

Risk Factors Comparison 2025-04-14 to 2024-04-16 Form: 10-K

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In evaluating us and our securities, we urge you to carefully consider the risks and other information in this Annual Report on Form 10-K. Any of the risks discussed in this Annual Report on Form 10-K, as well as additional risks and uncertainties not currently known to us or that we currently deem immaterial, could materially and adversely affect our results of operations or financial condition. If any of these risks occur, our business, results of operations and financial condition could be harmed, the price of our common stock could decline, and future events and circumstances could differ significantly from those anticipated in the forward-looking statements contained in this Annual Report on Form 10-K.

Summary of Risk Factors Below is a summary of the principal factors that make an investment in our securities speculative or risky. This summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary, and other risks that we face, can be found below under the heading “Risk Factors” and should be carefully considered, together with other information in this Form 10-K and our other filings with the SEC, before making an investment decision regarding our securities.

- **We will need to raise additional funding, capital to fund our operations through and we cannot guarantee beyond the second quarter of 2025. Many aspects of our ability to obtain additional capital are not entirely within our control and there can be no assurance that we will receive additional find adequate sources of capital in the future when needed, on favorable terms, or at all. If we cannot raise capital, on favorable terms or at all, we will need to reevaluate our planned operations and may need to cease operations, file for bankruptcy, liquidate, and / or wind-up our affairs. These circumstances raise substantial doubt about our ability to continue as a going concern.**
- We have incurred significant losses since our inception and may be unable to obtain additional funds before we achieve positive cash flows.
- **We have \$ 11.4 million of secured debt, including accrued paid-in-kind interest, outstanding at December 31, 2024 under the Keep Well Agreement (as defined below), \$ 8.9 million of which is represented by promissory notes payable at any time after August 30, 2025 upon demand of the holder and the balance of which matures on May 14, 2026, unless it becomes due and payable in full earlier, whether by acceleration or otherwise. A default under the Keep Well Agreement or any of the promissory notes issued thereunder would have a material adverse effect on our financial condition, operating results, and business.**
- Our programs and solutions may not be as effective as we believe and may not achieve broad market acceptance and announcements of disappointing results may lead to declines in the market prices of our securities.
- Our business currently depends upon a few **large significant** customers ; during **. Since 2021, we have lost two large four significant** customers **. The** ; and in October 2023, a large customer provided a notice of its intent to cease using our services in February 2024, and any further loss **of one or more other significant customers** would have a material adverse effect on us.
- We have \$ 3.5 million in principal amount of secured debt outstanding under the Keep Well Agreement, \$ 1.5 million of which is payable upon demand of the lender, and a default thereunder would have material adverse consequences to our financial condition, operating results ; and business **.**
- **We may not be able to generate sufficient cash flow or raise adequate financing to grow or scale our business or to fund our operations.**
- We depend upon our senior management and key consultants and their loss or unavailability could put us at a competitive disadvantage.
- We need to attract and retain highly skilled personnel; we may be unable to effectively manage growth with our limited resources.
- Customers may not achieve the savings we expect **are to be** created by our programs and solutions, which could adversely impact our business.
- Market acceptance of our programs and solutions depends in large part on the willingness of third party payors to cover them, which is beyond our control **.**
- **We may fail to manage our growing business and may not be successful in identifying or completing any acquisitions necessary to continue such growth. Any such acquisition completed may not be successfully integrated with our operations or yield additional value for stockholders.**
- We may be unable to protect our intellectual property rights and we may be liable for infringing the intellectual property rights of others.
- Ongoing healthcare legislative and regulatory reform measures may have a material adverse effect on our business and results of operations.
- We must comply with significant government regulations, including with respect to licensure and privacy matters.
- Our Series A Preferred Stock has no fixed maturity date, ranks junior to our currently outstanding indebtedness, is entitled to the payment of dividends only to the extent we may do so under Delaware corporate law, and has limited voting rights.
- Our largest stockholder controls approximately **61.46%** of our outstanding common stock and beneficially owns approximately **93.96%** of our common stock, and may determine all matters presented for stockholder approval, including the election of directors, significant corporate transactions and our dissolution.
- We are subject to ongoing litigation and may be subject to future litigation, any of which could result in substantial liabilities.
- Our common stock may be delisted by Nasdaq.
- The price of our common stock and preferred stock may be volatile.
- The market prices for our common stock and preferred stock may be adversely impacted by future events.
- Our certificate of incorporation, bylaws and Delaware law have anti-takeover provisions that could discourage, delay or prevent a change in control, which may cause our stock price to decline. Risks related to our business **We expect need additional capital to continue our to incur substantial operating operations losses and execute our business strategy, and we cannot guarantee that we will raise adequate additional capital on a timely basis, on favorable terms, or at all.**

We have been unprofitable since our inception in 2003. Historically, we have seen and continue to see net losses, net loss from operations and negative cash flow from operating activities, **and our recent** ~~except for positive cash flow from operating activities in our second quarter of 2020 and first quarter of 2021, as we experienced a period of rapid growth, and more recently our results have been negatively impacted by~~ **the loss of significant customer customers** terminations. At December 31, ~~2023~~ **2024**, our total cash was \$ ~~9.5~~ **5.7** million and we had working capital of approximately \$ ~~8~~

0.8 million. We had an average monthly cash burn rate from operations of approximately \$ 1.3 million for the year ended December 31, 2023-2024 and could continue to incur negative cash flows and operating losses for the next twelve months. At December 31, We have incurred negative cash flows from operations since inception and have expended, 2024 and expect to continue to expend, substantial funds to support and grow our business. We will require additional funds before we had are able to generate enough cash flows to fund our operations and meet our obligations. Additionally, if we add more health plans than we anticipate, increase the size of the outreach pool by more than we anticipate, decide to invest in new products or seek out additional growth opportunities, or in order to provide liquidity for an extended period of losses, we would consider raising additional capital. We do not know whether additional funding will be available to us when needed on acceptable terms or at all. If adequate funds are not available or are not available on acceptable terms, we may need to downsize, curtail program development efforts or halt our operations altogether. There can be no assurance that any such financing will be available to us when needed on acceptable terms or at all. If we raise additional funds by issuing equity securities, such financing will result in further dilution to our stockholders. Any equity securities issued also may provide for rights, preferences or privileges senior to those of holders of our common stock. If we raise funds by issuing debt securities, such securities would have rights, preferences and privileges senior to those of holders of our common stock, and the terms of the debt securities issued could impose significant restrictions on our operations. We have \$ 3-11.5-4 million in principal amount of secured debt outstanding, including accrued paid-in-kind interest, \$ 8.9 million of which is represented by convertible promissory notes payable at any time after August 30, 2025 upon demand of the holder and the balance of which matures on May 14, 2026, unless it becomes due and payable in full earlier, whether by acceleration or otherwise. Such secured debt represents our borrowings under the Keep Well Agreement, and a default thereunder would have material adverse consequences to our financial condition, operating results, and business. We entered into a Master Note Purchase Agreement dated as of April 15, 2022 (as amended to date, the "Keep Well Agreement") we entered into with Acuitas Capital LLC ("Acuitas Capital") and together with its affiliates, including Acuitas Group Holdings, LLC and Terren S. Peizer, "Acuitas"), dated as of April 15, 2022 (as amended to date, the "Keep Well Agreement"). Acuitas Capital is our largest stockholder and an entity indirectly wholly owned and controlled by Mr. Peizer, our former Chief Executive Officer and Chairman. As of We refer to the convertible promissory notes representing our borrowings filing date of this report, we have \$ 3.5 million in principal amount of secured debt outstanding under the Keep Well Agreement evidenced by senior secured that are payable upon demand of the holder as the "Demand Notes" and to all the convertible promissory notes (representing our borrowings under the Keep Well Agreement, including the Demand Notes, as the "Keep Well Notes.") These circumstances raise substantial doubt about our ability to continue as a going concern. Our financial statements as of December 31, 2024 were prepared under the assumption that we will continue as a going concern and do not include any adjustments that might result from the outcome of this uncertainty. Based on our current analysis of the conditions described above and our forecast of our future operating results, we will need to raise additional capital to fund our operations through and beyond the second quarter of 2025. In addition to potentially borrowing additional funds under the Keep Well Agreement, we are currently seeking to raise additional capital through an equity financing; however, when we can raise such additional capital, and how much capital we can raise, depends on a variety of factors, including, among others, market conditions, the trading price of our common stock, and our business prospects. If we raise additional capital by issuing equity securities, it will result in further dilution to our stockholders and any such equity securities may provide for rights, preferences or privileges senior to those of holders of our common stock. If we raise additional funds by issuing debt securities, such securities would have rights, preferences and privileges senior to those of holders of our common stock, and the terms of such securities could impose significant restrictions on our operations. We do not know whether, and no assurances can be given that, additional capital will be available to us when needed, on terms favorable to us and our stockholders or at all. If additional adequate capital is not available or is not available on acceptable terms, we will need to reevaluate our planned operations and may need to cease operations, file for bankruptcy, liquidate, and / or wind-up our affairs. As of the filing date of this report, we have approximately \$ 13.5-6 million, including accrued paid-in-kind interest, outstanding under the Keep Well Agreement, and a default thereunder would have material adverse consequences to our financial condition, operating results, and business. Of the approximately \$ 13.6 million outstanding under the Keep Well Agreement as of the filing date of this report, \$ 10.9 million is represented by Demand Notes and the balance of which is matures on May 14, 2026, unless it becomes due and payable upon in full earlier, whether by acceleration or otherwise. If Acuitas were to demand that all or a significant portion of the lender Demand Notes be paid at any time after August 30, 2025 and if we did not have sufficient excess capital to repay the amounts due, which we currently do not, it would have a material adverse effect on our business. The In addition, the Keep Well Agreement includes customary events of default for a first priority senior secured debt facility. In the event of default under the Keep Well Agreement, Acuitas and the collateral agent under the Keep Well Agreement would have the rights that a secured creditor with a first priority lien on a company's assets would have, including, the right to collect, enforce or satisfy any secured obligations then owing, including by foreclosing on the collateral securing our obligations under the Keep Well Agreement (which generally comprise all of our assets), and restrictions on the operation of our business would spring into effect. We have been in default under the Keep Well Agreement at various times in the past and have received waivers of such defaults from Acuitas. For example, in April 2025, Acuitas waived (a) any non-compliance and / or violation of each of the recurring revenue and liquidity covenants in the Keep Well Agreement through and including June 30, 2025, and (b) solely with respect to our consolidated financial statements for the year ended December 31, 2024, any non-compliance and / or violation of the covenant in the Keep Well Agreement requiring that such financial statements and the report of our auditor thereon be unqualified as to going concern. No assurances can be given that we will receive a waiver from Acuitas for any future defaults. A default under the Keep Well Agreement would have a material adverse consequences to effect on our financial

