain of our Medical Groups are Owned Medical Groups, with Privia Physicians owning a minority interest. However, in those markets in which state regulations do not allow us to own physician practices, the Medical Groups are Non-Owned Medical Groups or Friendly Medical Groups. Privia Physicians who owned their own practices prior to joining Privia continue to own their Affiliated Practices, but those Affiliated Practices no longer furnish healthcare services. The Medical Groups have no ownership in the underlying Affiliated Practices, but the Affiliated Practices do provide certain services to our Medical Groups, such as use of space, non-physician staffing, equipment and supplies.

We provide management services to each Medical Group through a local MSO established with the objective of maximizing the independence and autonomy of our Affiliated Practices, while providing Medical Groups with access to VBC opportunities either directly or through Privia-owned ACOs. We have national committees that distribute quality guidance, and we employ Chief Medical Officers who provide clinical oversight and direction over the clinical affairs of the Owned Medical Groups. Additionally, we hold the provider contracts, maintain the patient records, set reimbursement rates, and negotiate payer contracts on behalf of the Owned Medical Groups.

We also offer Privia Care Partners, a more flexible provider affiliation model, to providers who do not desire to join one of our medical groups. This model aggregates providers in certain of our existing markets as well as new markets who are looking solely for VBC solutions without the necessity of changing EMR providers. We furnish population health services, reporting and analytics to such providers along with a menu of management services from which providers may choose.

GAAP Financial Measures

- Revenue was $335.5 million and $225.8 million for the three months ended June 30, 2022 and 2021, respectively, and $649.3 million and $439.4 million for the six months ended June 30, 2022 and 2021, respectively;
- Operating loss was $(5.3) million and $(193.2) million for the three months ended June 30, 2022 and 2021, respectively, and $(16.8) million and $(185.3) million for the six months ended June 30, 2022 and 2021, respectively; and
- Net loss attributable to Privia Health Group, Inc. was $(10.5) million and $(172.5) million, for the three months ended June 30, 2022 and 2021, respectively, and $(28.0) million and $(167.1) million for the six months ended June 30, 2022 and 2021, respectively.

Key Metrics and Non-GAAP Financial Measures

- Practice Collections were $615.5 million and $367.2 million for the three months ended June 30, 2022 and 2021, respectively, and $1.18 billion and $711.3 million for the six months ended June 30, 2022 and 2021, respectively;
- Care Margin was $76.2 million and $55.8 million for the three months ended June 30, 2022 and 2021, respectively, and $147.8 million and $108.3 million for the six months ended June 30, 2022 and 2021, respectively;
- Platform Contribution was $37.5 million and $23.1 million for the three months ended June 30, 2022 and 2021, respectively, and $72.5 million and $48.7 million for the six months ended June 30, 2022 and 2021, respectively; and

- Adjusted EBITDA was $15.5 million and $10.0 million for the three months ended June 30, 2022 and 2021, respectively, and $30.3 million and $20.0 million for the six months ended June 30, 2022 and 2021, respectively.

See "Key Metrics and Non-GAAP Financial Measures" for more information as to how we define and calculate Implemented Providers, Attributed lives, Practice Collections, Care Margin, Platform Contribution, Platform Contribution Margin, Adjusted EBITDA and Adjusted EBITDA Margin, and for a reconciliation of income from operations, the most comparable GAAP measure, to Care Margin, income from operations, the most comparable GAAP measure, to Platform Contribution, and net loss, the most comparable GAAP measure, to Adjusted EBITDA.

Coronavirus Aid, Relief and Economic Stimulus Act ("CARES Act")

The COVID-19 pandemic has an impact and may continue to impact our results of operations, cash flow and financial position. We are closely monitoring the impact of the pandemic on all aspects of our business including impacts to employees, customers, patients, suppliers and vendors.

On March 27, 2020, the CARES Act was passed. It is intended to provide economic relief to individuals and businesses affected by the coronavirus pandemic. It also contains provisions related to healthcare providers' operations and the issues caused by the coronavirus pandemic. Pursuant to the CARES Act the Company elected to defer its portion of Social Security taxes in 2020, which may be repaid over two years as follows: 50% by the end of 2021 and 50% by the end of 2022. During the year ended December 31, 2021 50% of the Social Security taxes were repaid. Approximately $0.8 million is recorded in accrued expenses on the balance sheet as of June 30, 2022 related to this deferral and the Company intends to remit payment by the end of 2022.

Our Revenue

We recognize revenue from multiple stakeholders, including health care consumers, health insurers, employers, providers and health systems. Our revenue includes (i) FFS revenue generated from providing healthcare services to patients through Privia Providers of Owned Medical Groups or administrative fees collected for providing administrative services to Non-Owned Medical Groups, (ii) VBC revenue collected on behalf of our providers, through capitated revenue, shared savings (including surplus payments, shared savings, total cost of care budget payments and similar payments) and care management fees (including care management fees, management services fees, care coordination fees and all other similar administrative fees), and (iii) other revenue from additional services, such as concierge services, virtual visits, virtual scribes and coding.

FFS Revenue

We generate FFS-patient care revenue when we collect reimbursements for FFS medical services provided by Privia Providers. Our agreements with our providers have a multi-year term length and we have historically experienced a 95% provider retention rate, both of which lead to a highly predictable and recurring revenue model. Our FFS contracts with payer partners typically contain annual rate inflators and enhanced commercial FFS rates given our scale in each of our markets. As a result of receiving these rate inflators and enhancements, if we continue to be successful in expanding our provider base, we expect revenue will grow year-over-year in absolute dollars. In addition, in our FFS-patient care revenue, we include collections generated from ancillary services such as clinical laboratory, imaging and pharmacy operations. We also generate FFS-administrative services revenue by providing administration and management services to medical groups which are not owned or consolidated by us. FFS-patient care revenue represented 63.0% and 80.1% of total revenue for the three months ended June 30, 2022 and 2021, respectively, and 64.0% and 79.8% for the six months ended June 30, 2022 and 2021, respectively. FFS-administrative services revenue represented 7.0% and 6.8% of total revenue for the three months ended June 30, 2022 and 2021, respectively, and 7.2% and 7.0% for the six months ended June 30, 2022 and 2021, respectively.

VBC Revenue

Over time, we create incremental value for our provider partners by enabling them to succeed in VBC arrangements. We generate VBC revenue when our providers are reimbursed through traditional FFS Medicare, MSSP, Medicare Advantage, commercial payers and other existing and emerging direct payer and employer contracting programs. The revenue is primarily collected in the form of (i) Capitated revenue earned by providing healthcare services to Medicare Advantage attributed beneficiaries for a defined group of services to include professional, institutional and pharmacy through a contract that is typically known as an "at-risk contract," (ii) Shared savings earned based on improved quality and lower cost of care for our attributed lives in VBC incentive arrangements and (iii) Care management fees to cover costs of services typically not reimbursed under traditional FFS payment models, including population management, care coordination, advanced technology and analytics. VBC revenue represented 29.6% and 12.5% of total revenue for the three months ended June 30, 2022 and 2021, respectively, and 28.4% and 12.4% for the six months ended June 30, 2022 and 2021, respectively. We expect VBC revenue to continue to increase as a percentage of total revenue as we grow total Attributed Lives under management as well as increase risk levels undertaken across value-based arrangements.

Other Revenue

The remainder of our revenue is derived from leveraging our existing base of providers and patients to deliver value-oriented services such as virtual visits, virtual scribes and coding. Other revenue represented 0.4% and 0.6% of total revenue for the three months ended June 30, 2022 and 2021, respectively, and 0.4% and 0.8% for the six months ended June 30, 2022 and 2021, respectively.

Key Factors Affecting Our Performance

Addition of New Providers

Our ability to increase our provider base will enable us to deliver financial growth as our providers generate both our FFS and VBC revenue. Our existing provider penetration and market share provides us with significant opportunity to grow in both existing and new geographies, and we believe the number of providers joining Privia is a key indicator of the market's recognition of the attractiveness of our platform to our providers, patients and payers. We intend to increase our provider base in existing and new markets by adding new practices and assisting our existing practices with recruiting new providers, using our in-market and national sales and marketing teams. As we add providers to the Privia Platform, we expect them to contribute incremental economics as we leverage our existing brand and infrastructure, both at the corporate and in-market levels.

Addition of New Patients

Our ability to add new patients to our provider base in existing and new markets will also enable us to deliver revenue growth in both our FFS and VBC contracts. We believe the number of attributed patient lives in VBC programs is a key driver of our VBC revenue growth. Our branding and marketing strategies to drive growth in our practices has continued to result in increased engagement with new and existing patients. We believe our continued success in growing the visibility of the Privia brand will result in increased patient panels per provider and contribute incremental revenue in both FFS and VBC for our practices.

Expansion to New Markets

Based upon our experience to date, we believe Privia can succeed in all reimbursement environments and payment models. The data we collected from older provider cohorts consistently suggest that we improve their performance in both FFS and VBC metrics over time and inform our expectations for our new markets. We believe our in-market operating structure and ability to serve providers wherever they are on their transition to VBC can benefit physicians and providers throughout the U.S. and that our solution is applicable across all 50 states. We enter a market with an asset-light operating model and employ a disciplined, uniform approach to market structure and development. We partner with market leading medical groups and health systems to form anchor relationships and align other independent, affiliated, or employed providers into a single-TIN medical group. Our business model also gives us flexibility for future, incremental growth through the acquisition of minority or majority stakes in our practices and opening de-novo, fully-owned sites of care focused on Medicare Advantage and direct contracting models.

On October 1, 2021, we launched Privia Medical Group West Texas in partnership with Abilene Diagnostic Clinic, an independent multi-specialty group practice with more than 30 providers and five care center locations. This complements our established and expanding provider practice locations in North Texas (Dallas-Fort Worth) and the Gulf Coast region of the state.

On October 13, 2021, we entered the California market through an affiliation with BASS Medical Group, one of the Greater San Francisco Bay Area's leading healthcare multi-specialty groups with more than 400 providers spanning 42 specialties caring for patients at over 125 locations. Privia acquired a majority interest in BASS Management Services Organization, LLC, which is the exclusive provider of management services to BASS Medical Group.

In February 2022, we announced a partnership with Surgery Partners, Inc. for Privia Health to enter the State of Montana with Great Falls Clinic, a multi-specialty practice with approximately 65 providers spanning 24 specialties. A wholly owned subsidiary of Surgery Partners, Great Falls Clinic will serve as Privia Health's anchor practice in the state. Privia Health will also provide performance operations services and technology capabilities to Great Falls Clinic as well as to new providers in Montana who join the Privia Platform.

Provider Satisfaction and Retention

Privia Providers have high satisfaction with their overall performance on our platform, and we strive to continuously improve provider well-being and patient satisfaction. Our percentage of collections Care Margin model combined with high patient and provider satisfaction results in 90%+ Practice Collections predictability on a rolling twelve month forward basis. We believe these metrics demonstrate the stability of our provider base and the appeal to prospective providers and patients of our platform.

Payer Contracts and Ability to Move Markets to VBC

Our FFS and VBC revenue is dependent upon our contracts and relationships with payers. We partner with a large and diverse set of payer groups nationally and in each of our markets to form provider networks and to lower the overall cost of care, and we structure bespoke contracts to help both providers and payers achieve their objectives in a mutually aligned manner. Maintaining, supporting and increasing the number of these contracts and relationships, particularly as we enter new markets, is important for our long-term success.

