

STEWARD HEALTH CARE SYSTEM LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2022 and 2021
(Amounts in thousands)

NOTE 5 – ACQUISITIONS AND DIVESTITURES (Continued)

2022 CareMax Sale: On May 31, 2022, the Company, CareMax, Inc. (CareMax) and Sparta Holding Co. LLC (Sparta) signed an Agreement and Plan of Merger (Merger Agreement). The Merger Agreement entails the sale of the Steward Value-Based Care (the “LOB”) to CareMax (the “Merger”).

The LOB is a carve-out business of Steward Health Care Network, Inc. (SHCN), a wholly owned subsidiary of the Company. Sparta, which is owned by the owners of SHCS, was formed for the purpose of holding the equity interests of the LOB.

CareMax is a publicly traded entity. The Merger closed on November 10, 2022.

In contemplation of the Merger, a reorganization occurred wherein the equity interests of the subsidiaries of SHCN that held the net assets of the LOB were transferred to Sparta (Reorganization). Subsequent to the reorganization, Sparta sold the LOB to Caremax.

Management has accounted for the Reorganization as a spinoff in accordance with ASC 505-60-25-2.

The proceeds from the Reorganization net of the transaction expenses recognized by the Company, approximated the carrying value of the LOB.

NOTE 6 – OTHER LIABILITIES

Other short term and long-term liabilities at December 31, 2022 and 2021, consisted of the following (in thousands of dollars):

	<u>2022</u>	<u>2021</u>
SHCN accrued distribution to affiliated providers	\$ 64,640	\$ 45,385
Deferred rents	-	61,335
Deferred compensation	53,557	51,976
MPT Advance	201,794	96,620
FIN 48 liability (Note 14)	476,067	440,169
Insurance proceeds liability	284	1,371
Self insurance	41,475	58,799
Other liabilities	52,617	112,978
Total	890,434	868,633
Less: current portion	114,240	131,179
Total	<u>\$ 776,194</u>	<u>\$ 737,454</u>