condition, operating results, and business, and could cause us to become insolvent or enter bankruptcy proceedings, and our stockholders may lose all or a portion of their investment because of the priority of the claims of Acuitas, in its capacity as a secured creditor, on our assets. See also “ Acuitas Group Holdings, LLC owns approximately 61-46% of our outstanding common stock and beneficially owns approximately 93-96% of our outstanding common stock, and as a result of such ownership has the ability to substantially influence the election of directors and other matters submitted to stockholders ” and “ There can be no assurance that our common stock will continue to be listed on Nasdaq or, if listed, that we will be able to comply with the continued listing standards of Nasdaq, which could limit investors’ ability to transact in our securities and subject us to additional trading restrictions, ” below. For additional information regarding the Keep Well Agreement, see the section titled, “ Keep Well Agreement ” in Note 9-8 of the Notes to Consolidated Financial Statements in Part II, Item 8 of this report. The amounts we borrow under the Keep Well Agreement bear interest at a variable rate which could cause our outstanding indebtedness to increase significantly. The amounts we borrow under the Keep Well Agreement bear interest based on the 30 day tenor Term Secured Overnight Financing Rate (SOFR) Reference Rate, which is subject to a monthly adjustment, plus a margin specified in the Keep Well Agreement. As a result, in an increasing interest rate environment, the interest rate on the amounts we borrow under the Keep Well Agreement is subject to increase, thereby resulting in increased interest expense. ~~The 30 day tenor Term SOFR Reference Rate has steadily increased in the past year.~~ At December 31, 2023-2024, we had a total of \$ 0-1 . 4 million of accrued paid- in- kind interest on amounts borrowed under the Keep Well Agreement ~~, which was related to the three months ended December 31, 2023.~~ The effective weighted average interest rate for the amounts borrowed under the Keep Well Agreement was 20-21 . 79-0 % at December 31, 2023-2024. ~~Accrued interest on the principal amount of the Keep Well Notes is added to principal, which either we will be required to repay, with respect to \$ 1. 5 million of principal, upon demand of the lender, and with respect to the balance on the maturity date, May 14, 2026, or, if converted into shares of our common stock, will result in additional dilution to our stockholders.~~ See Note 9-8 of the Notes to Consolidated Financial Statements in Part II, Item 8 of this report for more information –If third- party payors fail to provide coverage and adequate payment rates for our solutions,our revenue and prospects for profitability will be harmed.Our future revenue growth will depend in part upon our ability to contract with health plans and other insurance payors for our Ontrak solutions.In addition,insurance payors are increasingly attempting to contain healthcare costs,and may not cover or provide adequate payment for our programs.Adequate insurance reimbursement might not be available to enable us to realize an appropriate return on investment in research and product development,and the lack of such reimbursement could have a material adverse effect on our operations and could adversely affect our revenues and earnings.We may not be able to achieve promised savings for our Ontrak contracts,which could result in pricing levels insufficient to cover our costs or ensure profitability.Many of our Ontrak contracts are based upon anticipated or guaranteed levels of savings for our customers and achieving other operational metrics resulting in incentive fees based on savings.If we are unable to meet or exceed promised savings,achieve agreed upon operational metrics,or favorably resolve contract billing and interpretation issues with our customers,we may be required to refund from the amount of fees paid to us any difference between savings that were guaranteed and the savings,if any,which were actually achieved;or we may fail to earn incentive fees based on savings.Accordingly,during or at the end of the contract terms,we may be required to refund some or all of the fees paid for our services.This exposes us to significant risk that contracts negotiated and entered into may ultimately be unprofitable.In addition,managed care operations are at risk for costs incurred to provide agreed upon services under our solution.Therefore,failure to anticipate or control costs could have a materially adverse effect on our business . We may fail to successfully manage and grow our business, which could adversely affect our results of operations, financial condition and business. Continued expansion could put significant strain on our management, operational and financial resources. The need to comply with the rules and regulations of the SEC will continue to place significant demands on our financial and accounting staff, financial, accounting and information systems, and our internal controls and procedures, any of which may not be adequate to support our anticipated growth. The need to comply with the state and federal healthcare, security and privacy regulation will continue to place significant demands on our staff and our policies and procedures, any of which may not be adequate to support our anticipated growth. We may not be able to effectively hire, train, retain, motivate and manage required personnel. Our failure to manage growth effectively could limit our ability to satisfy our reporting obligations, or achieve our marketing, commercialization and financial goals. We may be unable to successfully execute on our growth initiatives, business strategies or operating plans. We are continually executing a number of growth initiatives, strategies and operating plans designed to enhance our business. The anticipated benefits from these efforts are based on several assumptions that may prove to be inaccurate. Moreover, we may not be able to successfully complete these growth initiatives, strategies and operating plans or realize all of the benefits, including growth targets and cost savings, that we expect to achieve or it may be more costly to do so than we anticipate. A variety of risks could cause us not to realize some or all of the expected benefits. These risks include, among others, delays in the anticipated timing of activities related to such growth initiatives, strategies and operating plans, increased difficulty and cost in implementing these efforts, including difficulties in complying with new regulatory requirements and the incurrence of other unexpected costs associated with operating our business, failure of our products to receive sufficient market acceptance and a highly competitive, rapidly evolving marketplace. Moreover, our continued implementation of our Ontrak programs may disrupt our operations and performance. As a result, we cannot assure you that we will realize the expected benefits of our growth initiatives, strategies and operating plans. If, for any reason, the benefits we realize are less than our estimates or the implementation of our growth initiatives, strategies and operating plans adversely affect our operations or cost more or take longer to effectuate than we expect, or if our assumptions prove inaccurate, our business, financial condition and results of operations may be materially adversely affected . Failure to effectively develop and expand..... to offset any such losses or reductions . We depend on key personnel, the loss of which could impact the ability to manage our business. We are highly dependent on our senior management and key operating and technical personnel. These individuals are at- will employees and they may terminate employment with us at any time with no advance notice. The loss of

the services of any member of our senior management or of our key operating and technical personnel could have a material adverse effect on our business, operating results and financial condition. In addition, from time to time, there may be changes in our executive management team resulting from the hiring or departure of executives, which could disrupt our business. The replacement of one or more of our executive officers or other key employees would likely involve significant time and costs and may significantly delay or prevent the achievement of our business objectives. To continue to execute our growth strategy, we must attract and retain highly skilled personnel. Competition is intense for qualified professionals. We may not be successful in continuing to attract and retain qualified personnel. We have from time to time in the past experienced, and we expect to continue to experience in the future, difficulty in hiring and retaining highly skilled personnel with appropriate qualifications. The pool of qualified personnel with experience working in the healthcare market is limited overall. In addition, many of the companies with which we compete for experienced personnel have greater resources than we have. The inability to attract and retain sufficient highly skilled personnel could adversely affect our business, operating results and financial condition. In addition, in making employment decisions, particularly in high- technology industries, job candidates often consider the value of the stock options or other equity instruments they are to receive in connection with their employment. Volatility in the price of our stock may adversely affect our ability to attract or retain highly skilled personnel. Further, the requirement to expense stock options and other equity instruments may discourage us from granting the size or type of stock option or equity awards that job candidates require to join our company. We are dependent on our ability to recruit, retain and develop a very large and diverse workforce. We must transform our culture in order to successfully grow our business. Our products and services and our operations require a large number of employees. ~~A significant number of employees have joined us in recent years as we continue to grow and expand our business.~~ Our success is dependent on our ability to transform our culture, align our talent with our business needs, engage our employees and inspire our employees to be open to change, to innovate and to maintain member- and client- focus when delivering our services. Our business would be adversely affected if we fail to adequately plan for succession of our executives and senior management; or if we fail to effectively recruit, integrate, retain and develop key talent and / or align our talent with our business needs, in light of the current rapidly changing environment. While we have succession plans in place and we have employment arrangements with a limited number of key executives, these do not guarantee that the services of these or suitable successor executives will continue to be available to us. Our business and growth strategy depend on our ability to maintain and expand a network of qualified healthcare providers. If we are unable to do so, our future growth and our business, financial condition and results of operations would be negatively impacted. The success of our business is dependent upon our continued ability to maintain a network of qualified healthcare providers. In any particular market that we operate in, providers could demand higher payments or take other actions that could result in higher medical costs, less attractive service for our members or difficulty meeting regulatory or accreditation requirements. The failure to maintain or to secure new cost- effective provider contracts may result in a loss of or inability to grow our member base, higher costs, healthcare provider network disruptions, and less attractive service for our members, any of which could have a material adverse effect on our business, growth strategy, financial condition and results of operations. All significant medical treatments and procedures, including treatment utilizing our programs, involve the risk of serious injury or death. While we have not been the subject of any such claims, our business entails an inherent risk of claims for personal injuries and substantial damage awards. We cannot control whether individual physicians and therapists will apply the appropriate standard of care in determining how to treat their patients. While our agreements typically require physicians to indemnify us for their negligence, there can be no assurance they will be willing and financially able to do so if claims are made. In addition, our license agreements require us to indemnify physicians, hospitals or their affiliates for losses resulting from our negligence. We are also subject to ongoing securities class action and stockholder derivative litigation. See Note 13, “ Commitments and Contingencies ” in the Notes to Consolidated Financial Statements, in Part II, Item 8, included in this report. In addition, on March 1, 2023, the U. S. Department of Justice (the “ DOJ ”) announced charges and the SEC filed a civil complaint against Mr. Peizer, our former Chief Executive Officer and Chairman of our Board of Directors, alleging unlawful insider trading in our stock. Mr. Peizer owns and controls Acuitas Capital, our largest stockholder. See “ Acuitas Group Holdings, LLC owns approximately 61-46 % of our outstanding common stock and beneficially owns approximately 93-96 % of our outstanding common stock, and as a result of such ownership has the ability to substantially influence the election of directors and other matters submitted to stockholders. ” Neither we nor any of our other current or former directors or employees were charged by the DOJ or sued by the SEC. On November 15, 2022, we received a notification from the SEC’ s Division of Enforcement that it is conducting an investigation captioned “ “ In the Matter of Trading in the Securities of Ontrak, Inc. (HO- 14340) “ ” and issued a preservation letter as well as a subpoena for documents relating to the investigation. The notification indicates the investigation is a fact- finding inquiry for compliance with federal securities laws and should not be construed as an indication by the SEC that any violation of law has occurred, nor as a reflection upon any person, entity or security. We have been cooperating fully with the terms of the subpoena. We cannot predict the ultimate outcome of the DOJ or SEC proceedings, nor can we predict whether the DOJ or SEC or any other governmental authorities will initiate separate investigations or litigation, including against us. Investigations and any related legal and administrative proceedings could include a wide variety of outcomes, including the institution of administrative, civil injunctive or criminal proceedings involving the Company and / or its current or former executives and / or directors, the imposition of fines and other penalties, remedies and / or sanctions. In addition, from time to time, we may also be involved in legal proceedings and investigations arising in the ordinary course of business, including those relating to employment matters, relationships with partners, intellectual property disputes, and other business matters. We currently have insurance coverage for personal injury claims, directors’ and officers’ liability insurance coverage, and errors and omissions insurance. We may not be able to maintain adequate liability insurance at acceptable costs or on favorable terms. We expect that liability insurance will be more difficult to obtain and that premiums will increase over time and as the volume of patients treated with our programs increases. We have incurred and may continue to incur significant expenses as a result of litigation

