

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2025

OR

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

For the transition period from ____ to ____.

Commission file number 001-42011

PACS Group, Inc.
(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

92-3144268

(I.R.S. Employer
Identification No.)

262 N. University Ave.
Farmington, Utah 84025

(Address of Principal Executive Offices) (Zip Code)

(801) 447-9829

Registrant's telephone number, including area code

N/A

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

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.001 per share	PACS	The New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

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

Large accelerated filer

☐

Accelerated filer

☐

Non-accelerated filer

☒

Smaller reporting company

☐

Emerging growth company

☐

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

☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of November 17, 2025, there were 156,615,144 shares of the registrant's common stock, par value \$0.001 per share, outstanding.

PACS GROUP, INC. AND SUBSIDIARIES
QUARTERLY REPORT ON FORM 10-Q
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025
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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q may be forward-looking statements including, but not limited to, statements regarding our strategy, future financial condition, future operations, projected costs, prospects, plans, objectives of management, and expected market growth; our strategy, plans, objectives and expectations for our business; facility openings and closures; the effects of industry and regulatory developments; our liquidity, capital resources and uses of cash, including our Amended and Restated Credit Facility, amendments, waivers and forbearance arrangements, and access to capital; the scope, timing, costs and potential impacts of governmental and regulatory investigations and the SEC investigation, as well as other litigation and legal proceedings; the restatement of prior periods and related impacts; and our internal controls and disclosure controls and procedures, including any material weaknesses and related remediation. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “targets,” “projects,” “contemplates,” “believes,” “estimates,” “forecasts,” “predicts,” “potential” or “continue” or the negative of these terms or other similar expressions.

The forward-looking statements in this Quarterly Report on Form 10-Q are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, our dependence on reimbursement from third-party payors, and changes in patient acuity, payor mix, payment methodologies, or new cost-containment initiatives could reduce our revenue and margins; we may not be fully reimbursed under consolidated billing or bundled payments, adversely affecting our financial condition; shortages of nurses and other skilled staff, or heightened competition for such personnel, could increase labor costs and lead to penalties; state regulation or deregulation of healthcare services and facility development could restrict our growth or intensify competition; failure to attract patients and compete effectively may reduce revenue and profitability; compliance reviews of care, records, and billing may identify issues requiring repayments or other costs; litigation and claims common in our industry could result in significant legal expenses, settlements, damages, or losses under our self-insurance programs; a material weakness in internal control over financial reporting, or failure to remediate or maintain effective controls, could impair timely, accurate reporting, reduce investor confidence, expose us to penalties, and harm our stock value; inconsistent quality of care or staff misconduct could harm patients, trigger civil or criminal penalties, and damage our business; failures or interruptions in our information technology could disrupt operations; operational metrics derived from internal systems may be inaccurate, harming our reputation and business; we may be unable to complete acquisitions at attractive prices or at all, and divestitures of underperforming or non-strategic assets could reduce revenue; we may not successfully integrate acquired facilities or realize expected benefits; acquisition activity may entail unforeseen costs, liabilities, or regulatory issues that adversely affect operations; we may face challenges forming joint ventures aligned with our growth strategy; lower CMS or private quality ratings could negatively affect our business; limited availability or higher cost of insurance could adversely affect us; our self-insurance programs may expose us to significant and unexpected costs; concentration of facilities in certain regions increases vulnerability to local economic downturns, regulatory shifts, or natural disasters; union activity may adversely affect revenue and profitability; because we lease most facilities, we face risks from lease terminations, renewal negotiations, and special charges that could impact results; insufficient cash flow for debt, mortgage, or lease obligations could cause defaults and cross-defaults, risking loss of facilities or foreclosures; founders’ personal guarantees on certain leases increase default risk to them; we may require additional capital to fund operations and growth, and such capital may be unavailable or available only on unfavorable terms; we operate in a highly regulated industry, and noncompliance or regulatory change could require significant expenditures or operational changes; our founders’ majority ownership and related governance arrangements concentrate control, limiting your ability to influence corporate matters, including board composition, share issuances, amendments, and major transactions; as a “controlled company” under NYSE rules, we may rely on governance exemptions, and you may not have the same protections as stockholders of companies subject to those requirements, and the other important factors discussed in Part I, Item 1A “Risk Factors” in our Annual Report on Form 10-K filed for the year ended December 31, 2024. The forward-looking statements in this Quarterly Report on Form 10-Q are based upon information available to us as of the date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant

information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

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

As used in this Quarterly Report on Form 10-Q, unless otherwise stated or the context requires otherwise, the terms “PACS Group,” the “Company,” “we,” “us,” and “our” refer to PACS Group, Inc. and its consolidated subsidiaries.

Part I

Item 1. Financial Statements

PACS GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except for share and per share values)