Our ability to work within each geographic market as it evolves in its shift towards VBC, with our experience working in all reimbursement environments, enables providers to accelerate and succeed in their transition. Our model is aligned with our payer partners, as we have demonstrated improved patient outcomes while driving incremental revenue growth. We intend to accelerate the move towards the adoption of VBC reimbursement in each market in current and emerging payer programs. To do so, we will need to continue enhancing our VBC capabilities and executing on initiatives to deliver next generation access, superior quality metrics and lower cost of care.

At the beginning of 2022, Privia Health launched three new Accountable Care Organizations (ACOs) in Maryland, Florida and Tennessee, with each participating in the Medicare Shared Savings Program (MSSP). This expands the Privia-owned ACOs to seven, including ACOs in Georgia, Gulf Coast Texas, North Texas and Virginia.

On January 5, 2022, the Company announced that its Florida and the Mid-Atlantic ACOs entered into capitated payer arrangements. These agreements cover healthcare services provided to approximately 23,000 Medicare Advantage beneficiaries effective January 1, 2022. Capitated revenue is generated through what is typically known as an “at-risk contract.” At-risk capitation refers to a model in which the Company is entitled to fixed monthly fees from the third-party payer in exchange for providing healthcare services to attributed beneficiaries in Medicare Advantage plans. The fees are typically based on a percentage of the defined premium that payers receive from CMS. The Company is responsible for providing or paying for the cost of healthcare services required by those attributed beneficiaries. At-risk capitated fees are recorded gross in revenues because the Company is acting as a principal in arranging for, providing, and controlling the managed healthcare services provided to the attributed beneficiaries.

Components of Revenue

Our FFS revenue is primarily dependent upon the size of our provider base, payer contracted rates and patient volume. Our ability to maintain or improve pricing levels in our contracts with payers and patient volume for our providers will impact our results of operations. In addition to increasing our provider base and contracted rates over time, we also seek to increase patient volume by demonstrating the ability to provide a better patient experience that leads to higher retention rates and drives referrals to preferred, high quality and value-based providers. Our VBC revenue is primarily dependent upon the number of attributed patients in our VBC arrangements, risk levels of our payer contracts, and effective management of our patients’ total cost of care. As we grow our provider base, we also expect to increase our total number of attributed patients in existing and new markets. In addition, we intend to increase the risk levels of our value-based programs as we seek a higher revenue opportunity on a per patient basis over time.

Investments in Growth

We expect to continue focusing on long-term growth through investments in our sales and marketing, our technology-enabled platform, and our operations. In addition, as we continue our efforts to move markets toward VBC, we expect to continue making additional investments in operations for an expanded suite of clinical capabilities to manage our patient population.

We recently began offering Privia Care Partners, a more flexible provider affiliation model, to providers who do not desire to join one of our medical groups. This model will initially aggregate providers in certain of our existing markets as well as new markets who are looking solely for VBC solutions without the necessity of changing EHR providers. We will furnish population health services, reporting and analytics to such providers along with a menu of management services from which providers may choose. We launched Privia Care Partners on January 1, 2022 with over 25,000 attributed lives in partnership with more than 300 providers in approximately 100 care center locations

Key Metrics and Non-GAAP Financial Measures

We review a number of operating and financial metrics, including the following key metrics and non-GAAP financial measures, to evaluate our business, measure our performance, identify trends affecting our business, formulate our business plans, and make strategic decisions.

Key Metrics

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2022	2021	2022	2021
Implemented Providers (as of end of period)	3,541	2,692	3,541	2,692
Attributed Lives (in thousands) (as of end of period)	856	739	856	739
Practice Collections [1] ($ in millions)	$ 615.5	$ 367.2	$ 1,177.3	$ 711.3

(1) We define Practice Collections as the total collections from all practices in all markets and all sources of reimbursement (FFS, VBC and other) that we receive for delivering care and providing our platform and associated services. Practice Collections differ from revenue by including collections from Non-Owned Medical Groups.

Implemented Providers

We define Implemented Providers as the total of all service professionals on Privia Health's platform at the end of a given period who are credentialed by Privia Health and bill for medical services, in both Owned and Non-Owned Medical Groups during that period. This includes, but is not limited to, physicians, physician assistants, and nurse practitioners. We believe that growth in the number of Implemented Providers is a key indicator of the performance of our business and expected revenue growth. This growth depends, in part, on our ability to successfully add new practices in existing markets and expand into new markets. The number of Implemented Providers increased 31.5% as of June 30, 2022 compared to June 30, 2021, due to organic growth in our healthcare delivery business as well as entrance into the West Texas, California and Montana markets.

Attributed Lives

We define Attributed Lives as any patient that selected one of our physicians as their provider of primary care services, that a payer deems attributed to Privia, in both Owned and Non-Owned Medical Groups, to deliver care as part of a VBC arrangement. The number of Attributed Lives is an important measure that impacts the amount of VBC revenue we receive. Attributed Lives increased 15.8% as of June 30, 2022 compared to June 30, 2021, due to the launch of Privia Care Partners on January 1, 2022, as well as organic growth in all markets.

Practice Collections

We define Practice Collections as the total collections from all practices in all markets and all sources of reimbursement (FFS, VBC and other) that we receive for delivering care and providing our platform and associated services. Practice Collections differ from revenue by adding collections from Non-Owned Medical Groups. Practice Collections increased 67.6% for the three months ended June 30, 2022 when compared to the same period in 2021 and 65.5% for the six months ended June 30, 2022 compared to the same period in 2021, due mainly to organic growth of our healthcare delivery business, our new at-risk Capitated revenue contracts, as well as entrance into the West Texas, California and Montana markets.

Non-GAAP Financial Measures

In addition to our financial results determined in accordance with GAAP, we believe Care Margin, Platform Contribution, Platform Contribution Margin, Adjusted EBITDA and Adjusted EBITDA Margin are useful as non-GAAP measures to investors as these are metrics used by management in evaluating our operating performance and in assessing the health of our business. We use Care Margin, Platform Contribution, Platform Contribution Margin, Adjusted EBITDA and Adjusted EBITDA Margin to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that these non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, provide meaningful supplemental information regarding our performance by excluding certain items that may not be indicative of our business, results of operations or outlook.

However, non-GAAP financial information is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. In addition, other companies, including companies in our industry, may calculate similarly-titled non-GAAP measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measure as a tool for comparison. A reconciliation is provided below for our non-GAAP financial measures to the most directly comparable financial measure stated in accordance with GAAP. Investors are encouraged to review the related GAAP financial measures and the reconciliation of non-GAAP financial measures to their most directly comparable GAAP financial measures, and not to rely on any single financial measure to evaluate our business.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(amounts in thousands, except for percentages)	**2022**	**2021**	**2022**	**2021**
Care Margin [1] ($)	$ 76,225	$ 55,819	$ 147,839	$ 108,313
Platform Contribution [1] ($)	$ 37,505	$ 23,128	$ 72,470	$ 48,660
Platform Contribution Margin [1] (%)	49.2%	41.4%	49.0%	44.9%
Adjusted EBITDA [1] ($)	$ 15,534	$ 10,036	$ 30,335	$ 19,983
Adjusted EBITDA Margin [1] (%)	20.4%	18.0%	20.5%	18.4%

1. See below for more information as to how we define and calculate Care Margin, Platform Contribution, Platform Contribution Margin, Adjusted EBITDA and Adjusted EBITDA Margin and for a reconciliation of income from operations, the most comparable GAAP measure, to Care Margin, income from operations, the most comparable GAAP measure, to Platform Contribution, and net income, the most comparable GAAP measure, to Adjusted EBITDA.

Care Margin

We define Care Margin as total revenue less provider expense. Our Care Margin generated from FFS revenue is contractual and recurring in nature, and primarily based on an individually negotiated percentage of collections for each practice that joins Privia. Our Care Margin generated from VBC revenue is based on a percentage of care management fees and shared savings collected. We view Care Margin as all of the dollars available for us to manage our business, including providing administrative support to our practices, investing in sales and marketing to attract new providers to the Privia Platform, and supporting the organization through our corporate infrastructure. We expect Care Margin will grow year-over-year in absolute dollars as we continue to expand our provider base. We would also expect our care management and shared savings economics in our VBC arrangements to improve on a per patient basis as we manage towards lower total cost of care for our Attributed Lives and move towards higher risk VBC arrangements over time. Care Margin increased 36.6% for the three months ended June 30, 2022 when compared to the same period in 2021 due to organic growth of our medical practice business and 36.5% during the six months ended June 30, 2022 compared to the same period in 2021 due to organic growth of our medical practice business. As a percentage of revenue, Care Margin decreased to 22.7% for the three months ended June 30, 2022 from 24.7% for the same period in 2021 due to the addition of the at-risk capitation arrangements. For the six months ended June 30, 2022, Care Margin decreased to 22.8% as a percentage of revenue compared to 24.7% during the same period in 2021 due to the addition of the at-risk capitation arrangements.

In addition to our financial results determined in accordance with GAAP, we believe Care Margin, a non-GAAP measure, is useful in evaluating our operating performance. We use Care Margin to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that this non-GAAP financial measure, when taken together with the corresponding GAAP financial measures, provides meaningful supplemental information regarding our performance by excluding certain items that may not be indicative of our business, results of operations or outlook. In particular, we believe that the use of Care Margin is helpful to our investors as it is a metric used by management in assessing the health of our business and our operating performance.

The following table provides a reconciliation of operating loss, the most closely comparable GAAP financial measure, to Care Margin.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(unaudited and amounts in thousands)	**2022**	**2021**	**2022**	**2021**
Operating loss	$ (5,250)	$ (193,187)	$ (16,797)	$ (185,280)
Depreciation and amortization	1,165	440	2,283	885
General and administrative	33,107	168,657	69,217	182,653
Sales and marketing	4,819	11,178	9,480	14,362
Cost of platform	42,384	68,731	83,656	95,693
Care margin	$ 76,225	$ 55,819	$ 147,839	$ 108,313

Platform Contribution

We define Platform Contribution as total revenue less the sum of (i) provider expense and (ii) cost of platform plus (iii) stock-based compensation expense included in Cost of platform. The following table provides a reconciliation of operating income, the most closely comparable GAAP financial measure, to Platform Contribution. We consider platform contribution to be an important measure to monitor our performance, specific to pricing of our services, direct costs of delivering care, and cost of our platform and associated services. As a provider spends a longer time on the Privia Platform, we expect the Platform Contribution from that provider to increase both in terms of absolute dollars as well as a percent of Care Margin. We expect that this increase will be driven by improving per provider revenue economics over time as well as our ability to generate operating leverage on our in-market infrastructure costs. Platform Contribution increased 62.2% for the three months ended June 30, 2022 when compared to the same period in 2021 and increase 48.9% for the six months ended June 30, 2022 compared to the same period in 2021 due to organic growth of our medical practice business and new market entry.

Platform Contribution Margin

We define Platform Contribution Margin as Platform Contribution as a percentage of Care Margin. We consider Platform Contribution Margin to be an important measure to monitor our performance, specific to pricing of our services, direct costs of delivering care, and cost of our platform and associated services. As a provider spends a longer time on the Privia Platform, we expect the Platform Contribution from that provider to increase both in terms of absolute dollars as well as a percent of Care Margin. We expect that this increase will be driven by improving per provider revenue economics over time as well as our ability to generate operating leverage on our in-market infrastructure costs. Platform Contribution Margin was 49.2% for three months ended June 30, 2022 compared to 41.4% during the same period in 2021 and 49.0% for the six months ended June 30, 2022 compared to 44.9% during the same period in 2021. We continue to make strategic investments to provide better service to both our patients and physicians at a pace slower than the increase in revenue.