and other legal proceedings. In addition, the results of litigation and other legal proceedings are inherently uncertain and adverse judgments or settlements (regardless of a claim's merit) in any legal disputes may result in materially adverse monetary damages or injunctive relief against us. Any claims, investigations or litigation, even if fully indemnified or insured, could damage our reputation and make it more difficult to compete effectively or obtain adequate insurance in the future. In addition, claims, investigations or litigation may be time-consuming, costly, divert management resources, and otherwise have a material adverse effect on our business and result of operations. **If third-party payors fail to..... materially adverse effect on our business.** Our ability to use our net operating losses to offset future taxable income has been limited in certain cases and may be subject to certain limitations in the future. Our federal net operating loss carry forwards ("NOLs") have an indefinite life. These NOLs may be used to offset future taxable income, to the extent we generate any taxable income, and thereby reduce or eliminate our future federal income taxes otherwise payable. Section 382 of the Internal Revenue Code imposes limitations on a corporation's ability to utilize NOLs if it experiences an ownership change as defined in Section 382. In general terms, an ownership change may result from transactions increasing the ownership of certain stockholders in the stock of a corporation by more than 50% over a three-year period. In the event that an ownership change has occurred, or were to occur, utilization of our NOLs would be subject to an annual limitation under Section 382 determined by multiplying the value of our stock at the time of the ownership change by the applicable long-term tax-exempt rate as defined in the Internal Revenue Code. Any unused annual limitation may be carried over to later years. We have experienced ownership changes in the past and can continue to experience ownership changes under Section 382 as a result of events in the past or the issuance of shares of common or preferred stock, or a combination thereof. As a result of such ownership changes, the use of our NOLs, or a portion thereof, against our future taxable income may be subject to an annual limitation under Section 382, which may result in expiration of a portion of our NOLs before utilization. **We may. The Company performs an analysis of its federal and state NOLs** periodically **to consummate opportunistic acquisitions of other companies, and we may not realize expected benefits or such acquisitions or we may have difficulties integrating acquired companies into our operations in a cost-effective manner, if at all. We may periodically consummate opportunistic acquisitions of businesses, assets-** **assess availability**, personnel or technologies that allow us to complement our existing operations, expand our market coverage, enter new geographic markets, or add new business capabilities. We continually evaluate and explore strategic opportunities as they arise, including business combination transactions, strategic partnerships, and the purchase or sale of assets. No assurance can be given that the benefits or synergies we may expect from an acquisition will be realized to the extent or in the time frame we anticipate. We may lose key employees, customers, vendors and other **their use** business partners of a company we acquire after announcement of acquisition plans. In addition, an acquisition may involve a number of risks and difficulties, including expansion into new geographic markets and business areas in which our management has limited prior experience, the diversion of management's attention to the operations and personnel of the acquired company, the integration of the acquired company's personnel, operations and technology systems and applications, changing relationships with customers, vendors or strategic partners, differing regulatory requirements including in new geographic markets and new business areas, and potential **expiration** short-term adverse effects on our operating results. These challenges can be magnified as the size of the acquisition increases. Any delays or unexpected costs incurred in connection with the integration of an acquired company or otherwise related to an acquisition could have a material adverse effect on our business, financial condition and results of operations. An acquisition may require significant expenses and can result in increased debt or other contingent liabilities, adverse tax consequences, deferred compensation charges, the recording and later amortization of amounts related to deferred compensation and certain purchased intangible assets, and the refinement or revision of fair value acquisition estimates following the completion of an acquisition, any of which items could negatively impact our business, financial condition and results of operations. In addition, we may record goodwill in connection with an acquisition and incur goodwill impairment charges in the future. Any of these charges could cause the price of our common stock to decline. An acquisition also could absorb substantial cash resources, require us to incur or assume debt obligations, or involve our issuance of additional equity securities. If we issue equity securities in connection with an acquisition, we may dilute our common stock with securities that have an equal or a senior interest in our company. An acquired entity also may be leveraged or dilutive to our earnings per share, or may have unknown liabilities. In addition, the combined entity may have lower than expected revenues or higher expenses and therefore may not achieve the anticipated results. Any of these factors relating to an acquisition could have a material adverse impact on our business, financial condition and results of operations. Claims asserted against us for violation of securities laws, whether or not such claims have any merit, are costly to defend and could result in significant liabilities and diversion of our management's time and attention and could have a material adverse effect on our financial condition, business and results of operations. We offered and sold shares of our Series A Preferred Stock in offerings registered under the Securities Act. In February 2022, a purported securities class action was filed in the Superior Court of California for Los Angeles County, entitled *Braun v. Ontrak, Inc., et al.*, Case No. 22STCV07174, on behalf of a putative class of all purchasers of our Series A Preferred Stock in such offerings. The action was brought against us, our officers and directors, and the investment banking firms that acted as underwriters for the offerings. The plaintiff asserted causes of actions alleging that we violated the federal securities laws in connection with the offerings based upon allegations that statements made regarding the growth of our customer base and expansion of our program with health plan customers were false or misleading. We believe that the allegations of falsity lack merit and that we have meritorious defenses, and we intend to defend against the action vigorously. In addition, one beneficial owner of our Series A Preferred Stock, through its legal counsel, has asserted that it believes it has claims against us based upon (a) statements in the prospectuses related to the offering of our Series A Preferred Stock regarding the segregated account that was funded with a portion of the proceeds received from such offerings to pre-fund dividend payments on our Series A Preferred Stock in light of the action of our board of directors in April 2023 to make such funds available for general corporate purposes after considering its fiduciary duties to our common stockholders and other relevant factors, (b) our alleged failures to

accommodate the nominees of such beneficial owner for election by the holders of Series A Preferred Stock at the Company's 2023 annual meeting, and (c) our alleged failure to provide notice to the holders of Series A Preferred Stock in connection with the delisting of such stock by Nasdaq on October 20, 2023. To date, such beneficial owner has not specified damages or remedies it would seek if it were to assert any such claims formally. Others with interests in the Series A Preferred Stock may assert similar claims. We believe that such claims are and would be without merit and subject to meritorious defenses. However, any claim alleging any violation of securities laws or of the Certificate of Designations establishing the Series A Preferred Stock, with or without merit, could result in costly litigation, significant liabilities and diversion of our management's time and attention and could have a material adverse effect on our financial condition, business and results of operations. The results of litigation and other legal proceedings are inherently uncertain and adverse judgments or settlements (regardless of a claim's merit) in any legal dispute may result in materially adverse monetary damages or injunctive relief against us. An extended curtailment or halt of operations at the SEC and other government agencies, including due to a U. S. federal government shutdown, could delay or disrupt clinical and preclinical development and potential marketing approval of our product candidates and our ability to raise additional capital. Twice in the past decade, the previous appropriations legislation deadline was reached and Congress failed to pass a new appropriations bill or continuing resolution to temporarily extend funding, resulting in U. S. government shutdowns that caused federal agencies to halt non-essential operations. Political polarization among lawmakers may lead to a higher frequency and longer duration of government shutdowns in the future. The federal government came very close to another shutdown in late 2023. A federal government shutdown could prevent staff at federal agencies from performing key functions that may adversely affect our business. For example, a government shutdown could prevent SEC staff from performing key functions, including, for example, granting acceleration requests for registration statements, declaring registration statements or amendments thereto effective and providing interpretive guidance or no-action letters. If a federal government shutdown halts non-essential SEC operations for an extended period, it may negatively impact our ability to raise additional capital through registered offerings of our securities in the future. If a prolonged U. S. government shutdown or other event or condition occurs that prevents government and other regulatory agencies from hiring and retaining personnel and conducting their regular activities, it could significantly impact the ability of these agencies to timely review and process our regulatory submissions and may impede our access to additional capital needed to maintain or expand our operations or to complete important acquisitions or other transactions, which could have a material adverse effect on our business. Risks related to our intellectual property Confidentiality agreements with employees, treating physicians and others may not adequately prevent disclosure of trade secrets and other proprietary information. In order to protect our proprietary technology and processes, we rely in part on **trade secret protection and** confidentiality provisions in our agreements with employees, treating physicians, and others. These agreements may not effectively prevent disclosure of ~~confidential~~ **our trade secrets or other proprietary** information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, **we cannot guarantee that we have entered into such agreements with each party that may have or has had access to our trade secrets or proprietary information. Any disclosure, either intentional or inadvertent, by our current or former employees, treating physicians, or others, or misappropriation by third parties (such as through a cybersecurity breach) of our trade secrets or proprietary information could enable competitors to duplicate or surpass our technological achievements and erode our competitive position in our market. In addition, others may gain access to our trade secrets and proprietary information or** independently discover ~~trade secrets and proprietary~~ **or develop substantially equivalent** information. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and ~~failure to obtain~~ **enforcing a claim that a party illegally disclosed or maintain** ~~misappropriated a trade secret~~ **is difficult, expensive, and time-consuming, and the outcome is unpredictable. Our failure to** ~~protection~~ **protect trade secrets or other proprietary information** could adversely affect our competitive **position, which would significantly harm our** ~~business position~~. We may be subject to claims that we infringe the intellectual property rights of others, and unfavorable outcomes could harm our business. ~~We~~ ~~Our future operations~~ may be subject to claims, and potential litigation, arising from our alleged infringement of patents, trade secrets, trademarks or copyrights owned by ~~other~~ third parties. Within the healthcare, drug and bio-technology industry, many companies actively pursue infringement claims and litigation, which makes the entry of competitive products more difficult. We may experience claims or litigation initiated by existing, better-funded competitors and by other third parties. Court-ordered injunctions may prevent us from continuing to market existing products or from bringing new products to market and the outcome of litigation and any resulting loss of revenues and expenses of litigation may substantially affect our ability to meet our expenses and continue operations. Risks related to our healthcare industry Recent changes in insurance and health care laws have created uncertainty in the health care industry. The Patient Protection and Affordable Care Act as amended by the Health Care and Education Reconciliation Act, each enacted in March 2010, generally known as the Health Care Reform Law, significantly expanded health insurance coverage to uninsured Americans and changed the way health care is financed by both governmental and private payors. Following the 2016 federal elections, which resulted in the election of the Republican presidential nominee and Republican majorities in both houses of Congress, there were renewed legislative efforts to significantly modify or repeal the Health Care Reform Law and certain executive policy changes designed to modify its impact, including the enactment of the Tax Cuts and Jobs Act in December 2017 which repealed the penalties under the Health Care Reform Law for uninsured persons. In light of the Supreme Court ruling in California et al. v. Texas et al. in June 2021 generally supporting the Health Care Reform Law, we cannot predict what further reform proposals, if any, will be adopted, when they may be adopted, or what impact they may have on our business. **In January 2025, the new U. S. presidential administration issued Executive Order 14148, which revoked Executive Order 14009 issued by the prior U. S. presidential administration in January 2021, which had initiated a special enrollment period for purposes of obtaining health insurance coverage through the Health Care Reform Law marketplace.** There may also be other risks and uncertainties associated with the Health Care Reform Law. If we fail to comply

or are unable to effectively manage such risks and uncertainties, our financial condition and results of operations could be adversely affected. We expect that additional state and federal healthcare reform measures may be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare therapies, which could result in reduced demand for our services or additional pricing pressures. In August 2022, President Biden signed into law the Inflation Reduction Act of 2022 (“IRA”), which, among other provisions, included several measures intended to lower the cost of prescription drugs and related healthcare reforms. The IRA permits the Secretary of the Department of Health and Human Services to implement many of these provisions through guidance, as opposed to regulation, for the initial years. We cannot be sure whether additional legislation or rulemaking related to the IRA will be issued or enacted, or what impact, if any, such changes will have on our business. Our policies and procedures may not fully comply with complex and **potentially** increasing regulation by state and federal authorities, which could negatively impact our business operations. The healthcare industry is highly regulated and continues to undergo significant changes as third-party payors, such as Medicare and Medicaid, traditional indemnity insurers, managed care organizations and other private payors, increase efforts to control cost, utilization and delivery of healthcare services. Healthcare companies are subject to extensive and complex federal, state and local laws, regulations and judicial decisions. Our failure or the failure of our treating physicians to comply with applicable healthcare laws and regulations may result in the imposition of civil or criminal sanctions that we cannot afford, or require redesign or withdrawal of our programs from the market. We may become subject to medical liability claims, which could cause us to incur significant expenses and may require us to pay significant damages if not covered by insurance. Our business entails the risk of medical liability claims against both our providers and us. Although we carry insurance covering medical malpractice claims in amounts that we believe are appropriate in light of the risks attendant to our business, successful medical liability claims could result in substantial damage awards that exceed the limits of our insurance coverage. We carry professional liability insurance for ourselves, and we separately carry a general insurance policy, which covers medical malpractice claims. In addition, professional liability insurance is expensive and insurance premiums may increase significantly in the future, particularly as we expand our services. As a result, adequate professional liability insurance may not be available to us in the future at acceptable costs or at all. Any claims made against us that are not fully covered by insurance could be costly to defend against, result in substantial damage awards against us and divert the attention of our management and our providers from our operations, which could have a material adverse effect on our business, financial condition and results of operations. In addition, any claims may adversely affect our business or reputation. Our business practices may be found to constitute illegal fee-splitting or corporate practice of medicine, which may lead to penalties and adversely affect our business. Many states have laws that prohibit business corporations, such as us, from practicing medicine, exercising control over medical judgments or decisions of physicians or other health care professionals (such as nurses or nurse practitioners), or engaging in certain business arrangements with physicians or other health care professionals, such as employment of physicians and other health care professionals or fee-splitting. The state laws and regulations and administrative and judicial decisions that enumerate the specific corporate practice and fee-splitting rules vary considerably from state to state and are enforced by both the courts and government agencies, each with broad discretion. Courts, government agencies or other parties, including physicians, may assert that we are engaged in the unlawful corporate practice of medicine, fee-splitting, or payment for referrals by providing administrative and other services in connection with our treatment programs. As a result of such allegations, we could be subject to civil and criminal penalties, our contracts could be found invalid and unenforceable, in whole or in part, or we could be required to restructure our contractual arrangements. If so, we may be unable to restructure our contractual arrangements on favorable terms, which would adversely affect our business and operations. Our business practices may be found to violate anti-kickback, physician self-referral or false claims laws, which may lead to penalties and adversely affect our business. The healthcare industry is subject to extensive federal and state regulation with respect to kickbacks, physician self-referral arrangements, false claims and other fraud and abuse issues. The federal anti-kickback law (the “Anti-Kickback Law”) prohibits, among other things, knowingly and willfully offering, paying, soliciting, receiving, or providing remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual, or the furnishing, arranging for, or recommending of an item or service that is reimbursable, in whole or in part, by a federal health care program. “Remuneration” is broadly defined to include anything of value, such as, for example, cash payments, gifts or gift certificates, discounts, or the furnishing of services, supplies, or equipment. The Anti-Kickback Law is broad, and it prohibits many arrangements and practices that are lawful in businesses outside of the health care industry. Recognizing the breadth of the Anti-Kickback Law and the fact that it may technically prohibit many innocuous or beneficial arrangements within the health care industry, the Office of Inspector General (“OIG”) has issued a series of regulations, known as the “safe harbors.” Compliance with all requirements of a safe harbor immunizes the parties to the business arrangement from prosecution under the Anti-Kickback Law. The failure of a business arrangement to fit within a safe harbor does not necessarily mean that the arrangement is illegal or that the OIG will pursue prosecution. Still, in the absence of an applicable safe harbor, a violation of the Anti-Kickback Law may occur even if only one purpose of an arrangement is to induce referrals. The penalties for violating the Anti-Kickback Law can be severe. These sanctions include criminal and civil penalties, imprisonment, and possible exclusion from the federal health care programs. Many states have adopted laws similar to the Anti-Kickback Law, and some apply to items and services reimbursable by any payor, including private insurers. In addition, the federal ban on physician self-referrals, commonly known as the Stark Law, prohibits, subject to certain exceptions, physician referrals of Medicare patients to an entity providing certain “designated health services” if the physician or an immediate family member of the physician has any financial relationship with the entity. A “financial relationship” is created by an investment interest or a compensation arrangement. Penalties for violating the Stark Law include the return of funds received for all prohibited referrals, fines, civil monetary penalties, and possible exclusion from the federal health care programs. In addition to the Stark Law, many states have their own self-referral bans, which may extend to all self-referrals, regardless of the payor. The federal False Claims Act imposes liability on any

person or entity that, among other things, knowingly presents, or causes to be presented, a false or fraudulent claim for payment to the federal government. Under the False Claims Act, a person acts knowingly if he has actual knowledge of the information or acts in deliberate ignorance or in reckless disregard of the truth or falsity of the information. Specific intent to defraud is not required. Violations of other laws, such as the Anti-Kickback Law or the FDA prohibitions against promotion of off-label uses of drugs, can lead to liability under the federal False Claims Act. The qui tam provisions of the False Claims Act allow a private individual to bring an action on behalf of the federal government and to share in any amounts paid by the defendant to the government in connection with the action. The number of filings of qui tam actions has increased significantly in recent years. When an entity is determined to have violated the False Claims Act, it may be required to pay up to three times the actual damages sustained by the government, plus civil **monetary** penalties of between \$ **5-14,500-308** and \$ **11-28,000-619** for each false claim. Conduct that violates the False Claims Act may also lead to exclusion from the federal health care programs. Given the number of claims likely to be at issue, potential damages under the False Claims Act for even a single inappropriate billing arrangement could be significant. In addition, various states have enacted similar laws modeled after the False Claims Act that apply to items and services reimbursed under Medicaid and other state health care programs, and, in several states, such laws apply to claims submitted to all payors. On May 20, 2009, the **Federal Fraud Enforcement and Recovery Act of 2009**, or FERA, became law, and it significantly amended the federal False Claims Act. Among other things, FERA eliminated the requirement that a claim must be presented to the federal government. As a result, False Claims Act liability extends to any false or fraudulent claim for government money, regardless of whether the claim is submitted to the government directly, or whether the government has physical custody of the money. FERA also specifically imposed False Claims Act liability if an entity “knowingly and improperly avoids or decreases an obligation to pay or transmit money or property to the Government.” As a result, the knowing and improper failure to return an overpayment can serve as the basis for a False Claims Act action. In March 2010, Congress passed the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, collectively the ACA, which also made sweeping changes to the federal False Claims Act. The ACA also established that Medicare and Medicaid overpayments must be reported and returned within 60 days of identification or when any corresponding cost report is due. Finally, **HIPAA, as amended by the Health Insurance Portability and Accountability Act of 1996-2009** and its implementing regulations (“**HITECH**”) created the crimes of health care fraud and false statements relating to health care matters. The health care fraud statute prohibits knowingly and willfully executing a scheme to defraud any health care benefit program, including a private insurer. The false statements statute prohibits knowingly and willfully falsifying, concealing, or covering up a material fact or making any materially false, fictitious, or fraudulent statement in connection with the delivery of or payment for health care benefits, items, or services. A violation of this statute is a felony and may result in fines, imprisonment, or exclusion from the federal health care programs. Federal or state authorities may claim that our fee arrangements, our agreements and relationships with contractors, hospitals and physicians, or other activities violate fraud and abuse laws and regulations. If our business practices are found to violate any of these laws or regulations, we may be unable to continue with our relationships or implement our business plans, which would have an adverse effect on our business and results of operations. Further, defending our business practices could be time consuming and expensive, and an adverse finding could result in substantial penalties or require us to restructure our operations, which we may not be able to do successfully. Our business practices may be subject to state regulatory and licensure requirements. Our business practices may be regulated by state regulatory agencies that generally have discretion to issue regulations and interpret and enforce laws and rules. These regulations can vary significantly from jurisdiction to jurisdiction, and the interpretation of existing laws and rules also may change periodically. Some of our business and related activities may be subject to state health care-related regulations and requirements, including managed health care, utilization review (UR) or third-party administrator-related regulations and licensure requirements. These regulations differ from state to state, and may contain network, contracting, and financial and reporting requirements, as well as specific standards for delivery of services, payment of claims, and adequacy of health care professional networks. If a determination is made that we have failed to comply with any applicable state laws or regulations, our business, financial condition and results of operations could be adversely affected. If our providers or experts are characterized as employees, we would be subject to employment and withholding liabilities. We structure our relationships with our providers and experts in a manner that we believe results in an independent contractor relationship, not an employee relationship. An independent contractor is generally distinguished from an employee by his or her degree of autonomy and independence in providing services. A high degree of autonomy and independence is generally indicative of a contractor relationship, while a high degree of control is generally indicative of an employment relationship. On October 13, 2022, the Department of Labor published its “Employee or Independent Contractor Classification under the Fair Labor Standards Act” (the “FLSA Standards”) that would rescind existing guidance adopted under the Trump Administration and broaden the scope of the so-called “economic realities test” used to classify workers, likely making it more difficult for workers to be classified as independent contractors. **In January 2024, the Department of Labor published a final rule, “Employee or Independent Contractor Classification Under the Fair Labor Standards Act” rescinding the Independent Contractor Status Under the Fair Labor Standards Act rule and replacing it with an analysis for determining employee or independent contractor status that is more consistent with the FLSA as interpreted by longstanding judicial precedent.** Although we believe that our providers and experts are properly characterized as independent contractors, tax or other regulatory authorities may in the future challenge our characterization of these relationships particularly if the new FLSA Standards are adopted. If such regulatory authorities or state, federal or foreign courts were to determine that our providers or experts are employees, and not independent contractors, we would be required to withhold income taxes, to withhold and pay social security, Medicare and similar taxes and to pay unemployment and other related payroll taxes. We would also be liable for unpaid past taxes and subject to penalties. As a result, any determination that our providers or experts are our employees could have a material adverse effect on our business, financial condition and results