In addition to our financial results determined in accordance with GAAP, we believe platform contribution, a non-GAAP measure, is useful in evaluating our operating performance. We use Platform Contribution to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that this non-GAAP financial measure, when taken together with the corresponding GAAP financial measures, provides meaningful supplemental information regarding our performance by excluding certain items that may not be indicative of our business, results of operations or outlook. In particular, we believe that the use of Platform Contribution is helpful to our investors as it is a metric used by management in assessing the health of our business and our operating performance.

The following table provides a reconciliation of operating loss, the most closely comparable GAAP financial measure, to platform contribution:

(unaudited and amounts in thousands)	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Operating loss	$ (5,250)	$ (193,187)	$ (16,797)	$ (185,280)
Depreciation and amortization	1,165	440	2,283	885
General and administrative	33,107	168,657	69,217	182,653
Sales and marketing	4,819	11,178	9,480	14,362
Stock-based compensation(1)	3,664	36,040	8,287	36,040
Platform contribution	$ 37,505	$ 23,128	$ 72,470	$ 48,660

(1) Amount represents stock-based compensation expense included in Cost of Platform.

Adjusted EBITDA

We define Adjusted EBITDA as net (loss) income excluding interest income, interest expense, non-controlling interest expense / income, depreciation and amortization, stock-based compensation, severance, other one time or non-recurring expenses and the provision for income taxes. We include Adjusted EBITDA because it is an important measure on which our management assesses and believes investors should assess our operating performance. We consider Adjusted EBITDA to be an important measure because it helps illustrate underlying trends in our business and our historical operating performance on a more consistent basis. Adjusted EBITDA has limitations as an analytical tool including: (i) Adjusted EBITDA does not reflect the impact of stock-based compensation expense, and (ii) Adjusted EBITDA does not reflect interest expense on our debt or the cash requirements necessary to service interest or principal payments. Adjusted EBITDA increased 54.8% for the three months ended June 30, 2022, when compared to the same period in 2021 and 51.8% for the six months ended June 30, 2022 compared to the same period in 2021 due to organic growth of our medical practice business, new market entry and a focus on managing the investment in new expenses.

Adjusted EBITDA Margin

We define Adjusted EBITDA Margin as Adjusted EBITDA as a percentage of Care Margin. We included Adjusted EBITDA Margin because it is an important measure on which our management assesses and believes investors should assess our operating performance. We consider Adjusted EBITDA Margin to be an important measure because it helps illustrate underlying trends in our business and our historical operating performance on a more consistent basis. Adjusted EBITDA Margin was 20.4% for three months ended June 30, 2022 an increase from 18.0% for the same period in 2021 and 20.5% for the six months ended June 30, 2022 an increase from 18.4% for the same period in 2021 due to organic growth of our medical practice business, new market entry and a focus on managing the investment in new expenses.

We believe that Adjusted EBITDA, when taken together with the corresponding GAAP financial measures, provides meaningful supplemental information regarding our performance by excluding certain items that may not be indicative of our business, results of operations or outlook. In particular, we believe that the use of Adjusted EBITDA is helpful to our investors as it is a metric used by management in assessing the health of our business and our operating performance.

The following table provides a reconciliation of net loss income attributable to the Company, the most closely comparable GAAP financial measure, to Adjusted EBITDA:

(unaudited and amounts in thousands)	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Net loss	$ (10,475)	$ (172,534)	$ (27,985)	$ (167,136)
Net loss attributable to non-controlling interests	(906)	(951)	(1,483)	(733)
Provision for (benefit from) income taxes	5,468	(20,004)	11,776	(18,004)
Interest expense	663	302	895	593
Depreciation and amortization	1,165	440	2,283	885
Stock-based compensation	18,470	202,560	43,351	202,661
Other expenses(1)	1,149	223	1,498	1,717
Adjusted EBITDA	$ 15,534	$ 10,036	$ 30,335	$ 19,983

(1) Other expenses include certain non-cash or non-recurring costs.

Components of Results of Operations

Revenue

Our revenue is earned in three main categories: FFS revenue, VBC revenue and other revenue.

Our FFS-patient care revenue is generated from providing healthcare services to patients. We receive payments pursuant to contracts with the U.S. federal government and large and small payer organizations that are multi-year in nature, typically ranging from three to five years. We also receive payments from patients that may be financially responsible for a portion or all of the service in the form of co-pays, coinsurance or deductibles.

Our FFS-administrative services business provides administration and management services to Non-Owned Medical Groups. The Company's MSAs with Non-Owned Medical Groups range from 5-20 years in duration and outline the terms and conditions of the administration and management services to be provided, which includes RCM services such as billings and collections, as well as other services, including, but not limited to, payer contracting, information technology services and accounting and treasury services. In certain MSAs, the Company is paid administrative fees equal to the cost of supplying certain services as outlined in the MSAs, and if applicable, a margin is added to the cost of certain services. Other MSAs are based on a fixed percentage of net collections.

VBC revenue is earned through our clinically integrated network and accountable care organizations which bring together independent physician practices to focus on sharing data, improving care coordination, and collaborating on initiatives to improve outcomes and lower healthcare spending. The Company has contracts with the U.S. federal government and large payer organizations that are multi-year in nature typically ranging from three to five years and is paid as follows: (1) capitated revenue (2) on a shared savings basis and (3) care management fees on a per member per month basis. Capitation revenue consists of capitation fees under contracts with various payers. Under the typical capitation arrangement, the Company is entitled to monthly fees to provide a defined range of healthcare services for beneficiaries attributed to the Company's contracted primary care physicians. The Company has contracts with large payer organizations that are multi-year in nature typically ranging from three to five years

The Other revenue is derived from leveraging our existing base of providers and patients to deliver value-oriented services such as concierge services, virtual visits, virtual scribes and coding.

Operating Expenses

Provider expenses

Provider expenses are amounts accrued or payments made to physicians, hospitals and other service providers, including Privia physicians and their related practices as well as providers the Company has contracted with through payer partners. Those costs include claims payments, physician guarantee payments and other required distributions pursuant to the service agreements and include costs for services provided to the attributed beneficiaries for which the Company is financially responsible and paid either directly by the Company or indirectly by payers with whom the Company has contracted. Provider expenses are recognized in the period in which services are provided.

Cost of platform

Third-party EMR and practice management software expenses are paid on a percentage of revenue basis, while we pay most of the costs of our platform on a variable basis related to the number of implemented physicians we service. In addition, expenses contain stock-based compensation related to employees that provide Cost of platform services but exclude any depreciation and amortization expense. Software development costs that do not meet capitalization criteria are expensed as incurred. As we continue to grow, we expect the cost of platform to continue to grow at a rate slower than the revenue growth rate.

Sales and marketing

Sales and marketing expenses consist of employee-related expenses, including salaries, commissions, stock-based compensation, and employee benefits costs, for all of our employees engaged in marketing, sales, community outreach, and sales support. In addition, sales and marketing expenses also include central and community-based advertising to generate greater awareness, engagement, and retention among our current and prospective patients as well as the infrastructure required to support all of our marketing efforts.

General and administrative

Corporate, general and administrative expenses include employee-related expenses, including salaries and related costs and stock-based compensation, technology infrastructure, occupancy costs, operations, clinical and quality support, finance, legal, human resources, and development departments.

Depreciation and amortization expense

Depreciation and amortization expenses are primarily attributable to our capital investment and consist of fixed asset depreciation and amortization of intangibles considered to have definite lives. We do not allocate depreciation and amortization expenses to other operating expense categories.

Interest Expense

Interest expense consists primarily of interest payments on our outstanding borrowings under our Term Loan Facility. See "Liquidity and Capital Resources—General and Note Payable."

Results of Operations

The following table sets forth our condensed consolidated statements of operations data for the three and six months ended June 30, 2022 and 2021.

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2022	2021	Change ($)	Change (%)	2022	2021	Change ($)	Change (%)
(in thousands)								
Revenue	$ 335,536	$ 225,756	$ 109,780	48.6 %	$ 649,337	$ 439,363	$ 209,974	47.8 %
Operating expenses:								
Provider expense	259,311	169,937	89,374	52.6 %	501,498	331,050	170,448	51.5 %
Cost of platform	42,384	68,731	(26,347)	(38.3)%	83,656	95,693	(12,037)	(12.6)%
Sales and marketing	4,819	11,178	(6,359)	(56.9)%	9,480	14,362	(4,882)	(34.0)%
General and administrative	33,107	168,657	(135,550)	(80.4)%	69,217	182,653	(113,436)	(62.1)%
Depreciation and amortization	1,165	440	725	164.8 %	2,283	885	1,398	158.0 %
Total operating expenses	340,786	418,943	(78,157)	(18.7)%	666,134	624,643	41,491	6.6 %
Operating loss	(5,250)	(193,187)	187,937	(97.3)%	(16,797)	(185,280)	168,483	(90.9)%
Interest expense	663	302	361	119.5 %	895	593	302	50.9 %
Loss before provision for (benefit from) income taxes	(5,913)	(193,489)	187,576	(96.9)%	(17,692)	(185,873)	168,181	(90.5)%
Provision for (benefit from) income taxes	5,468	(20,004)	25,472	(127.3)%	11,776	(18,004)	29,780	(165.4)%
Net loss	(11,381)	(173,485)	162,104	(93.4)%	(29,468)	(167,869)	138,401	(82.4)%
Less: loss attributable to non-controlling interests	(906)	(951)	45	(4.7)%	(1,483)	(733)	(750)	102.3 %
Net loss attributable to Privia Health Group, Inc.	$ (10,475)	$ (172,534)	$ 162,059	(93.9)%	$ (27,985)	$ (167,136)	$ 139,151	(83.3)%

Revenue

The following table presents our revenues disaggregated by source:

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
(Dollars in Thousands)	2022	2021	Change ($)	Change (%)	2022	2021	Change ($)	Change (%)
FFS-patient care	$ 211,286	$ 180,821	$ 30,465	16.8 %	$ 415,630	$ 350,398	$ 65,232	18.6 %
FFS-administrative services	23,635	15,345	8,290	54.0 %	46,641	30,756	15,885	51.6 %
Capitated revenue	57,738	—	57,738	— %	106,068	—	106,068	— %
Shared savings	32,094	18,879	13,215	70.0 %	60,053	36,712	23,341	63.6 %
Care management fees	9,476	9,374	102	1.1 %	18,280	17,945	335	1.9 %
Other revenue	1,307	1,337	(30)	(2.2)%	2,665	3,552	(887)	(25.0)%
Total Revenue	$ 335,536	$ 225,756	$ 109,780	48.6 %	$ 649,337	$ 439,363	$ 209,974	47.8 %

Three months ended June 30, 2022 and 2021

Revenue was $335.5 million for the three months ended June 30, 2022, an increase from $225.8 million for the three months ended June 30, 2021. Key drivers of this revenue growth were the addition of capitated revenue in 2022 resulting in revenue of $57.7 million during the three months ended June 30, 2022; FFS–patient care revenue, which increased $30.5 million; shared savings revenue, which increased $13.2 million; and FFS-administrative services, which increased $8.3 million.