of operations. We may be subject to healthcare anti- fraud initiatives, which may lead to penalties and adversely affect our business. State and federal government agencies are devoting increased attention and resources to anti- fraud initiatives against healthcare providers and the entities and individuals with whom they do business, and such agencies may define fraud expansively to include our business practices, including the receipt of fees in connection with a healthcare business that is found to violate any of the complex regulations described above. While to our knowledge we have not been the subject of any anti-fraud investigations, if such a claim were made, defending our business practices could be time consuming and expensive and an adverse finding could result in substantial penalties or require us to restructure our operations, which we may not be able to do successfully. Our use and disclosure of patient information is subject to privacy and security regulations, which may result in increased costs. In providing administrative services to healthcare providers and operating our treatment programs, we may collect, use, disclose, maintain and transmit patient information in ways that will be subject to many of the numerous state, federal and international laws and regulations governing the collection, use, disclosure, storage, privacy and security of patient-identifiable health information, including the administrative simplification requirements of ~~the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations (HIPAA)~~ and ~~the Health Information Technology for Economic and Clinical Health Act of 2009 (HITECH)~~. The HIPAA Privacy Rule restricts the use and disclosure of certain patient information (“ Protected Health Information ” or “ PHI ”) and requires safeguarding that information. The HIPAA Security Rule and HITECH establish elaborate requirements for safeguarding PHI transmitted or stored electronically. HIPAA applies to covered entities, which may include healthcare facilities and also includes health plans that will contract for the use of our programs and our services. HIPAA and HITECH require covered entities to bind contractors that use or disclose protected health information (or “ Business Associates ”) to compliance with certain aspects of the HIPAA Privacy Rule and all of the HIPAA Security Rule. In addition to contractual liability, Business Associates are also directly subject to regulation by the federal government. Direct liability means that we are subject to audit, investigation and enforcement by federal authorities. HITECH imposes breach notification obligations requiring us to report breaches of “ Unsecured Protected Health Information ” or PHI that has not been encrypted or destroyed in accordance with federal standards. Business Associates must report such breaches so that their covered entity customers may in turn notify all affected patients, the federal government, and in some cases, local or national media outlets. We may be required to indemnify our covered entity customers for costs associated with breach notification and the mitigation of harm resulting from breaches that we cause. If we are providing management services that include electronic billing on behalf of a physician practice or facility that is a covered entity, we may be required to conduct those electronic transactions in accordance with the HIPAA regulations governing the form and format of those transactions. Services provided under our Ontrak solution not only require us to comply with HIPAA and HITECH but also Title 42 Part 2 of the Code of Federal Regulations (“ Part 2 ”). Part 2 is a federal, criminal law that severely restricts our ability to use and disclose drug and alcohol treatment information obtained from federally- supported treatment facilities. Our operations must be carefully structured to avoid liability under this law. Our Ontrak solution qualifies as a federally funded treatment facility which requires us to disclose information on members only in compliance with Title 42. In addition to the federal privacy regulations, there are a number of state laws governing the privacy and security of health and personal information. **Currently, there are at least 20 states that have comprehensive data privacy laws in place.** The penalties for violation of these laws vary widely and the area is rapidly evolving. In 2018, California passed the California Consumer Privacy Act (the “ CCPA ”), which gives consumers significant rights over the use of their personal information, including the right to object to the “ sale ” of their personal information. In 2020, Californians voted to enact the California Privacy Rights Act (**the “ CPRA ”**), which amends the CCPA by expanding consumers' rights in their personal information and creating a new governmental agency to interpret and enforce the statute. Most provisions of the CPRA will become effective on January 1, 2023. While information covered by HIPAA is generally exempt from the applicability of the CCPA as amended by the CPRA, the rights of consumers under the CCPA may restrict our ability to use personal information in connection with our business operations. The CCPA also provides a private right of action for certain security breaches. In 2019, New York passed a law known as the SHIELD Act, which expands data breach reporting obligations and requires companies to have robust data security programs in place. More recently, New York and other states, including Washington, have introduced significant privacy bills, and Congress is debating federal privacy legislation, which if passed, may restrict our business operations and require us to incur additional costs for compliance. In addition, several foreign countries and governmental bodies, including the E. U., Brazil and Canada, have laws and regulations concerning the collection and use of personally identifiable information obtained from their residents, including identifiable health information, which are often more restrictive than those in the U. S. laws and regulations in these jurisdictions apply broadly to the collection, use, storage, disclosure and security of personally identifiable information, including health information, identifying, or which may be used to identify, an individual, such as names, email addresses and, in some jurisdictions, Internet Protocol (IP) addresses, device identifiers and other data. Although we currently conduct business only in the United States of America, these laws and regulations could become applicable to us in the event we expand our operations into other countries. These and other obligations may be modified and interpreted in different ways by courts, and new laws and regulations may be enacted in the future. Within the EEA, the General Data Protection Regulation (**“ GDPR ”**) took full effect on May 25, 2018, superseding the 1995 European Union Data Protection Directive and becoming directly applicable across E. U. member states. The GDPR includes more stringent operational requirements for processors and controllers of personal data (including health information) established in and outside of the EEA, imposes significant penalties for non-compliance and has broader extra- territorial effect. As the GDPR is a regulation rather than a directive, it applies throughout the EEA, but permits member states to enact supplemental requirements if they so choose. Noncompliance with the GDPR can trigger fines of up to the greater of € 20 million or 4 % of global annual revenues. Further, a Data Protection Act substantially implementing the GDPR was enacted in the U. K., effective in May 2018. It remains unclear, however, how U. K. data protection laws or regulations will develop in the medium to longer term and how data transfers to and from the U. K. will be

regulated in light of the U. K.'s withdrawal from the E. U. In addition, some countries are considering or have enacted legislation requiring local storage and processing of data that could increase the cost and complexity of delivering our services. We believe that we have taken the steps required of us to comply with laws governing the privacy and security of personal information, including health information privacy and security laws and regulations, in all applicable jurisdictions, both state and federal. However, we may not be able to maintain compliance in all jurisdictions where we do business. In addition, to the extent we disclose such information to our third- party service providers in the course of our business, we may be indirectly liable for their misuse or other unauthorized disclosure of such personal information (including health information). Failure to maintain compliance, or changes in state or federal privacy and security laws could result in civil and / or criminal penalties and could have a material adverse effect on our business, including significant reputational damage associated with a breach. Under HITECH, we are subject to prosecution or administrative enforcement and increased civil and criminal penalties for non-compliance, including a four- tiered system of monetary penalties. We are also subject to enforcement by state attorneys general who were given authority to enforce HIPAA under HITECH, and who have authority to enforce state- specific data privacy and security laws. If regulations change, if we expand the territorial scope of our operations, or if it is determined that we are not in compliance with privacy regulations, we may be required to modify aspects of our program, which may adversely affect program results and our business or profitability. Cybersecurity incidents, security breaches, loss of data and other disruptions could compromise sensitive information related to our business, prevent us from accessing critical information or expose us to liability, which could adversely affect our business and our reputation. In the ordinary course of our business, we collect and store sensitive data, including legally protected patient health information, personally identifiable information about our employees, intellectual property, and proprietary business information. Our success depends in part on our ability to provide effective cybersecurity protection in connection with our digital technologies and services as well as our internal digital infrastructure. We manage and maintain our applications and data utilizing an off- site co- location facility. These applications and data encompass a wide variety of business critical information including research and development information, commercial information and business and financial information. The secure processing, storage, maintenance and transmission of this critical information is vital to our operations and business strategy, and we devote significant resources to protecting such information. Although we take measures to protect sensitive information from unauthorized access or disclosure, our information technology and infrastructure may be vulnerable to cyberattacks, viruses, breaches or interruptions due to employee error or malfeasance, breaches or interruptions due to the malfeasance or negligence of any of our third- party service providers, terrorist attacks, earthquakes, fire, flood, other natural disasters, power loss, computer systems failure, data network failure, Internet failure or lapses in compliance with privacy and security mandates. We may be subject to distributed denial of service ("DDOS ") attacks by hackers aimed at disrupting service to patients and customers. Our response to such DDOS attacks may be insufficient to protect our network and systems. In addition, there has been a continuing increase in the number of malicious software attacks in a wide variety of different industries, including malware, ransomware, and email phishing scams. Any successful cybersecurity incident or attack or breach could compromise our networks and the information stored there could be accessed by unauthorized parties, publicly disclosed, lost or stolen. We have measures in place that are designed to detect and respond to such incidents and breaches. Nonetheless, there can be no assurance that the protocols and systems we have designed to prevent or limit the effects of cybersecurity incidents or attacks, including our backup systems, regular data backups, security protocols, network protection mechanisms and other procedures currently in place, or that may be in place in the future, will be adequate to prevent or remedy network and service interruption, system failure, damage to one or more of our systems, data loss, security breaches or other cyberattack and data security incidents. We might be required to expend significant capital and resources to protect against or address security breaches or other cyberattack and data security incident. Any access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information (such as HIPAA and state data security laws), government enforcement actions and regulatory penalties. We may also be required to indemnify our customers for costs associated with having their data on our system breached. Unauthorized access, loss or dissemination could also interrupt our operations, including our ability to provide treatment, bill our customers, provide customer support services, conduct research and development activities, process and prepare company financial information, manage various general and administrative aspects of our business and damage our reputation, or we may lose one or more of our customers, especially if they felt their data may be breached, any of which could adversely affect our business. Also, even if we successfully defend our own digital technologies and services, we also rely on providers of third- party products, services, and networks, with whom we may share data and services, and who may be unable to effectively defend their digital technologies and services against cyberattack. We have experienced and will continue to experience varying degrees of cybersecurity incidents in the normal conduct of our business, including attacks resulting from social engineering such as phishing. These risks could harm our reputation and our relationships with our customers, our third party partners and our employees and may result in claims against us. Certain of our professional healthcare employees, such as nurses, must comply with individual licensing requirements. All of our healthcare professionals who are subject to licensing requirements, such as our care coaches, are licensed in the state in which they provide professional services in person. While we believe our nurses provide coaching and not professional services, one or more states may require our healthcare professionals to obtain licensure if providing services telephonically across state lines to the state' s residents. Healthcare professionals who fail to comply with these licensure requirements could face fines or other penalties for practicing without a license, and we could be required to pay those fines on behalf of our healthcare professionals. If we are required to obtain licenses for our nurses in states where they provide telephonic coaching, it would significantly increase the cost of providing our product. In addition, new and evolving agency interpretations, federal or state legislation or regulations, or judicial decisions could lead to the implementation of out- of- state licensure requirements in additional states, and such changes would increase the cost of services and could have a material effect on our business. Risks related to our preferred stock Our Series A Preferred Stock ranks junior to all of our