Growth in FFS-patient care revenue and FFS-administrative services was primarily attributed to an increase in visit volumes as COVID-19 restrictions were lifted in certain states as well as the addition of new providers and the new markets of Tennessee and

West Texas. As of June 30, 2022, we had 3,541 implemented providers compared to 2,692 as of June 30, 2021. Capitated revenue growth is due to the commencement of at-risk capitation arrangements during the first quarter of 2022 resulting in an increase in revenue of $57.7 million. Shared savings growth was primarily due to more Attributed Lives in Medicare programs.

Six months ended June 30, 2022 and 2021

Revenue was $649.3 million for the six months ended June 30, 2022, an increase from $439.4 million for the same period in 2021. Key drivers of this revenue growth were the addition of capitated revenue in 2022 of $106.1 million, FFS–patient care revenue, which increased $65.2 million, shared savings revenue, which increased $23.3 million, and FFS-administrative services which increased $15.9 million.

Growth in FFS-patient care revenue and FFS-administrative services was primarily attributed to an increase in visit volumes as COVID-19 restrictions were lifted in certain states as well as the addition of new providers and the new markets of Tennessee and West Texas. Capitated revenue growth is due to the commencement of at-risk capitation arrangements during the first quarter of 2022 resulting in an increase in revenue of $106.1 million. Shared savings growth was primarily due to more Attributed Lives in Medicare programs.

Operating Expenses

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
(Dollars in Thousands)	**2022**	**2021**	**Change ($)**	**Change (%)**	**2022**	**2021**	**Change ($)**	**Change (%)**
Operating Expenses:								
Provider expense	$ 259,311	$ 169,937	$ 89,374	52.6 %	$ 501,498	$ 331,050	$ 170,448	51.5 %
Cost of platform	42,384	68,731	(26,347)	(38.3)%	83,656	95,693	(12,037)	(12.6)%
Sales and marketing	4,819	11,178	(6,359)	(56.9)%	9,480	14,362	(4,882)	(34.0)%
General and administrative	33,107	168,657	(135,550)	(80.4)%	69,217	182,653	(113,436)	(62.1)%
Depreciation and amortization expense	1,165	440	725	164.8 %	2,283	885	1,398	158.0 %
Total operating expenses	$ 340,786	$ 418,943	$ (78,157)	(18.7)%	$ 666,134	$ 624,643	$ 41,491	6.6 %

Provider expenses

Physician expenses were $259.3 million for the three months ended June 30, 2022 compared to $169.9 million for the same period in 2021. This increase was driven primarily by the commencement of at-risk capitation arrangements during the first quarter of 2022 and higher FFS-patient care revenue and growth in Implemented Providers.

Physician expenses were $501.5 million for the six months ended June 30, 2022 compared to $331.1 million for the same period in 2021. This increase was driven primarily by the commencement of at-risk capitation arrangements during the first quarter of 2022 and higher FFS-patient care revenue and growth in Implemented Providers.

Cost of platform

Cost of platform expenses were $42.4 million for the three months ended June 30, 2022 compared to $68.7 million for the same period in 2021. The decrease was driven by the reduction of $32.4 million in stock-based compensation expense primarily related to the modification of vesting terms of options in connection with the Company’s IPO during the three months ended June 30, 2021, partially offset by an increase in salaries and benefits of $3.2 million related to continued growth.

Cost of platform expenses were $83.7 million for the six months ended June 30, 2022 compared to $95.7 million for the same period in 2021. The decrease was driven by the reduction of $27.8 million in stock-based compensation expense primarily related to the modification of vesting terms of options in connection with the Company’s IPO during the three months ended June 30, 2021, partially offset by an increase in salaries and benefits of $7.6 million related to continued growth and an increase in consulting costs of $2.9 million due to continued growth and market expansion.

Sales and marketing

Sales and marketing expenses were $4.8 million for the three months ended June 30, 2022 compared to $11.2 million same period in 2021. The decrease was driven by the reduction of $7.0 million in stock-based compensation expense primarily related to the modification of vesting terms of options in connection with the Company’s IPO during the three months ended June 30, 2021.

Sales and marketing expenses were $9.5 million for the six months ended June 30, 2022 compared to $14.4 million for the same period in 2021. The decrease was driven by the reduction of $6.2 million in stock-based compensation expense primarily related to the modification of vesting terms of options in connection with the Company’s IPO during the three months ended June 30, 2021.

General and administrative

General and administrative expenses was $33.1 million for the three months ended June 30, 2022 compared to $168.7 million for the same period in 2021. The decrease was driven by the reduction of $144.8 million in stock-based compensation expense primarily related to the modification of vesting terms of options in connection with the Company's IPO during the three months ended June 30, 2021, partially offset by an increase in salaries and benefits of $3.9 million and increase in professional services of $3.0 million related to additional consulting services for audit, tax and Sarbanes-Oxley Act ("SOX") compliance.

General and administrative expenses were $69.2 million for the six months ended June 30, 2022 compared to $182.7 million for the same period in 2021. The decrease was driven by the reduction of $125.4 million in stock-based compensation expense primarily related to the modification of vesting terms of options in connection with the Company's IPO during the three months ended June 30, 2021, partially offset by an increase in salaries and benefits of $6.1 million and increase in professional services of $2.2 million related to additional consulting services for audit, tax and SOX compliance.

Depreciation and amortization expense

Depreciation and amortization expenses were $1.2 million for the three months ended June 30, 2022 compared to $0.4 million for the same period in 2021. This increase was primarily driven by amortization of intangible assets related to the acquisition of BASS Privia Management Company of California, LLC ("BPMC") and Privia Medical Group West Texas, PLLC, formerly known as Abilene Diagnostic Clinic, PLLC ("PMG West Texas" or "WTX Friendly Medical Group") during the fourth quarter of 2021.

Depreciation and amortization expenses were $2.3 million for the six months ended June 30, 2022 compared to $0.9 million for the same period in 2021. This increase was primarily driven by amortization of intangible assets related to the acquisition of BASS Privia Management Company of California, LLC ("BPMC") and Privia Medical Group West Texas, PLLC, formerly known as Abilene Diagnostic Clinic, PLLC ("PMG West Texas" or "WTX Friendly Medical Group") during the fourth quarter of 2021.

Interest expense

Interest expense remained materially unchanged for the three and six months ended June 30, 2022 as compared to the same periods in 2021.

Provision for (benefit from) income taxes

The provision for income taxes was $5.5 million for the three months ended June 30, 2022 an increase from a $(20.0) million (benefit from) for the same period in 2021. The provision for the three months ended June 30, 2022 is primarily the result of the pre-tax loss offset by the non-deductible stock-based compensation expense related to the modification of vesting terms of options in connection with the Company's IPO during the second quarter of 2021 in addition to the windfall tax benefit recorded on stock option exercises during the quarter. The benefit from the three months ended June 30, 2021 is primarily the result of the pre-tax loss offset by the non-deductible stock-based compensation expense related to the modification of vesting terms of options in connection with the Company's IPO.

The provision for income taxes was $11.8 million for the six months ended June 30, 2022, an increase from the (benefit from) income taxes of $(18.0) million for the same period in 2021. The provision for the six months ended June 30, 2022 is primarily the result of the pre-tax loss offset by the non-deductible stock-based compensation expense related to the modification of vesting terms of options in connection with the Company's IPO during the second quarter of 2021 in addition to the windfall tax benefit recorded on stock option exercises during the quarter. The benefit from the six months ended June 30, 2021 is primarily the result of the pre-tax loss offset by the non-deductible stock-based compensation expense related to the modification of vesting terms of options in connection with the Company's IPO.

Net loss attributable to non-controlling interests

Net loss attributable to non-controlling interests remained materially unchanged for the three and six months ended June 30, 2022 compared to the same period in 2021.

Liquidity and Capital Resources

General

To date, we have financed our operations principally through sale of our equity, payments received from various payers and through borrowings under the Credit Facilities. As of June 30, 2022, we had cash and cash equivalents of $292.2 million. We received $211.0 million of net proceeds from the Company's IPO and the Elevance Health private placement on May 3, 2021. Our cash and cash equivalents primarily consist of highly liquid investments in money market funds and cash.

We believe that our cash and cash equivalents, including the proceeds from the IPO, and borrowing capacity under the Revolving Loan Facility (as defined under Note 8 "Note Payable") together with cash flows from operations, will provide adequate resources to fund our short-term and long-term operating and capital needs. Our assessment of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement and involves risks and uncertainties. Our actual results could vary because of, and our future capital requirements will depend on many factors, including our growth rate, and the timing and extent of spending to increase our sales and marketing activities. We may in the future enter into arrangements to acquire or invest in complementary businesses, services and technologies, including intellectual property rights. We have based this estimate on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect. We may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, or if we cannot expand our operations or otherwise capitalize on our business opportunities because we lack sufficient capital, our business, results of operations, and financial condition would be adversely affected.

Indebtedness

On November 15, 2019, the Company entered into a Credit Agreement (the "Original Credit Agreement") by and among Privia Health, LLC, as the borrower, PH Group Holdings Corp., as a guarantor, certain subsidiaries of Privia Health, LLC, as guarantors, Silicon Valley Bank, as administrative agent and collateral agent (the "Administrative Agent"), and the several lenders from time to time party thereto. The Original Credit Agreement provided for up to $35.0 million in term loans (the "Term Loan Facility") that mature on November 15, 2024 with interest payable monthly at the lesser of LIBOR plus 2.0% or ABR plus 1.0% payable monthly (3.0% at June 30, 2022), plus up to an additional $10.0 million of financing (which was increased to $15.0 million in connection with the first amendment) in the form of a revolving loan (the "Revolving Loan Facility" and together with the Term Loan Facility, the "Credit Facilities"). The Revolving Loan Facility also includes a letter of credit sub-facility in the aggregate availability amount of $2.0 million and a swingline sub-facility in the aggregate availability amount of $2.0 million. The Company borrowed $35.0 million in term loans on November 15, 2019.

On August 27, 2021, the Company and certain of its subsidiaries entered into an assumption agreement and third amendment (the "Third Amendment") to the Original Credit Agreement (as amended by the Third Amendment, the "Credit Agreement"). Pursuant to the Third Amendment, the Company became the parent guarantor under the Credit Agreement and granted the Administrative Agent a first-priority security interest on substantially all of its real and personal property, subject to permitted liens.

The Third Amendment increased the size of the Revolving Loan Facility to $65.0 million, increased the letter of credit sub-facility to $5.0 million and extended the maturity date of the Credit Agreement to August 27, 2026. As amended, borrowings under the Credit Agreement bear interest at a rate equal to (i) in the case of eurodollar loans, LIBOR plus an applicable margin, subject to a 0.5% floor, and (ii) in the case of ABR loans, an ABR rate plus an applicable margin, subject to a floor of 1.5%. In addition, the Amendment, among other things, (i) changed the Term Loan Facility amortization schedule to 0.625% of the original principal amount of term loans for the fiscal quarters ending September 30, 2021 through and including June 30, 2024 and 1.25% of the original principal amount of term loans for the fiscal quarters ending thereafter and (ii) added a 1.0% prepayment premium for any term loans prepaid within six months of the effective date of the Third Amendment. The Third Amendment converted the financial covenants in the Original Credit Agreement to "springing" financial covenants, so that at any time the Company's cash is less than 125% of the outstanding borrowings under the Credit Facilities, or at least $15.0 million of borrowings are outstanding under the Revolving Loan, the Company will be required to maintain (i) a consolidated fixed charge coverage ratio of not less than 1.25 to 1.0, and (ii) a consolidated leverage ratio of no more than 3.0 to 1.0.