indebtedness and other liabilities. **If we liquidate our assets to pay our creditors, we may not have sufficient assets to pay amounts due on any or all of the Series A Preferred Stock then outstanding.** In the event of our bankruptcy, liquidation, dissolution or winding-up of our affairs, our assets will be available to pay obligations on the Series A Preferred Stock only after all of our indebtedness and other liabilities have been paid. The rights of holders of the Series A Preferred Stock to participate in the distribution of our assets will rank junior to the prior claims of our current and future creditors and any future series or class of preferred stock we may issue that ranks senior to the Series A Preferred Stock. **At December 31, 2024, our total liabilities was \$ 11.2 million.** Also, the Series A Preferred Stock effectively ranks junior to all existing and future indebtedness and to the indebtedness and other liabilities of our existing subsidiaries and any future subsidiaries. Our existing subsidiaries are, and future subsidiaries would be, separate legal entities and have no legal obligation to pay any amounts to us in respect of dividends due on the Series A Preferred Stock. ~~At December 31, 2023, our total liabilities was \$ 5.6 million. If we are forced to liquidate our assets to pay our creditors, we may not have sufficient assets to pay amounts due on any or all of the Series A Preferred Stock then outstanding. Our future debt instruments may restrict the authorization, payment or setting apart of dividends~~ on the Series A Preferred Stock. Also, future offerings of debt or senior equity securities may adversely affect the market price of the Series A Preferred Stock. If we decide to issue debt or senior equity securities in the future, it is possible that these securities will be governed by an indenture or other instruments containing covenants restricting our operating flexibility. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of the Series A Preferred Stock and may result in dilution to owners of the Series A Preferred Stock. We and, indirectly, our stockholders, will bear the cost of issuing and servicing such securities. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. The holders of the Series A Preferred Stock will bear the risk of our future offerings, which may reduce the market price of the Series A Preferred Stock and will dilute the value of their holdings in us. Our Series A Preferred Stock is quoted on the OTC Markets, which could limit investors' liquidity and ability to trade in our Series A Preferred Stock. Our Series A Preferred Stock is quoted on the OTC Markets. The OTC Markets provides significantly less liquidity than a listing on the Nasdaq Stock Markets or ~~other~~ **another** national securities exchange. Securities quoted on the OTC Markets are traded by a community of market makers that enter quotes and trade reports. This market is limited in comparison to the national stock exchanges and any prices quoted may not be a reliable indication of the value of our Series A Preferred Stock. Quotes for stocks included on the OTC Markets are not listed in the financial sections of newspapers as are those for the Nasdaq Stock Market or the NYSE. Therefore, prices for securities traded solely on the OTC Markets may be difficult to obtain. Trading on the OTC Markets as opposed to a national securities exchange has resulted and may continue to result in a reduction in some or all of the following: (a) the liquidity of our Series A Preferred Stock; (b) the market price of our Series A Preferred Stock; (c) the number of market makers in our Series A Preferred Stock; (d) the availability of information concerning the trading prices and volume of shares of our Series A Preferred Stock; and (e) the number of broker-dealers willing to execute trades in shares of our Series A Preferred Stock. Each of the foregoing could have a material adverse effect on the price of our Series A Preferred Stock. The liquidity of the market for our Series A Preferred Stock also depends on a number of other factors, including prevailing interest rates, our financial condition and operating results, the number of holders of our Series A Preferred Stock, the market for similar securities and the interest of securities dealers in making a market in our Series A Preferred Stock. We cannot predict the extent to which investor interest in our Company will maintain the trading market in our Series A Preferred Stock, or how liquid that market will be. If an active market is not maintained, investors may have difficulty selling shares of our Series A Preferred Stock. We may not be able to pay dividends on the Series A Preferred Stock if we have insufficient cash or available 'surplus' as defined under Delaware law to make such dividend payments. Our ability to pay cash dividends on the Series A Preferred Stock requires us to have either net profits or positive net assets (total assets less total liabilities) over our capital, and that we have sufficient working capital in order to be able to pay our debts as they become due in the usual course of business. Our ability to pay dividends may also be impaired if any of the risks described in this report were to occur. Also, payment of our dividends depends upon our financial condition and other factors as our board of directors may deem relevant from time to time. We cannot assure you that we will have sufficient cash or "surplus" to pay the cash dividends on the Series A Preferred Stock. Dividends on our Series A Preferred Stock are payable every February 28, May 30, August 31, and November 30. Our board of directors is not required to declare a dividend on the Series A Preferred Stock and did not declare a dividend on the Series A Preferred Stock since February 2022. On April 19, 2023, approximately \$ 4.5 million that the Company maintained in a segregated account to pre-fund quarterly dividend payments on the Series A Preferred Stock until August 2022 was made available for general corporate purposes and was classified as unrestricted cash on the Company's consolidated balance sheet. Our board of directors deemed the foregoing to be in the best interests of the Company and its common stockholders in light of the Company's current and anticipated financial condition and outlook, and after considering its fiduciary duties to the Company's common stockholders and other relevant factors. **Our future debt instruments may restrict the authorization, payment or setting apart of dividends on the Series A Preferred Stock.** Future issuances of preferred stock may reduce the value of the Series A Preferred Stock. We may sell additional shares of preferred stock on terms that may differ from the Series A Preferred Stock. Such shares could rank on parity with or, subject to the voting rights referred to above (with respect to issuances of new series of preferred stock), senior to the Series A Preferred Stock as to distribution rights or rights upon liquidation, winding up or dissolution. The subsequent issuance of additional shares of Series A Preferred Stock, or the creation and subsequent issuance of additional classes of preferred stock on parity with the Series A Preferred Stock, could dilute the interests of the holders of Series A Preferred Stock offered hereby. Any issuance of preferred stock that is senior to the Series A Preferred Stock would not only dilute the interests of the holders of Series A Preferred Stock, but also could affect our ability to pay distributions on, redeem or pay the liquidation preference on the Series A Preferred Stock. Market interest rates may materially and adversely affect the value of the Series A Preferred Stock. One of the factors that

influences the price of the Series A Preferred Stock is the dividend yield on the Series A Preferred Stock (as a percentage of the market price of the Series A Preferred Stock) relative to market interest rates. Continued increase in market interest rates may lead prospective purchasers of the Series A Preferred Stock to expect a higher dividend yield (and higher interest rates would likely increase our borrowing costs and potentially decrease funds available for dividend payments). Thus, higher market interest rates could cause the market price of the Series A Preferred Stock to materially decrease. The special exchange right that the Series A Preferred Stock is entitled to may make it more difficult for a party to acquire us or discourage a party from acquiring us. The Series A Preferred Stock special exchange right may have the effect of discouraging a third party from making an acquisition proposal for us or of delaying, deferring or preventing certain of our change of control transactions under circumstances that otherwise could provide the holders of our Series A Preferred Stock with the opportunity to realize a premium over the then- current market price of such equity securities or that stockholders may otherwise believe is in their best interests. Holders of the Series A Preferred Stock may be unable to use the dividends- received deduction and may not be eligible for the preferential tax rates applicable to “ qualified dividend income. ” Distributions paid to corporate U. S. holders of the Series A Preferred Stock may be eligible for the dividends- received deduction, and distributions paid to non- corporate U. S. holders of the Series A Preferred Stock may be subject to tax at the preferential tax rates applicable to “ qualified dividend income, ” if we have current or accumulated earnings and profits, as determined for U. S. federal income tax purposes. We do not currently have any accumulated earnings and profits. Additionally, we may not have sufficient current earnings and profits during future fiscal years for the distributions on the Series A Preferred Stock to qualify as dividends for U. S. federal income tax purposes. If the distributions fail to qualify as dividends, U. S. holders would be unable to use the dividends- received deduction and may not be eligible for the preferential tax rates applicable to “ qualified dividend income. ” Holders of the Series A Preferred Stock may be subject to tax if we make or fail to make certain adjustments to the exchange rate of the Series A Preferred Stock even though you do not receive a corresponding cash dividend. The exchange rate for the Series A Preferred Stock special exchange right is subject to adjustment in certain circumstances. A failure to adjust (or to adjust adequately) such exchange rate after an event that increases your proportionate interest in us could be treated as a deemed taxable dividend to you. If you are a non- U. S. holder, any deemed dividend may be subject to U. S. federal withholding tax at a 30 % rate, or such lower rate as may be specified by an applicable treaty, which may be set off against subsequent payments on the Series A Preferred Stock. In April 2016, the Internal Revenue Service issued new proposed income tax regulations in regard to the taxability of changes in exchange rights that will apply to the Series A Preferred Stock when published in final form and may be applied to us before final publication in certain instances. Our revenues, operating results and cash flows may fluctuate in future periods, and we may fail to meet investor expectations, which may cause the price of our Series A Preferred Stock to decline. Variations in our quarterly and year- end operating results are difficult to predict, and our income and cash flows may fluctuate significantly from period to period. If our operating results fall below the expectations of investors or securities analysts, the price of our Series A Preferred Stock could decline substantially. The Series A Preferred Stock represents perpetual equity interests in us, and it has no maturity or mandatory redemption date and are not redeemable at the option of investors under any circumstances. As a result, the Series A Preferred Stock will not give rise to a claim for payment of a principal amount at a particular date. As a result, holders of the Series A Preferred Stock may be required to bear the financial risks of an investment in the Series A Preferred Stock for an indefinite period of time. The Series A Preferred Stock has not been rated. We have not sought to obtain a rating for the Series A Preferred Stock. No assurance can be given that one or more rating agencies might not independently determine to issue such a rating or that such a rating, if issued, would not adversely affect the market price of the Series A Preferred Stock. Also, we may elect in the future to obtain a rating for the Series A Preferred Stock, which could adversely affect the market price of the Series A Preferred Stock. Ratings only reflect the views of the rating agency or agencies issuing the ratings and such ratings could be revised downward, placed on a watch list or withdrawn entirely at the discretion of the issuing rating agency if in its judgment circumstances so warrant. Any such downward revision, placement on a watch list or withdrawal of a rating could have an adverse effect on the market price of the Series A Preferred Stock. The market price of the Series A Preferred Stock could be substantially affected by various factors. The market price of the Series A Preferred Stock depends on many factors, which may change from time to time, including: • prevailing interest rates, increases in which may have an adverse effect on the market price of the Series A Preferred Stock; • trading prices of similar securities; • our history of timely dividend payments; • the annual yield from dividends on the Series A Preferred Stock as compared to yields on other financial instruments; • general economic and financial market conditions; • government action or regulation; • the financial condition, performance and prospects of us and our competitors; • changes in financial estimates or recommendations by securities analysts with respect to us or our competitors in our industry; • our issuance of additional preferred equity or debt securities; and • actual or anticipated variations in quarterly operating results of us and our competitors. As a result of these and other factors, holders of the Series A Preferred Stock may experience a decrease, which could be substantial and rapid, in the market price of the Series A Preferred Stock, including decreases unrelated to our operating performance or prospects. A holder of Series A Preferred Stock has extremely limited voting rights. The voting rights of a holder of Series A Preferred Stock are limited. Our shares of common stock are the only class of our securities that carry full voting rights. Other than the limited circumstances described in the Certificate of Designations establishing the Series A Preferred Stock and except to the extent required by law, holders of Series A Preferred Stock do not have any voting rights. Voting rights for holders of the Series A Preferred Stock exist primarily with respect to voting on amendments to our certificate of incorporation, including the certificate of designations relating to the Series A Preferred Stock, that materially and adversely affect the rights of the holders of Series A Preferred Stock or authorize, increase or create additional classes or series of our capital stock that are senior to the Series A Preferred Stock. In addition, as of August 31, 2023, the holders of the Series A Preferred Stock, have the right, voting separately as a single class, to elect two individuals to our board of directors because, as of that date, dividends on the Series A Preferred Stock had not been paid in an aggregate amount equal to the equivalent of at least six or more quarterly dividends. See “ Risks

related to our common stock — The holders of our Series A Preferred Stock have the right to elect two directors to our board of directors,” below. As of the filing date of this report, 29-1, 064-937, 175-613 shares of our outstanding common stock were owned by, and 236-49, 067-714, 779-850 shares of our common stock were beneficially owned by, Acuitas Group Holdings, LLC, an entity indirectly wholly owned and controlled by Mr. Peizer, which represents the ownership of approximately 61-46 % of our outstanding common stock and the beneficial ownership of approximately 93-96 % of our common stock. The foregoing number of shares beneficially owned by Acuitas Group Holdings, LLC and the corresponding percentage assumes the conversion of \$ 3-11.5 million of the principal amount outstanding under Keep Well Notes at a conversion price of \$ 0-1.36 80 per share (with any accrued interest paid in cash) and includes 9-12, 722-777, 223-788 shares of common stock issuable upon exercise of warrants that would be issued upon conversion of such the \$ 3.5 million of the principal amount of the outstanding Keep Well Notes. As a result, Acuitas has and is expected to continue to have the ability to significantly influence the election of our Board-board of Directors-directors and the outcome of all other matters submitted to our stockholders. Acuitas’ interest may not always coincide with our interests or the interests of our other stockholders, and Acuitas may act in a manner that advances its best interests and not necessarily those of our other stockholders. One consequence to this substantial influence or control is that it may be difficult for investors to remove our management. It could also deter unsolicited takeovers, including transactions in which stockholders might otherwise receive a premium for their shares over then current market prices. There can be no assurance that our common stock will continue to be listed on Nasdaq or, if listed, that we will be able to comply with the-its continued listing requirements standards of Nasdaq, which could limit investors’ ability to transact in our securities and subject us to additional trading restrictions. Our common stock is listed on The Nasdaq Capital Market under the symbol “ OTRK. ” We are The Nasdaq Capital Market requires required to that listed companies satisfy continued listing standards requirements to maintain their-our listing. -On October 13, including requirements commonly referred to as 2023, we received a letter from the Listing Qualifications Staff (the “ Staff ”) of The Nasdaq Stock Market LLC (“ Nasdaq ”) indicating that we no longer meet the minimum bid price requirement set forth in Nasdaq Listing Rule-rule and either 5550 (a) (2) (the “ stockholders’ equity rule or the market value of listed securities rule. The Minimum minimum Bid-bid Price price Rule-rule requires that ”) because the closing bid price for of our common stock was less than \$ 1.00 for the previous 30 consecutive business days. The letter had no immediate effect on the listing of our common stock on The Nasdaq Capital Market. Under Nasdaq listing rules, we had a 180- calendar day period, or until April 10, 2024, to regain compliance with the Minimum Bid Price Rule. On April 11, 2024, we received a letter from the Staff notifying us that we had not regained compliance with the Minimum Bid Price Rule by April 10, 2024, and that we are not eligible for an additional 180- calendar day period within which to regain compliance because we do not meet the minimum stockholders’ equity requirement for initial listing on The Nasdaq Capital Market. The letter also states that, unless we request an appeal by April 18, 2024, our common stock will be scheduled for delisting from The Nasdaq Capital Market and will be suspended at the opening of business on April 22, 2024, and a Form 25- NSE will be filed with the SEC, which will remove our common stock from listing and registration on The Nasdaq Stock Market. The Staff made its determination based upon our most recent public filings as of April 11, 2024. However, as disclosed in this report, our stockholders’ equity as of December 31, 2023 and as of the date of the filing of this report is in excess of the minimum stockholders’ equity requirement for initial listing on The Nasdaq Capital Market. Accordingly, we believe we are eligible for an additional 180- calendar day period from April 10, 2024 within which to regain compliance with the Minimum Bid Price Rule. We would regain compliance with the Minimum Bid Price Rule if our common stock has a minimum closing bid price of at least \$ 1.00 per share for a minimum of 10 consecutive business days during the additional 180- calendar day period, and the stockholders’ equity rule requires unless Nasdaq exercises its discretion to extend such 10- day period. We have notified Nasdaq that if necessary, we intend to cure the non-compliance with the Minimum Bid Price Rule during such additional 180- calendar day period by implementing a reverse stock split in sufficient time to evidence a closing bid price of our common stock of stockholders’ equity be at least \$ 1-2.00 per share 5 million, for- or a minimum, alternatively, that the market value of ten consecutive business days prior our listed securities be at least \$ 35 million or that we have net income from continuing operations of \$ 500,000 in the most recently completed fiscal year or in to two of the the three most recently completed fiscal years expiration of such 180- day period. We were If the Staff does not in grant us such additional 180- calendar day period, we intend to appeal the Staff’s determination to delist our common stock to the Nasdaq Hearings Panel (the “ Panel ”) on or before April 18, 2024. A hearing request stays the delisting and suspension of our common stock pending the decision of the Panel. At the hearing, we would intend to present our views concerning our eligibility for the additional 180- calendar day period to regain compliance with the Minimum minimum Bid-bid Price price Rule-rule from October 2023 until October 7, 2024, with the stockholders’ equity rule from August 2023 until November 2023, and our plans for regaining with the minimum bid price rule from September 2022 until August 2023. Although we regained compliance with the applicable rule in each instance, which would include implementing a reverse stock split if necessary as described above. There there can be no assurance that we will be granted continue to satisfy those or an any additional 180- calendar day period within which to other continued listing requirement and maintain the listing of our common stock on Nasdaq. When Nasdaq confirmed that we regain-regained compliance with the minimum bid price rule on October 7, or 2024, Nasdaq also informed us if such an extension period is granted, that, pursuant to Nasdaq Listing Rule 5815 (d) (4) (A), we will be able subject to evidence a discretionary panel monitor for a period of one year from October 7, 2024, and that if, within that one- year period, we fail to maintain compliance with the Minimum Bid Price any continued listing requirement, Nasdaq’s Listing Qualifications Department will issue a delist determination letter and promptly schedule a new hearing with Nasdaq’s Hearings Panel. Notwithstanding Nasdaq Listing Rule before 5810 (c) (2), we will not be permitted to provide a plan of compliance to the extension-Listing Qualifications Department with respect to any deficiency that arises during the one- year monitoring period expires, and the Listing Qualifications Department will not be permitted to grant additional time for us to regain compliance with respect to any such

deficiency. The foregoing would limit our ability to regain compliance with any continued listing requirement with which we become non-compliant and increases the likelihood that our common stock may be delisted from Nasdaq in the event we become non-compliant with any continued listing requirement. For example, unless we raise sufficient additional capital or our outstanding Keep Well Notes are converted into shares of our common stock, our stockholders' equity may be less than \$ 2. 5 million at June 30, 2025. If that were to be the case and if the market value of our listed securities continues to be less than \$ 35 million, after we file our quarterly report on Form 10- Q for the quarter ended June 30, 2025, we expect to receive a Nasdaq delist determination letter and would be required to appeal the delisting determination to the Nasdaq' s Hearings Panel. No assurances can be given that we would appeal such delisting determination, or that if we do, that we would be granted any period of time within which to regain compliance with the stockholders' equity rule, or that if such time is granted, that we would be able to regain compliance within the period granted . In addition to the specified criteria for continued listing, Nasdaq also has broad discretionary public interest authority that it can exercise to apply additional or more stringent criteria for continued listing on the Nasdaq. Nasdaq has exercised this discretionary authority in the past. As of the date of the filing of this report, Acuitas is our largest stockholder and the aggregate principal amount we borrowed under the Keep Well Agreement, plus all accrued and unpaid interest thereon, was is approximately \$ 3-13 . 76 million. Mr. Peizer , our former chief executive officer and chairman of our board of directors, owns and controls Acuitas . On and on March 1, 2023, the DOJ announced charges and the SEC filed a civil complaint against Mr. Peizer alleging unlawful insider trading in our stock. Nasdaq Neither the Company nor any other current or former director or employee of the Company were charged by the DOJ or sued by the SEC. In June 2024, a federal jury convicted Mr. Peizer of one count of securities fraud and two counts of insider trading. On February 18, 2025, the Court vacated the sentencing hearing scheduled for February 24, 2025 and ordered Mr. Peizer and the U. S. government to meet and confer regarding a new date. The Court has requested certain information from us related to since set a forfeiture hearing for April 28, 2025. Neither the Company nor any the other current or former director or employee of the Company has been charges charged by against Mr. Peizer. We responded to those -- the requests DOJ or sued by the SEC . No assurances can be given that Nasdaq will not exercise its discretionary public interest authority to delist our common stock due to public interest concerns related to Acuitas' ownership of our common stock or its relationship to us under the Keep Well Agreement. In connection with (a) the public offering offerings of our and the concurrent private placement that closed on November 14, 2023 and the securities issuable in connection with the conversion of the Keep Well Notes effected in the Notes Conversion and (b) the Sixth Amendment to the Keep Well Agreement described in Item 7 of Part II of this report , we submitted -- submit listing of additional shares applications to Nasdaq . Current in accordance with Nasdaq listing rules. Current Staff practice is not to accept or reject listing of additional shares applications before the closing of an a public or private offering. We believe that the issuances of our securities have been in the public offering, in the concurrent private placement, in connection with the Notes Conversion and in connection with the Sixth Amendment to the Keep Well Agreement are all compliant with Nasdaq listing rules. However, Nasdaq could assert that as a result of one or more of these our securities issuances was , we are not in compliance with Nasdaq listing rules. For example, Nasdaq could assert that the exercise price reset and share adjustment provisions in the warrants sold we issued in the our November 2023 public offering and , in the concurrent private placement and /or under the Sixth Amendment to the Keep Well Agreement mandate a delisting determination unless such provisions are modified. Should that occur, we would need to obtain (1) with respect to the warrants sold issued in the our November 2023 public offering, the consent of the holders of such warrants representing at least a majority of the shares of common stock underlying the such warrants then outstanding and each investor in the November 2023 public offering who purchased at least \$ 1. 75 million of securities at the closing of the offering, and (2) with respect to the warrant issued to Acuitas in the concurrent our November 2023 private placement and with respect to the securities warrants issued under the Sixth Amendment to the Keep Well Agreement, the consent of Acuitas, for any modifications. The failure to obtain such consent (s) could result in the delisting of our common stock. If our common stock is delisted by Nasdaq, and we are not able to list our securities on another national securities exchange, we expect our securities could be quoted on an over-the-counter market. If this were to occur, then we could face significant material adverse consequences, including: (a) less liquid trading market for our securities; (b) more limited market quotations for our securities; (c) determination that our common stock is a " penny stock " that requires brokers to adhere to more stringent rules and possibly resulting in a reduced level of trading activity in the secondary trading market for our securities; (d) more limited research coverage by stock analysts; (e) loss of reputation; and (f) more difficult and more expensive equity financings in the future. The National Securities Markets Improvement Act of 1996, which is a federal statute, prevents or preempts the states from regulating the sale of certain securities, which are referred to as " covered securities. " If our common stock remains listed on Nasdaq, our common stock will be covered securities. Although the states are preempted from regulating the sale of our securities, the federal statute does allow the states to investigate companies if there is a suspicion of fraud, and, if there is a finding of fraudulent activity, then the states can regulate or bar the sale of covered securities in a particular case. If our securities were no longer listed on Nasdaq and therefore not " covered securities, " we would be subject to regulation in each state in which we offer our securities. Certain of our warrants contain price protection in the form of anti-dilution provisions that could harm trading in our common stock and make it difficult for us to obtain additional financing. The warrants we issued and sold in the public offering and the concurrent private placement that closed on in November 14, 2023 and the warrants issued under the Keep Well Agreement have price-based anti-dilution provisions. Under these anti-dilution provisions, subject to certain limited exceptions, (a) the exercise price of these warrants will be reduced each time we issue or sell (or are deemed to issue or sell) any securities for a consideration per share less than a price equal to their exercise price in effect immediately prior to such issuance or sale (or deemed issuance or sale), (b) on May 14, 2026, the exercise price of these warrants will be reduced to the greater of (i) \$ 0-2 . 1584-376 per share and (ii) the lesser of (x) the then exercise price and (y) the lowest volume weighted average price of our common stock on any