On June 24, 2022, we voluntarily prepaid the outstanding indebtedness under the Term Loan Facility using cash on hand. Our prepayment to the lenders was approximately $33.1 million, including accrued interest. We did not incur any prepayment penalties in connection with the repayment of the Term Loan Facility, which had a scheduled maturity of August 27, 2026. The prepayment was made with cash on hand. The $65.0 million Revolving Loan Facility under the Credit Agreement is scheduled to mature on August 27, 2026 and remains in place and available to us as a source of liquidity. As of June 30, 2022, we had no outstanding indebtedness under either the Term Loan Facility or the Revolving Loan Facility. As of June 30, 2022, "springing" financial covenants were not applicable, and we were in compliance with all covenants under the Credit Agreement.

See Note 8 "Note Payable" to the condensed consolidated financial statements for a discussion about our Credit Facilities.

Cash Flows

Our cash requirements within the next twelve months include provider liabilities, accounts payable and accrued liabilities, and purchase commitments and other obligations. We expect the cash required to meet these obligations to be primarily generated through cash flows from operations and our available cash. Based on current and anticipated levels of operations, we anticipate that net cash provided by operating activities, together with the available cash on hand at June 30, 2022, should be adequate to meet anticipated cash requirements for the short term (next 12 months) and long term (beyond 12 months).

The following table presents a summary of our condensed consolidated cash flows from operating, investing and financing activities for the periods indicated.

	For the Six Months Ended June 30,	
(in thousands)	2022	2021
Condensed Consolidated Statements of Cash Flows Data:		
Net cash provided by operating activities	$ 1,897	$ 4,727
Net cash used in investing activities	(73)	(199)
Net cash (used in) provided by financing activities	(30,208)	210,590
Net (decrease) increase in cash and cash equivalents	$ (28,384)	$ 215,118

Operating Activities

Net cash provided by operating activities was $1.9 million for the six months ended June 30, 2022, a decrease from $4.7 million for the same period in 2021. Significant changes impacting net cash provided by operating activities for the six months ended June 30, 2022 compared to the same period in 2021 were as follows:

- A decrease in net loss of $138.4 million from loss of $(29.5) million for the six months ended June 30, 2022 compared to loss of $(167.9) million for the same period in 2021, primarily drive by the recognition of non-cash stock-based compensation expense related to the modification of vesting terms of options in connection with the Company's IPO during the six months ended June 30, 2021 when compared to the recognition of non-cash stock-based compensation for the six months ended June 30, 2022.
- An increase of $(96.5) million in accounts receivable, net, for the six months ended June 30, 2022 compared to the same period in 2021 of $(27.8) million, a difference of $(68.7) million. The increase is primarily driven by the commencement of at-risk capitation arrangements during the six months ended June 30, 2022 and an increase in FFS and VBC revenue.
- An increase of $81.2 million in provider liability for the six months ended June 30, 2022 compared to an increase of $24.2 million during the same period in 2021, a difference of $57.0 million. The increase is primarily due to the commencement of at-risk capitation arrangements during the six months ended June 30, 2022, accounting for $34.0 million of the increase.
- An increase of $29.8 million in deferred tax expense which was an increase for the provision for income tax for six months ended June 30, 2022 of $11.5 million compared to (benefit from) income tax for the same period in 2021 of $(18.2) million, primarily due to the impact non-deductible stock based compensation expense related to the Company's IPO and its effect on the pre-tax net loss.

Investing Activities

Net cash used in investing activities remained materially unchanged for the six months ended June 30, 2022 and 2021.

Financing Activities

Net cash used by financing activities was $30.2 million for the six months ended June 30, 2022, a decrease from net cash provided of $210.6 million for financing activities for the same period in 2021. This decrease primarily related to the receipt of the net proceeds from the Company's IPO of $211.0 million during the six months ended June 30, 2021 and the use of cash to repay the Company's Term Loan Facility during the six months ended June 30, 2022, partially offset by the receipt of proceeds from stock options exercises of $2.9 million.

Contractual Obligations, Commitments and Contingencies

Operating Leases. The Company leases office space under various operating lease agreements. The initial terms of these leases range from 2 to 9 years and generally provide for periodic rent increases, renewal, and termination operations. Total rent expense under operating leases was $0.7 million and $0.5 million for the three months ended June 30, 2022 and 2021, respectively, and $1.3 million and $0.9 million for the six months ended June 30, 2022 and 2021, respectively.

Off Balance Sheet Obligations. We do not have any off-balance sheet arrangements as of June 30, 2022.

Commitments and Contingencies. See Note 11 “Commitments and Contingencies” for further discussion on our commitments and contingencies.

Critical Accounting Policies and Estimates

Our management’s discussion and analysis of financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosure. On an on-going basis we evaluate significant estimates and assumptions, including, but not limited to, revenue recognition, stock-based compensation, estimated useful lives of assets, intangible assets subject to amortization, and the computation of income taxes. Future events and their effects cannot be predicted with certainty; accordingly, the Company’s accounting estimates require the exercise of judgment. The accounting estimates used in the preparation of the financial statements will change as new events occur, as more experience is acquired, as additional information is obtained, and as the Company’s operating environment changes. Management evaluates and updates assumptions and estimates on an ongoing basis. Actual results may differ from these estimates under different assumptions or conditions.

There have been no changes to the critical accounting policies reported in the 2021 Annual Form 10-K that affect our significant judgments and estimates used in the preparation of our Condensed Consolidated Financial Statements other than those outlined in Note 1, "Organization and Summary of Significant Accounting Policies" and discussed below.

Value Based Care (“VBC”) Revenue

The Company’s VBC business consists of its clinically integrated network and ACOs which bring together independent physician practices within our medical groups to focus on sharing data, improving care coordination, and collaborating on initiatives to improve outcomes and lower healthcare spending. The Company has contracts with the U.S. federal government and large payer organizations that are multi-year in nature typically ranging from three to five years and revenue is earned as: (1) Capitated revenue (2) on a shared savings basis and (3) Care management fees on a per member per month basis.

Capitated Revenue

Capitated revenue consists of capitation fees earned under contracts with various Medicare Advantage payers (“payers”) in at-risk capitation arrangements. The Company is entitled to monthly fees to provide a defined range of healthcare services for Medicare Advantage health plan members (“attributed beneficiaries” or “attributed lives”) attributed to the Company’s contracted physicians (typically primary care). Monthly fees are determined as a percentage of the premium payers receive from the Centers for Medicare & Medicaid Services (“CMS”) for these attributed beneficiaries. In at-risk arrangements, the Company generally accepts financial risk for beneficiaries attributed to its contracted physicians and, therefore, is responsible for the cost of contracted healthcare services required by those beneficiaries in accordance with the terms of each agreement. Fees are recorded gross in revenue because the Company is acting as a principal in coordinating and controlling the range of services provided (other than clinical decisions) under its Capitated revenue contracts with payers. Capitated revenue contracts with payers are generally multi-year arrangements and have a single monthly stand ready performance obligation, as defined by ASC 606, to provide all aspects of necessary medical care to members for the contracted period. The Company recognizes revenue in the month in which the eligible beneficiary is entitled to receive healthcare benefits during the contract term.

The transaction price for the Company’s capitation contracts is a fixed percentage of premium per attributed life with periodic adjustment, as the monthly fees to which the Company are entitled are subject to periodic adjustments under CMS’s risk adjustment payment methodology. CMS deploys a risk adjustment model that determines premiums paid to all payers according to each attributed life’s health status and certain demographic factors. Under this risk adjustment methodology, CMS calculates the risk adjusted premium payment using diagnosis data from various settings. The Company and healthcare providers collect and submit diagnosis data to payers (and ultimately to CMS) to be utilized in the determination of risk adjustments and such data is used by the Company to estimate any adjustments to the Capitated revenue earned that may increase or decrease revenue in subsequent periods pursuant to contractual terms. Such adjustments are estimated 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. Capitated revenue fees are also subject to adjustment for incentives or penalties based on the achievement of certain quality metrics defined in the Company’s contracts with payers. The Company recognizes incentive revenue as earned using the most likely amount methodology and only to the extent that it is probable that a significant reversal of cumulative revenue will not occur once any uncertainty is resolved.

Neither the Company nor any of its affiliates are a registered insurance company as state law in the states in which we operate do not require such registration for risk bearing providers.

Provider expense

Provider expense, previously referred to as “Physician and Practice expense”, are amounts accrued or payments made to physicians, hospitals and other service providers, including Privia physicians, their related physician practices, and providers the Company has contracted with through payer partners. Those costs include physician guaranteed payments and other required distributions pursuant to the service agreements as well as medical claims costs for services provided to attributed beneficiaries under at-risk Capitated revenue arrangements for which the Company is financially responsible whether paid directly by the Company or indirectly by payers with whom the Company has contracted. Provider expenses are recognized in the period in which services are provided.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of exposure due to potential changes in inflation or interest rates. We do not hold financial instruments for trading purposes.

Interest Rate Risk

Our primary market risk exposure is changing prime rate-based interest rates. Interest rate risk is highly sensitive due to many factors, including U.S. monetary and tax policies, U.S. and international economic factors and other factors beyond our control. Our Credit Agreement bears interest at a floating rate equal to the lesser of LIBOR plus 2.0% or ABR plus 1.0%. As of June 30, 2022, we had no outstanding debt under the Loan Agreement.

Inflation Risk

Based on our analysis of the periods presented, we believe that inflation has not had a material effect on our operating results. There can be no assurance that future inflation will not have an adverse impact on our operating results and financial condition.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures were effective as of June 30, 2022.

Changes to our Internal Controls over Financial Reporting

There were no changes made to the Company’s internal control over financial reporting during the three months ended June 30, 2022 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are currently involved in, and may in the future become involved in, legal proceedings, claims and investigations in the ordinary course of our business, including medical malpractice and consumer claims. Although the results of these legal proceedings, claims and investigations cannot be predicted with certainty, we do not believe that the final outcome of any matters that we are currently involved in are reasonably likely to have a material adverse effect on our business, financial condition or results of operations. Regardless of final outcomes, however, any such proceedings, claims, and investigations may nonetheless impose a significant burden on management and employees and be costly to defend, with unfavorable preliminary or interim rulings.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in the Company’s Annual Report on Form 10-K filed with the SEC.

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

Use of Proceeds from Initial Public Offering
On May 3, 2021, we completed our IPO pursuant to a Registration Statement (File No. 333-255086), which was declared effective on April 28, 2021. We received net proceeds of approximately $211.0 million from the IPO and the Elevance Health private placement after deducting underwriters' discounts and commissions of $7.9 million and expenses of $4.8 million payable by us. We used a portion the net proceeds from the IPO to voluntarily prepay approximately $33.1 million of indebtedness and accrued interest under the Term Loan Facility in June 2022.

Other than the changes noted above there have been no material change in the planned use of proceeds from the IPO from those that were described in the final prospectus filed pursuant to Rule 424(b) under the Securities Act and our Annual Report on Form 10-K for the year ended December 31, 2021.