trading day during the five trading day period immediately before May 14, 2026, (c) if at any time prior to June 20, 2027, we grant, issue or sell (or enter into any agreement to grant, issue or sell) any shares of common stock, non- convertible indebtedness and / or common stock equivalents to Acuitas that results in a reduction of the exercise price in accordance with the terms of these warrants, or we consummate (or enter into any agreement with respect to) any other financing with Acuitas and the exercise price of these warrants is greater than the lowest volume weighted average price of our common stock on any trading day during the five trading day period immediately following the public announcement of such transaction with Acuitas, then the exercise price of these warrants will be reduced to the lowest volume weighted average price on any trading day during such five trading day period, and (d) if we issue, sell or enter into any agreement to issue or sell securities at a price which varies or may vary with the market price of the shares of our common stock, the holders of these warrants will have the right to substitute such variable price for the exercise price of their then in effect. In addition, these anti- dilution provisions provide that if the exercise price of the warrants decrease, then the number of shares of our common stock issuable upon exercise thereof will proportionally increase. See **Note 8 “Overview—Recent Developments—Warrant Adjustment Provisions” in Item 7 of the Notes to Consolidated Financial Statements in Part II, Item 8** of this report for more information regarding these anti-dilution provisions. ~~In addition, as described in “Overview—Recent Developments—Sixth Amendment to Existing Keep Well Agreement” in Item 7 of Part II of this report, subject to stockholder approval, we will issue additional warrants to Acuitas that contain these anti-dilution provisions.~~To the extent we trigger, or enter into any agreement or issue any security that would trigger, the anti-dilution provisions of these warrants, our stockholders may experience substantial dilution. For example, on March 28, 2024, in connection with entering into an amendment to the Keep Well Agreement to provide for the issuance of additional securities thereunder at a price less than the exercise price of these warrants, we obtained a waiver from each holder of these warrants, pursuant to which such holder agreed to specified adjustments to the exercise price of their respective warrant in lieu of the adjustments that would otherwise be made in accordance with the terms of their respective warrant. In accordance with such waivers, the per share exercise price of their respective warrant was reduced from \$ ~~0.11~~ ~~.85-99~~ to \$ ~~0.4~~ ~~.3442-8557~~ **(as adjusted for the 1: 15 reverse stock split effected on September 23, 2024)**, subject to further adjustment in accordance with the terms of such waiver and their respective warrant, and the aggregate number of shares of common stock issuable upon exercise of these warrants (without giving effect to the exercise of any of these warrants that occurred between their initial issuance date and the time the per share exercise price was reduced to \$ ~~0.4~~ ~~.3442-8557~~) increased from ~~357,666,666~~ to ~~142,407,513~~. See **“Overview—Recent Developments—Waivers by Holders-8 million to 9.5 million (as adjusted for the 1: 15 reverse stock split effected on September 23, 2024). As another example, in October 2024, in connection with 1: 15 reverse stock split effected on September 23, 2024, the per share exercise price of Outstanding certain of these Warrants warrants” in Item 7** ~~of Part II of this report for additional information regarding the waivers.~~ **was reduced to \$ 2.25 and per share exercise price of the rest of these warrants was reduced to \$ 2.08, and the aggregate number of shares of common stock issuable upon exercise of these warrants increased from approximately 3.3 million to approximately 7.4 million** ~~of Part II of this report for additional information regarding the~~ **waivers.** The overhang represented by these warrants, coupled with their anti-dilution provisions, may make it more difficult for us to raise additional capital, because of the possible substantial dilution to any new purchaser of our securities and the ability of holders of these warrants to enter into short sales of our stock. Any potential new purchaser of our securities may choose to value our common stock in such a manner that takes into account the number of shares of our common stock that would be outstanding immediately following the exercise of all these warrants. We incur increased costs as a result of operating as a public company, and our management devotes substantial time to compliance initiatives. We incur significant legal, accounting and other expenses as a public company, including costs resulting from public company reporting obligations under the Exchange Act and regulations regarding corporate governance practices. Nasdaq’s listing requirements and SEC rules require that we satisfy certain corporate governance requirements relating to director independence, filing annual and interim reports, stockholder meetings, approvals and voting, soliciting proxies, conflicts of interest and a code of conduct. Our management and other personnel devote a substantial amount of time to ensure that we comply with all of these requirements. Moreover, the reporting requirements, rules and regulations associated with being a public company result in significant legal and financial compliance costs and make some activities more time-consuming and costly. These reporting requirements, rules and regulations, coupled with the increase in potential litigation exposure associated with being a public company, could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors or board committees or to serve as executive officers, or to obtain certain types of insurance, including directors’ and officers’ insurance, on acceptable terms and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. Our stock price may be subject to substantial volatility, and the value of our stockholders’ investment may decline. The price at which our common stock trades fluctuates as a result of a number of factors, including the number of shares available for sale in the market, quarterly variations in our operating results and actual or anticipated announcements of our Ontrak solution, announcements regarding new or discontinued Ontrak solution contracts, new products or services by us or competitors, regulatory investigations or determinations, acquisitions or strategic alliances by us or our competitors, recruitment or departures of key personnel, the gain or loss of significant customers, changes in the estimates of our operating performance, actual or threatened litigation, market conditions in our industry and the economy as a whole. Numerous factors, including many over which we have no control, may have a significant impact on the market price of our common stock, including: ● announcements of new products or services by us or our competitors; ● current events affecting the political, economic and social situation in the United States; ● trends in our industry and the markets in which we operate; ● changes in financial estimates and recommendations by securities analysts; ● acquisitions and financings by us or our competitors; ● the gain or loss of a significant customer; ● quarterly variations in operating results; ● the operating and stock price performance of other companies that investors may consider to be comparable; ● purchases or sales of blocks of our securities; and ● issuances of stock. We have used the market price of our common stock to establish future payment obligations to stockholders of acquisition

targets in the past and may do so in the future; any decline in the market price regardless of whether due to our performance or external market dynamics would give rise to a payment obligation to such holders. Furthermore, stockholders may initiate additional securities class action lawsuits if the market price of our stock drops significantly, which may cause us to incur further substantial costs and continue to divert the time and attention of our management. Future sales of common stock by existing stockholders, or the perception that such sales may occur, could depress our stock price. The market price of our common stock could decline as a result of sales by, or the perceived possibility of sales by, our existing stockholders. Most of our outstanding shares are eligible for public resale pursuant to Rule 144 under the Securities Act of 1933, as amended. As of December 31, 2023-2024, approximately 29.1 .9 million outstanding shares of our common stock were held by our affiliates , including shares held by Acuitas, and may be sold pursuant to an effective registration statement or in accordance with the volume and other limitations of Rule 144 or pursuant to other transactions exempt transactions from the registration requirements of the Securities Act of 1933, as amended . Future sales of common stock by significant stockholders, including those who acquired their shares in private placements or who are affiliates, or the perception that such sales may occur, could depress the price of our common stock. Future issuances of common stock and hedging activities may depress the trading price of our common stock. Any future issuance of equity securities, including the issuance of shares upon direct registration, upon satisfaction of our obligations, compensation of vendors, exercise of outstanding warrants, or the conversion of the Keep Well Notes, could would dilute the interests of our existing stockholders, and could substantially decrease the trading price of our common stock. As of the filing date of this report, we had outstanding (a) options to purchase 4, 150, 073 shares of our common stock at exercise prices ranging from \$ 1 . 85 to \$ 7 , 816-791. 30 per share , 937 (b) warrants to purchase 43, 393, 530 shares of our common stock at exercise prices ranging from \$ 0. 39-0014 to \$ 519-135 . 75 42 per share, (b) warrants to purchase 183, 843, 027 shares of our common stock at exercise prices ranging from \$ 0. 0001 to \$ 9. 105 per share, and (c) unvested RSUs covering 116-3 , 984-905 shares of our common stock. Also, assuming conversion of the \$ 2-11 . 05 million in of the principal amount of the Surviving outstanding Keep Well Note Notes at a conversion price of \$ 0. 36 per share and \$ 1. 80 5 million in principal of the Initial Demand Note at a conversion price of \$ 0. 36 per share (with any accrued interest paid in cash in both cases), we would issue 5-12 , 555-777 . 788 556 and 4, 166, 667 shares of our common stock , respectively. In addition to the issuance of shares of our common stock upon the exercise or conversion of outstanding securities, we may issue equity securities in the future for a number of reasons, including to finance our operations and business strategy and in connection with acquisitions. There may be future sales or other dilution of our equity, which may adversely affect the market price of our common stock. We In the future, we may need to raise additional funds capital, which we may do through public or private financing, which might include sales of equity or equity- linked securities. The issuance of any additional shares of common stock or securities convertible into, exchangeable for, or that represent the right to receive common stock, and / or the exercise of such securities, could be substantially dilutive to holders of shares of our common stock. Holders of shares of our common stock have no preemptive rights that entitle them to purchase their pro rata share of any offering of shares of any class or series. The market price of our common stock could decline as a result of sales of shares of our common stock or the perception that such sales could occur. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of future offerings. Thus, our stockholders bear the risk of future offerings reducing the market price of our common stock and diluting their ownership interests. We have historically relied in part on sales of our common stock to fund our operations, and our future ability to obtain additional capital through stock sales or other securities offerings may be more costly than in the past, or may not be available to us at all. We have historically relied in part on sales of our common stock to fund our operations. For example, we raised an aggregate of approximately \$ 15. 1 million in gross proceeds in fiscal years 2021 and 2022 through the sale of shares of our common stock in offerings made under a Form S- 3 “shelf” registration statement. Using a shelf registration statement to conduct an equity offering to raise capital generally takes less time and is less expensive than other means, such as conducting an offering under a Form S- 1 registration statement. We However, we are no not longer currently eligible to use a shelf registration statement due to non- payment of dividends on our Series A preferred stock since December 31, and as 2022. As a result, the public if we issue securities in a registered offering of common stock, pre- funded warrants and warrants we must register such offering on closed in November 2023, raising an aggregate gross proceeds of \$ 6. 3 million, was completed under a Form S- 1 registration statement , as we did in November 2023 . We may choose to conduct additional offerings of our securities under an exemption from registration under the Securities Act or under a Form S- 1 registration statement, but we would expect either of these alternatives to be a more expensive method of raising additional capital and more dilutive to our stockholders relative to using a shelf registration statement. The holders of our Series A Preferred Stock have the right to elect two directors to our board of directors. Under the terms of the certificate of designation establishing our Series A Preferred Stock, if dividends on our Series A Preferred have not been paid in an aggregate amount equal to the equivalent of at least six or more quarterly dividends (whether consecutive or not), the number of directors constituting our board of directors will be increased by two, and the holders of our Series A Preferred Stock, will have the right, voting separately as a single class, to fill such newly created directorships (and to fill any vacancies in the terms of such directorships). Dividends on our Series A Preferred Stock are payable every February 28, May 30, August 31, and November 30. We have not paid the dividends on our Series A Preferred Stock since February 2022 and the director election right described above commenced on August 31, 2023 , though to date the holders of our Series A Preferred Stock have not filled the two directorships . Failure to maintain effective internal controls could adversely affect our operating results and the market for our common stock. Section 404 of the Sarbanes- Oxley Act of 2002 requires that we maintain internal control over financial reporting that meets applicable standards. As with many smaller companies with small staff, material weaknesses in our financial controls and procedures may be discovered. If we are unable, or are perceived as unable, to produce reliable financial reports due to internal control deficiencies, investors could lose confidence in our reported financial information and

operating results, which could result in a negative market reaction and adversely affect our ability to raise capital. Provisions in our certificate of incorporation and Delaware law could discourage a change in control, or an acquisition of us by a third party, even if the acquisition would be favorable to you. Our amended and restated certificate of incorporation and the Delaware General Corporation Law contain provisions that may have the effect of making more difficult or delaying attempts by others to obtain control of our Company, even when these attempts may be in the best interests of stockholders. In addition, our amended and restated certificate of incorporation authorizes our Board of Directors, without stockholder approval, to issue one or more series of preferred stock, which could have voting and conversion rights that adversely affect or dilute the voting power of the holders of common stock. Delaware law also imposes conditions on certain business combination transactions with “ interested stockholders. ” These provisions and others that could be adopted in the future could deter unsolicited takeovers or delay or prevent changes in our control or management, including transactions in which stockholders might otherwise receive a premium for their shares over then current market prices. These provisions may also limit the ability of stockholders to approve transactions that they may deem to be in their best interests. We do not expect to pay dividends on our common stock in the foreseeable future. We have paid no cash dividends on our common stock to date, and we intend to retain our future earnings, if any, to fund the continued development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future on our common stock. Further, any payment of cash dividends will also depend on our financial condition, results of operations, capital requirements and other factors, including contractual restrictions to which we may be subject, and will be at the discretion of our board of directors.