ITEM 3. DEFAULT UPON SENIOR SECURITIES

None**.**

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

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

On August 9, 2022, the Board of Directors (the "Board") of Privia Health Group, Inc. (the "Company") approved, based on the recommendation of the Compensation Committee of the Board, and on August 10, 2022, the Company entered into, amendments to employment agreements (the "Amendments") with each of the Company's executive officers, Shawn Morris, Parth Mehrotra, David Mountcastle and Thomas Bartrum. A summary of the Amendments is set forth below:

Each of the Amendments clarifies and standardizes the activities that are deemed to be competitive with the Company for purposes of the non-compete provisions in each of the employment agreements.

In addition, the third amendment to Parth Mehrotra's employment agreement provides for, among other things:

- An increase in the period following a termination without cause or a resignation for good reason during which Mr. Mehrotra is entitled to receive monthly severance payments, from 15 months to 18 months (the "Mehrotra Severance Period").
- An increase in the non-compete period from one year to 18 months, corresponding to the Mehrotra Severance Period.

In addition, the fourth amendment to Thomas Bartrum's employment agreement provides for, among other things:

- An increase in Mr. Bartrum's annual base salary from $315,000 to $340,000, effective July 1, 2022.
- An increase in Mr. Bartrum's severance payment following a termination without cause or a resignation for good reason to: a lump sum payment equal to 12 months of base salary plus annual incentive bonus at target for the year of termination.

The Amendments also make certain technical changes. Except as expressly modified or amended by the Amendments, all provisions of the executive officers' employment agreements remain in full force and effect.

The foregoing summary of the Amendments does not purport to be complete and is qualified in its entirety by reference to the complete text of the Amendments, copies of which are attached as Exhibit 10.3, Exhibit 10.6, Exhibit 10.7 and Exhibit 10.8 to this Current Report on Form 10-Q and are incorporated herein by reference.

Item 6. EXHIBITS

Exhibit Number	Description
10.1	Employment Agreement first amendment between Privia Health Group, Inc. and Shawn Morris, dated April 23, 2019
10.2	Employment Agreement second amendment between Privia Health Group, Inc. and Shawn Morris, dated April 1, 2020
10.3	Employment Agreement third amendment between Privia Health Group, Inc. and Shawn Morris, dated August 10, 2022
10.4	Employment Agreement first amendment between Privia Health Group, Inc. and Parth Mehrotra, dated April 1, 2020
10.5	Employment Agreement second amendment between Privia Health Group, Inc. and Parth Mehrotra, dated April 16, 2021
10.6	Employment Agreement third amendment between Privia Health Group, Inc. and Parth Mehrotra, dated August 10, 2022
10.7	Employment Agreement first amendment between Privia Health Group, Inc. and David Mountcastle, dated August 10, 2022
10.8	Employment Agreement fourth amendment between Privia Health Group, Inc. and Thomas Bartrum, dated August 10, 2022
31.1	Certification of the Chief Executive Officer pursuant to Exchange Act Rules Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
31.2	Certification of the Chief Financial Officer pursuant to Exchange Act Rules Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
32.1*	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, filed herewith.
32.2*	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, filed herewith.
101.INS	XBRL Instance Document **
101.SCH	XBRL Taxonomy Schema **
101.CAL	XBRL Taxonomy Definition **
101.DEF	XBRL Taxonomy Calculation **
101.LAB	XBRL Taxonomy Labels **
101.PRE	XBRL Taxonomy Presentation **
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)**

* The certifications furnished in Exhibit 32.1 and Exhibit 32.2 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

** The financial information contained in these XBRL documents is unaudited.

SIGNATURES

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

	Privia Health Group, Inc.
Dated: August 11, 2022	/s/ David Mountcastle
	Name: David Mountcastle
	Title: Executive Vice President, Chief Financial Officer and Authorized Officer

AMENDMENT TO THE EXECUTIVE EMPLOYMENT AGREEMENT

This AMENDMENT TO THE EXECUTIVE EMPLOYMENT AGREEMENT (the "**Amendment**"), dated as of April 23, 2019 (the "**Amendment Effective Date**"), is by and between PH Group Parent Corp., a Delaware corporation (collectively, the "**Company**") and Shawn Morris (the "**Executive**"). Company and Executive are each referred to herein individually as a "**Party**" and, collectively, as the "**Parties**".

WHEREAS, Executive and Company entered into that certain Executive Employment Agreement dated April 13, 2018 (the "**Agreement**") pursuant to which Executive was to be granted certain options in Company as set forth as Exhibits B and C to the Agreement (the "**Original Exhibits B and C**"). The terms of the options granted to the Executive and outstanding as of the Amendment Effective Date (the "**Outstanding Equity Interests**") varied from the terms of the Original Exhibits B and C;

WHEREAS, the Parties wish to amend the Agreement as set forth below; and

NOW, THEREFORE, in consideration of the premises and mutual covenants set forth herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for their mutual reliance, the Parties agree as follows:

1. Capitalized terms not herein defined shall have the meaning set forth in the Agreement.

2. The Original Exhibit B (Base Option Pool Nonqualified Stock Option Agreement) is hereby deleted and replaced in its entirety with the Base Option Pool Nonqualified Stock Option Agreement attached hereto as Addendum 1. The Base Option Pool Nonqualified Stock Option Agreement attached hereto as Addendum 1 is hereby incorporated by reference into the Agreement as Exhibit B (Base Option Pool Nonqualified Stock Option Agreement).

3. The Original Exhibit C (Super Tranche Option Pool Nonqualified Stock Option Agreement) is hereby deleted and replaced in its entirety with the Super Tranche Option Pool Nonqualified Stock Option Agreement attached hereto as Addendum 2. The Super Tranche Pool Nonqualified Stock Option Agreement attached hereto as Addendum 2 is hereby incorporated by reference into the Agreement as Exhibit C (Super Tranche Option Pool Nonqualified Stock Option Agreement).

4. The Executive acknowledges and agrees that the Original Exhibits B and C are void and of no force and effect, and that the Outstanding Equity Interests are as set forth in the new Exhibit B and Exhibit C, attached hereto as Addendum 1 and Addendum 2 and contain the entire agreement and understanding of the parties hereto with respect to Executive's equity interests in Company.

5. Except as expressly amended or modified herein, the terms of the Agreement shall remain in full force and effect. To the extent of any conflict between the terms of this Amendment and those of the Agreement in effect immediately prior to amendment hereby, the terms of this Amendment shall control.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the Amendment Effective Date.

PH Group Parent Corp.

By: /s/Parth Mehrotra

Name: Parth Mehrotra, Chief Operating Officer

Executive – Shawn Morris

By: /s/ Shawn Morris

Name:Shawn Morris

AMENDMENT
TO
TO THE EXECUTIVE EMPLOYMENT AGREEMENT AND NON-QUALIFIED STOCK OPTION PLAN AGREEMENT(S)

This Amendment to the Executive Employment Agreement and the Non-Qualified Stock Option Plan Agreement(s) (this "**Amendment**") is effective as of April 1, 2020 (the "**Amendment Effective Date**") by and among Privia Health, LLC ("**Privia**"), PH Group Parent Corp. ("**PH Parent**") and Shawn Morris ("**Executive**"). Privia, PH Parent, and Executive are hereinafter each a "**Party**" and collectively the "**Parties**".

W I T N E S S E T H:

WHEREAS, PH Parent and Executive entered into that certain Executive Employment Agreement dated as of January 13, 2018 (as subsequently amended by the First Amendment dated April 23, 2019, the "**Employment Agreement**") which outlined the terms and conditions of Executives employment by Privia, including but not limited to salary and termination rights;

WHEREAS, PH Parent and Executive entered into that certain Base Option Pool Non- Qualified Stock Option Plan Agreement dated as of August 28, 2018 and Super Tranche Option Pool Non-Qualified Stock Option Plan Agreement dated as of August 28, 2018 (collectively, the "**Option Agreements**") which outlined the terms and conditions of Executives grant of options to purchase certain shares in PH Parent;

WHEREAS, as a result of the current, international pandemic, COVID-19, and its impact on Privia's business, Privia and Executive wish to make certain temporary changes to the terms of his/her Employment Agreement; and

NOW THEREFORE, in consideration of the mutual agreements of the Parties set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. All capitalized terms used but not defined herein shall have the meanings assigned to them in the Employment Agreement and the Option Agreements.

2. Beginning on April 1, 2020, Executive's current base salary will be reduced by 12.5%. This reduction shall remain in effect until Privia provides written notice to Executive that the temporary reduction has been removed. Although Privia's intent is to treat the reduction as a deferral, Executive acknowledges that there is no guarantee that the 12.5% reduction will be paid to Executive in the future or that it will be paid to Executive within a particular period of time.

3. The Parties hereby acknowledge and agree that the temporary reduction in base salary set forth in Section 2 above (a) is voluntary, (b) does not constitute a breach of the Employment Agreement, and (c) does not constitute Good Reason under either the Employment Agreement or the Option Agreements.

4. Executive hereby waives, releases, and forever discharges and covenants not to sue PH Parent, Privia, their officers, directors, shareholders, members, parent entities, subsidiaries, affiliates, insurers, representatives and agents with respect to any and all claims, demands, suits, manner of obligations, debt, liability, tort, covenant, contract, or cause of action of any kind whatsoever, at law or in equity, related to or arising from the temporary base salary reduction set forth in Section 2 above.

5. Except as expressly amended or modified herein, the terms of the Employment Agreement and Option Agreements remain in full force and effect. To the extent of any conflict between the terms of this Amendment and those of the Employment Agreement and Option Agreements in effect immediately prior to amendment hereby, the terms of this Amendment shall control.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the Amendment Effective Date.

PRIVIA HEALTH, LLC

By: /s/ David Mountcastle

Name: David Mountcastle

Title: CFO

PH GROUP PARENT CORP.

By: /s/ Parth Mehrotra

Name: Parth Mehrotra

Title: COO

EXECUTIVE

By: /s/ Shawn Morris

Name: Shawn Morris

Title: CEO

THIRD AMENDMENT
TO
EMPLOYMENT AGREEMENT

This THIRD AMENDMENT TO EMPLOYMENT AGREEMENT (this "**Amendment**"), dated the 10th day of August, 2022, is entered into by and between Privia Health Group, Inc. f/k/a PH Group Parent Corp. ("**PHG**"), Privia Health, LLC ("**Privia**") and Shawn Morris ("**Executive**"). Each of PHG, Privia and Executive may be referred to individually herein as a "**Party**" or, collectively, as the "**Parties**."

RECITALS

WHEREAS, PHG and Executive are parties to that certain Employment Agreement dated April 13, 2018, as amended by that certain First Amendment dated April 23, 2019 and that certain Amendment to the Executive Employment Agreement and Non-Qualified Stock Option Plan Agreement(s) effective April 1, 2020 (collectively, the "**Agreement**"); and

WHEREAS, PHG desires to assign to Privia all of its rights and to delegate to Privia all of its obligations under the Agreement; and

WHEREAS, Privia desires to accept such assignment of rights and delegation of obligations under the Agreement; and

WHEREAS, Privia and Executive desire to amend the Agreement, on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual agreements of the Parties set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto as agree as follows:

1. Assignment and Assumption. PHG hereby assigns, grants, conveys and transfers to Privia all of PHG's right, title and interest in and to the Agreement, and Executive hereby consents to such assignment. PHG, Privia and Executive agree that (a) Privia shall be substituted for PHG under the Agreement, as if Privia and Executive were the original parties to the Agreement, (ii) Privia hereby accepts such assignment, assumes all of PHG's duties, liabilities and obligations under the Agreement, and agrees to pay, perform, and discharge, as and when due, all of the obligations of PHG under the Agreement accruing on and after the July 1, 2022, and (c) PHG shall no longer be a party to the Agreement from and after July 1, 2022.

2. Definitions. All references to the "Company" shall mean and refer to Privia Health, LLC, and all references to PH Group Parent Corp. or. Privia Health Group, Inc. shall be deleted and replaced by references to "Privia Health, LLC".

3. Amendment to Section 7(a). The second sentence of Section 7(a) of the Agreement is hereby deleted in its entirety and replaced with the following:

Therefore, Executive agrees that, during the Employment Period and for eighteen (18) months after Executive's employment with the Company is Terminated (the "Noncompete Period"), Executive shall not, within the Restricted Area (as defined below), directly or indirectly own any interest in, manage, control, participate in, consult with, render services for, or in any manner engage in any business competing with the businesses of the Company or any of its Subsidiaries as such businesses exist on the date of the Termination or expiration of the Employment Period, including without limitation, the business of operating or managing medical groups, health systems, independent physicians associations, or accountable care organizations within any State in the United States in which the Company or any of its Subsidiaries engage in such business, which States as of the July 1, 2022, include California, Florida, Georgia, Maryland, Montana, Tennessee, Texas, Virginia, and the District of Columbia (the "Restricted Area").

4. Amendment to Section 10. Section 10 of the Agreement shall be amended such that the address for notice "to the Company" shall be as follows

to the Company:

Privia Health, LLC
950 N. Glebe Rd., Suite 700
Arlington, VA 22203
Attn: General Counsel
Email: tbartrum@priviahealth.com

5. Defined Terms. Capitalized terms which are used in this Amendment but are not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.

6. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflicts of laws provisions thereof.

7. No Breach. The Parties hereby acknowledge and agree that the change set forth in in this Amendment (a) are voluntary, (b) do not constitute a breach of the Agreement, and (c) do not constitute Good Reason under the Agreement.

8. Ratification of Agreement. Except as expressly modified or amended by this Amendment, all provisions of the Agreement are hereby ratified, confirmed and approved and shall remain in full force and effect.

9. Counterparts. This Amendment maybe executed and delivered in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute the same instrument.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date set forth above.

EXECUTIVE:

/s/ Shawn Morris
Shawn Morris

PHG:

PRIVIA HEALTH GROUP, INC.

By: /s/ Parth Mehrotra
Name: Parth Mehrotra
Title: President and Chief Operating Officer

PRIVIA:

PRIVIA HEALTH, LLC

By: /s/ Parth Mehrotra
Name: Parth Mehrotra
Title: President and Chief Operating Officer

FIRST AMENDMENT TO
TO THE EXECUTIVE EMPLOYMENT AGREEMENT AND NON-QUALIFIED STOCK OPTION PLAN AGREEMENT(S)

This First Amendment to the Executive Employment Agreement and the Non-Qualified Stock Option Plan Agreement(s) (this "**Amendment**") is effective as of April 1, 2020 (the "**Amendment Effective Date**") by and among Privia Health, LLC ("**Privia**"), PH Group Parent Corp. ("**PH Parent**") and Parth Mehrotra ("**Executive**"). Privia, PH Parent, and Executive are hereinafter each a "**Party**" and collectively the "**Parties**".

W I T N E S S E T H:

WHEREAS, Privia, Brighton Health Management Corp. ("Brighton"), and Executive entered into that certain Executive Employment Agreement dated as of January 1, 2018 (the "**Employment Agreement**") which outlined the terms and conditions of Executives employment by Privia, including but not limited to salary and termination rights. As of January 1, 2019, Brighton is no longer a party to the Employment Agreement;

WHEREAS, PH Parent and Executive entered into that certain Base Option Pool Non- Qualified Stock Option Plan Agreements dated as of August 28, 2018 and December 4, 2019 and Super Tranche Option Pool Non-Qualified Stock Option Plan Agreement dated as of August 28, 2018 and December 4, 2019 (collectively, the "Option Agreements") which outlined the terms and conditions of Executives grant of options to purchase certain shares in PH Parent;

WHEREAS, as a result of the current, international pandemic, COVID-19, and its impact on Privia's business, Privia and Executive wish to make certain temporary changes to the terms of his/her Employment Agreement; and

NOW THEREFORE, in consideration of the mutual agreements of the Parties set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. All capitalized terms used but not defined herein shall have the meanings assigned to them in the Employment Agreement and the Option Agreements.

2. Beginning on April 1, 2020, Executive's current base salary will be reduced by 12.5%. This reduction shall remain in effect until Privia provides written notice to Executive that the temporary reduction has been removed. Although Privia's intent is to treat the reduction as a deferral, Executive acknowledges that there is no guarantee that the 12.5% reduction will be paid to Executive in the future or that it will be paid to Executive within a particular period of time.

3. The Parties hereby acknowledge and agree that the temporary reduction in base salary set forth in Section 2 above (a) is voluntary, (b) does not constitute a breach of the Employment Agreement, and (c) does not constitute Good Reason under either the Employment Agreement or the Option Agreements.

4. Executive hereby waives, releases, and forever discharges and covenants not to sue PH Parent, Privia, their officers, directors, shareholders, members, parent entities, subsidiaries, affiliates, insurers, representatives and agents with respect to any and all claims, demands, suits, manner of obligations, debt, liability, tort, covenant, contract, or cause of action of any kind whatsoever, at law or in equity, related to or arising from the temporary base salary reduction set forth in Section 2 above.

5. Except as expressly amended or modified herein, the terms of the Employment Agreement and Option Agreements remain in full force and effect. To the extent of any conflict between the terms of this Amendment and those of the Employment Agreement and Option Agreements in effect immediately prior to amendment hereby, the terms of this Amendment shall control.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the Amendment Effective Date.

PRIVIA HEALTH, LLC

By: /s/ David Mountcastle

Name: David Mountcastle

Title: CFO

PH GROUP PARENT CORP.

By: /s/ Shawn Morris

Name: Shawn Morris

Title: CEO

EXECUTIVE

By: /s/ Parth Mehrotra

Name: Parth Mehrotra

Title: COO

SECOND AMENDMENT TO
TO THE EXECUTIVE EMPLOYMENT AGREEMENT

This Second Amendment to the Executive Employment Agreement (this "**Amendment**") is effective as of April 16, 2021 (the "**Amendment Effective Date**") by and between Privia Health, LLC ("**Privia**") and Parth Mehrotra ("**Executive**"). Privia and Executive are hereinafter each a "**Party**" and collectively the "**Parties**".

W I T N E S S E T H:

WHEREAS, Privia, Brighton Health Management Corp. ("**Brighton**"), and Executive entered into that certain Executive Employment Agreement dated as of January 1, 2018 (the "**Employment Agreement**") which outlined the terms and conditions of Executives employment by Privia, including but not limited to salary and termination rights. As of January 1, 2019, Brighton is no longer a party to the Employment Agreement;

WHEREAS, in connection with the Privia Health Group, Inc.'s initial public offering, Executive may qualify as a "specified employee" for purposes of Section 409A of the Internal Revenue Code of 1986 ("**Section 409A**"); and

NOW THEREFORE, in consideration of the mutual agreements of the Parties set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. All capitalized terms used but not defined herein shall have the meanings assigned to them in the Employment Agreement.

2. If as of the date of Executive's "separation from service" within the meaning of Section 409A, Privia has determined, in its sole discretion, that Executive qualifies as a "specified employee" for purposes of Section 409A and as a result of Executive's separation from service Executive is entitled to severance or other benefits that constitute deferred compensation under Section 409A (including pursuant to the terms of the Employment Agreement), then to the extent required by Section 409A, no such payments or benefits will be paid or provided to Executive until the earlier of (i) the first day following the six month anniversary of the date of Executive's separation from service and (ii) the date of Executive's death.

3. The Parties hereby acknowledge and agree that the change set forth in Section 2 above (a) is voluntary, (b) does not constitute a breach of the Employment Agreement, and (c) does not constitute Good Reason under the Employment Agreement.

4. Except as expressly amended or modified herein, the terms of the Employment Agreement remain in full force and effect. To the extent of any conflict between the terms of this Amendment and those of the Employment Agreement in effect immediately prior to amendment hereby, the terms of this Amendment shall control.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the Amendment Effective Date.

PRIVIA HEALTH, LLC

By: /s/ Shawn Morris

Name: Shawn Morris

Title: CEO

EXECUTIVE

By: /s/ Parth Mehrotra

Name: Parth Mehrotra

THIRD AMENDMENT
TO
EXECUTIVE EMPLOYMENT AGREEMENT

This THIRD AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT (this "**Amendment**"), dated the 10th day of August, 2022, is entered into by and between Privia Health, LLC ("**Company**") and Parth Mehrotra ("**Executive**"). Each of Company and Executive may be referred to individually herein as a "**Party**" or, collectively, as the "**Parties**."

RECITALS

WHEREAS, Company, Brighton Health Management Corp. ("**Brighton**"), and Executive entered into that certain Executive Employment Agreement dated as of January 1, 2018, as amended by that certain First Amendment to the Executive Employment Agreement and Non-Qualified Stock Option Plan Agreement(s) effective April 1, 2020 and that certain Second Amendment to Executive Employment Agreement effective April 16, 2021 (collectively, the "**Agreement**"); and

WHEREAS, as of January 1, 2019, Brighton is no longer a party to and shall no longer have any rights or obligations under the Employment Agreement; and

WHEREAS, Company and Executive desire to amend the Agreement, on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual agreements of the Parties set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto as agree as follows:

1. Amendment to Section 5 – First Paragraph. The third sentence of the first paragraph of Section 5 (Term and Termination) of the Agreement is hereby amended as follows with deletions evidenced by strikethrough text:

> In the event Executive's employment is terminated for any reason, Executive shall receive his Base Salary accrued through the date of termination, ~~his accrued but unused paid time off,~~ reimbursement of any business expenses properly incurred prior to the date of termination, and any benefits, including continuation and conversion rights, provided upon termination of employment under Company's employee benefit plans (collectively the "**Accrued Obligations**").

2. Amendment to Section 5 – Second Paragraph. The first sentence of second paragraph of Section 5 (Term and Termination) of the Agreement is hereby deleted in its entirety and replaced with the following:

> In the event Company terminates this Agreement without Cause or Executive terminates this Agreement for Good Reason, Company shall, in addition to the Accrued Obligations, also be obligated to pay a monthly severance amount to Executive in an amount equal to one-twelfth (1/12) of the sum of (x) his annual Base Salary and (y) the Additional Salary (at target for the year of termination) (minus in each case, applicable withholdings) (the "**Severance Amount**") for a period of eighteen (18) months following the date of termination (the "**Severance Period**") (each installment of which shall be considered a separate payment for purposes of Section 409A of the Internal Revenue Code), and to continue to pay for

his health benefits for the Severance Period; provided, that, any monthly payment of the Severance Amount shall be reduced by the pre-tax amount (or the pre-tax equivalent) of any long-term disability benefit to which the Executive is entitled for that month.

3. <u>Amendment to Section 9 – First Paragraph.</u> The first paragraph of Section 9 (Non-Compete) of the Agreement is hereby deleted in its entirety and replaced with the following:

In recognition of the substantial time, money and effort expended by Company in the development of its Confidential Information and Proprietary Information; the fact that Executive will have access to and be personally entrusted with such Confidential Information and Proprietary Information during Executive's employment with Company; the high degree of competition in the field Company has chosen to engage in; the special knowledge and expertise that Executive may develop as a result of his employment with Company; and the worldwide nature of Company's business, Executive agrees that during his employment with Company and for eighteen (18) months after such employment ends (the "**Non-Compete Period**"), Executive will not directly or indirectly compete with Company in any way, within any within any State in the United States, in which Company or any affiliate of Company provides products or services as of the date of the termination, which States as of the July 1, 2022, include the States of California, Florida, Georgia, Maryland, Montana, Tennessee, Texas, Virginia, and the District of Columbia, by providing services as an employee, director, consultant or otherwise to a person or entity (defined below) in competition with Company.

4. <u>Amendment to Section 9 – Second Paragraph</u>. The first sentence of the second paragraph of Section 9 (Non-Compete) of the Agreement is hereby deleted in its entirety and replaced with the following:

The Parties agree that for purposes of this Agreement, a person or entity is in competition with Company if it operates or manages medical groups, health systems, independent physicians associations, or accountable care organizations in any state in which Company or its subsidiaries and affiliates conducts business at the time of Executive's termination.

5. <u>Defined Terms</u>. Capitalized terms which are used in this Amendment but are not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.

6. <u>Governing Law</u>. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to conflicts of laws provisions thereof.

7. <u>No Breach</u>. The Parties hereby acknowledge and agree that the change set forth in in this Amendment (a) are voluntary, (b) do not constitute a breach of the Agreement, and (c) do not constitute Good Reason under the Agreement.

8. <u>Ratification of Agreement</u>. Except as expressly modified or amended by this Amendment, all provisions of the Agreement are hereby ratified, confirmed and approved and shall remain in full force and effect.

9. Counterparts. This Amendment maybe executed and delivered in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute the same instrument.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date set forth above.

EXECUTIVE:

/s/ Parth Mehrotra
Parth Mehrotra

COMPANY:

PRIVIA HEALTH, LLC

By:/s/ Shawn Morris
Name: Shawn Morris
Title: Chief Executive Officer

FIRST AMENDMENT
TO
EXECUTIVE EMPLOYMENT AGREEMENT

This FIRST AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT (this “**Amendment**”), dated the 10th day of August, 2022, is entered into by and between Privia Health, LLC (“**Company**”) and David Mountcastle (“**Executive**”). Each of Company and Executive may be referred to individually herein as a “**Party**” or, collectively, as the “**Parties**.”

RECITALS

WHEREAS, Company and Executive are parties to that certain Executive Employment Agreement dated March 21, 2022 (the “**Original Agreement**”); and

WHEREAS, Company and Executive desire to amend the Agreement, on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual agreements of the Parties set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto as agree as follows:

1. Amendment to Section 5. The third sentence of the first paragraph of Section 5 (Term and Termination) of the Agreement is hereby amended as follows with deletions evidenced by strikethrough text:

> In the event Executive’s employment is terminated for any reason, Executive shall receive his Base Salary accrued through the date of termination, ~~his accrued but unused paid time off,~~ reimbursement of any business expenses properly incurred prior to the date of termination, and any benefits, including continuation and conversion rights, provided upon termination of employment under Company’s employee benefit plans (collectively the “**Accrued Obligations**”).

2. Amendment to Section 9. The second sentence of Section 9 (Non-Compete) of the Agreement is hereby deleted in its entirety and replaced with the following:

> The Parties agree that for purposes of this Agreement, a person or entity is in competition with Company if it operates or manages medical groups, health systems, independent physicians associations, or accountable care organizations in any state in which Company or its subsidiaries and affiliates conducts business at the time of Executive's termination.

3. Defined Terms. Capitalized terms which are used in this Amendment but are not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.
4. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to conflicts of laws provisions thereof.

5. No Breach. The Parties hereby acknowledge and agree that the change set forth in in this Amendment (a) are voluntary, (b) do not constitute a breach of the Agreement, and (c) do not constitute Good Reason under the Agreement.

6. Ratification of Agreement. Except as expressly modified or amended by this Amendment, all provisions of the Agreement are hereby ratified, confirmed and approved and shall remain in full force and effect.

7. Counterparts. This Amendment maybe executed and delivered in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute the same instrument.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date set forth above.

EXECUTIVE:

/s/ David Mouncastle
David Mountcastle

COMPANY:

PRIVIA HEALTH, LLC

By:/s/ Shawn Morris
Name: Shawn Morris
Title: Chief Executive Officer

Exhibit 10.8

**FOURTH AMENDMENT
TO
EXECUTIVE EMPLOYMENT AGREEMENT**

This FOURTH AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT (this "**Amendment**"), dated the 10th day of August, 2022, is entered into by and between Privia Health, LLC ("**Company**") and Thomas Bartrum ("**Executive**"). Each of Company and Executive may be referred to individually herein as a "**Party**" or, collectively, as the "**Parties**."

RECITALS

WHEREAS, Company and Executive are parties to that certain Executive Employment Agreement dated February 25, 2019, as amended by that certain First Amendment to the Executive Employment Agreement dated April 1, 2020, that certain Second Amendment to the Executive Employment Agreement effective as of April 16, 2021, and that certain Third Amendment to Executive Employment Agreement dated March 24, 2022 (collectively, the "**Agreement**"); and

WHEREAS, Company and Executive desire to amend the Agreement, on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual agreements of the Parties set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto as agree as follows:

1. Amendment to Section 5. The first paragraph of Section 5 (Term and Termination) of the Agreement is hereby deleted in its entirety and replaced with the following:

> Executive shall be an "at will" employee. Company may terminate this Agreement at any time without Cause (as defined below), and Executive, upon thirty (30) days' prior written notice, may voluntarily terminate this Agreement at any time without Good Reason (as defined below). In addition, this Agreement may be terminated (i) by Company immediately for Cause or (ii) by Executive immediately for Good Reason. If Executive terminates his employment without Good Reason upon thirty (30) days' prior written notice, then Company may (at its discretion) pay Executive's Base Salary for the thirty (30) day notice period in lieu of Executive continuing to perform Services during such notice period. In the event Executive's employment is terminated for any reason, Executive shall receive his Base Salary accrued through the date of termination, reimbursement of any business expenses properly incurred prior to the date of termination, and any benefits, including continuation and conversion rights, provided upon termination of employment under Company's employee benefit plans (collectively the "**Accrued Obligations**"). In the event Company terminates this Agreement without Cause or Executive terminates this Agreement for Good Reason, Company shall, in addition to the Accrued Obligations, pay a lump sum severance to Executive in an amount equal to one hundred percent (100%) of his then-existing total Salary (minus withholdings) (the Additional Salary portion thereof determined based on the target annual bonus for the year of termination) for a number of months equal to the Severance Period (as defined below), and an amount equal to Executive's cost of continuation of his health benefits for the Severance Period (collectively, the

“**Severance Amount**”); provided, that, such payment of the Severance Amount shall be reduced by the pre-tax amount (or the pre-tax equivalent) of any long-term disability benefit to which the Executive is entitled for the Severance Period. “**Severance Period**” means the twelve (12) month period following the effective date of termination. Notwithstanding the foregoing, Executive shall receive the Severance Amount, (x) if and only if, Executive has executed a general release with Company that includes a release of Company and each of its subsidiaries and Notwithstanding the foregoing, Executive shall receive the Severance Amount, (x) if and only if, Executive has executed a general release with Company that includes a release of Company and each of its subsidiaries and affiliates, their present and former officers, directors, executives, shareholders, members, agents, attorneys, employees and employee benefit plans (and the fiduciaries thereof) from any and all claims, actions, causes of action, complaints, charges, demands, rights, damages, expenses, attorneys’ fees and liabilities of whatever kind or nature in law, equity or otherwise, that arise out of, or relate to, this Agreement or the Executive’s employment or termination of employment with Company (the “**Release**”) (y) the Release becomes irrevocable within sixty (60) days following the date of termination (the date that the Release becomes irrevocable, the “**Release Effective Date**”), and (z) only so long as Executive has not breached, and during the period over which the Severance Amount is paid does not breach, the provisions of the Release or Sections 9-13 hereof. The Severance Amount will be payable on the first regular payroll date of the Company following the Release Effective Date, provided that if the sixty (60) day period described above begins in one calendar year and ends in a subsequent calendar year, the Severance Amount shall not be paid until such subsequent calendar year.

2. Amendment to Section 9. The first sentence of the second paragraph of Section 9 (Non-Compete) of the Agreement is hereby deleted in its entirety and replaced with the following:

The Parties agree that for purposes of this Agreement, a person or entity is in competition with Company if it operates or manages medical groups, health systems, independent physicians associations, or accountable care organizations in any state in which Company or its subsidiaries and affiliates conducts business at the time of Executive's termination.

3. Amendment to Exhibit A. The first bullet point set forth on Exhibit A (Compensation Terms) of the Agreement is hereby deleted in its entirety and replaced with the following:

From and after July 1, 2022, annual Base Salary of $340,000.00, paid in semi-monthly installments, under exempt status, minus all relevant taxes and withholdings.

4. Defined Terms. Capitalized terms which are used in this Amendment but are not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.

5. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to conflicts of laws provisions thereof.

6. No Breach. The Parties hereby acknowledge and agree that the change set forth in in this Amendment (a) are voluntary, (b) do not constitute a breach of the Agreement, and (c) do not constitute Good Reason under the Agreement.

7. Ratification of Agreement. Except as expressly modified or amended by this Amendment, all provisions of the Agreement are hereby ratified, confirmed and approved and shall remain in full force and effect.

8. Counterparts. This Amendment maybe executed and delivered in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute the same instrument.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date set forth above.

EXECUTIVE:

/s/ Thomas Bartrum
Thomas Bartrum

COMPANY:

PRIVIA HEALTH, LLC

By:/s/ Shawn Morris
Name: Shawn Morris
Title: Chief Executive Officer

Exhibit 31.1

Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002

I, Shawn Morris, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Privia Health Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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. 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
    c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2022

/s/ Shawn Morris

Shawn Morris

Chief Executive Officer

Exhibit 31.2

Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002

I, David Mountcastle, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Privia Health Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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. 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
    c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2022	/s/ David Mountcastle
	David Mountcastle
	Executive Vice President, Chief Financial Officer and Authorized Officer

Exhibit 32.1

Certification of the Chief Executive Officer

Pursuant to Rule 18 U.S.C. Section 1350

In connection with the Quarterly Report on Form 10-Q of Privia Health Group, Inc. (the “Company”) for the period ended June 30, 2022, as filed with the U.S. Securities and Exchange Commission (the “Report”), I, Shawn Morris, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 11, 2022

/s/ Shawn Morris

Shawn Morris
Chief Executive Officer

Exhibit 32.2

Certification of the Chief Financial Officer

Pursuant to Rule 18 U.S.C. Section 1350

In connection with the Quarterly Report on Form 10-Q of Privia Health Group, Inc. (the “Company”) for the period ended June 30, 2022, as filed with the U.S. Securities and Exchange Commission (the “Report”), I, David Mountcastle, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 11, 2022	/s/ David Mountcastle
	David Mountcastle
	Executive Vice President, Chief Financial Officer and Authorized Officer