	(unaudited) September 30, 2025	December 31, 2024
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 355,672	\$ 157,674
Accounts receivable, net	628,280	641,775
Other receivables	66,428	74,746
Prepaid expenses and other current assets	76,369	64,066
Total Current Assets	1,126,749	938,261
Property and equipment, net	1,133,849	990,580
Operating lease right-of-use assets	3,000,426	2,994,519
Insurance subsidiary deposits and investments	80,300	66,258
Escrow funds	24,418	25,122
Goodwill and other indefinite-lived assets	68,061	67,061
Other assets	193,089	161,108
Total Assets	\$ 5,626,892	\$ 5,242,909
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable	\$ 205,479	\$ 175,062
Accrued payroll and benefits	252,539	146,177
Current operating lease liabilities	150,651	136,232
Current maturities of long-term debt	7,474	14,852
Current portion of accrued self-insurance liabilities	120,914	75,966
Line of credit	100,000	142,000
Refund liability	181,133	145,795
Other accrued expenses	179,431	142,348
Total Current Liabilities	1,197,621	978,432
Long-term operating lease liabilities	2,962,999	2,935,773
Long-term debt, less current maturities, net of deferred financing fees	245,903	250,984
Accrued self-insurance liabilities, less current portion	177,480	164,979
Other liabilities	165,973	197,050
Total Liabilities	\$ 4,749,976	\$ 4,527,218
Commitments and contingencies (Note 13)		
Equity:		
PACS Group, Inc. stockholders' equity:		
Common stock: \$0.001 par value; 1,250,000,000 shares authorized; 156,615,144 shares issued and outstanding as of September 30, 2025, and 155,177,511 shares issued and outstanding as of December 31, 2024	157	155
Additional paid-in capital	621,288	591,363
Retained earnings	249,877	118,036
Total stockholders' equity	871,322	709,554
Noncontrolling interest in subsidiary	5,594	6,137
Total Equity	\$ 876,916	\$ 715,691
Total Liabilities and Equity	\$ 5,626,892	\$ 5,242,909

See accompanying notes to unaudited condensed consolidated financial statements.

PACS GROUP, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(dollars in thousands, except for share and per share values)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenue				
Patient and resident service revenue	\$ 1,344,302	\$ 1,024,276	\$ 3,930,168	\$ 2,878,946
Other revenues	265	2,029	785	2,900
Total Revenue	\$ 1,344,567	\$ 1,026,305	\$ 3,930,953	\$ 2,881,846
Operating Expenses				
Cost of services	1,046,262	849,599	3,090,932	2,347,738
Rent - cost of services	95,107	72,632	283,250	200,954
General and administrative expense	102,528	70,587	301,579	254,167
Depreciation and amortization	14,401	10,523	40,284	27,893
Total Operating Expenses	\$ 1,258,298	\$ 1,003,341	\$ 3,716,045	\$ 2,830,752
Operating income	86,269	22,964	214,908	51,094
Other (Expense) Income				
Interest expense	(8,529)	(9,029)	(19,787)	(35,040)
Gain on lease termination	—	—	—	8,046
Other (expense) income, net	(1,444)	19,721	2,517	16,256
Total Other (Expense) Income, Net	\$ (9,973)	\$ 10,692	\$ (17,270)	\$ (10,738)
Income before provision for income taxes	76,296	33,656	197,638	40,356
Provision for income taxes	23,966	17,446	65,962	21,203
Net Income	\$ 52,330	\$ 16,210	\$ 131,676	\$ 19,153
Less:				
Net (loss) income attributable to noncontrolling interest	(76)	590	(165)	594
Net Income Attributable To PACS Group, Inc.	\$ 52,406	\$ 15,620	\$ 131,841	\$ 18,559
Net Income Per Share Attributable To PACS Group, Inc.				
Basic	\$ 0.33	\$ 0.10	\$ 0.84	\$ 0.13
Diluted	\$ 0.32	\$ 0.10	\$ 0.80	\$ 0.13
Weighted-Average Common Shares Outstanding				
Basic	156,575,127	153,124,371	156,034,409	143,804,609
Diluted	164,709,367	158,453,331	165,492,441	145,737,883

See accompanying notes to unaudited condensed consolidated financial statements.

PACS GROUP, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(dollars in thousands, except for share and per share values)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Noncontrolling Interest	Accumulated Other Comprehensive Income	Total
	Shares	Amount					
Balance January 1, 2025	155,177,511	\$ 155	\$ 591,363	\$ 118,036	\$ 6,137	\$ —	\$ 715,691
Employee stock-based compensation	—	—	12,202	—	—	—	12,202
Net loss attributable to noncontrolling interest	—	—	—	—	(92)	—	(92)
Net income attributable to PACS Group, Inc.	—	—	—	28,472	—	—	28,472
Balance March 31, 2025	155,177,511	\$ 155	\$ 603,565	\$ 146,508	\$ 6,045	\$ —	\$ 756,273
Noncontrolling interest distribution	—	—	—	—	(220)	—	(220)
Shares issued and employee tax withholding on vesting of restricted stock units	1,392,182	2	(7,957)	—	—	—	(7,955)
Employee stock-based compensation	—	—	13,604	—	—	—	13,604
Net income attributable to noncontrolling interest	—	—	—	—	3	—	3
Net income attributable to PACS Group, Inc.	—	—	—	50,963	—	—	50,963
Balance June 30, 2025	156,569,693	\$ 157	\$ 609,212	\$ 197,471	\$ 5,828	\$ —	\$ 812,668
Noncontrolling interest distribution	—	—	—	—	(158)	—	(158)
Shares issued and employee tax withholding on vesting of restricted stock units	45,451	—	(440)	—	—	—	(440)
Employee stock-based compensation	—	—	12,516	—	—	—	12,516
Net loss attributable to noncontrolling interest	—	—	—	—	(76)	—	(76)
Net income attributable to PACS Group, Inc.	—	—	—	52,406	—	—	52,406
Balance September 30, 2025	156,615,144	\$ 157	\$ 621,288	\$ 249,877	\$ 5,594	\$ —	\$ 876,916

	Common Stock		Additional Paid-In Capital	Retained Earnings	Noncontrolling Interest	Accumulated Other Comprehensive Income	Total
	Shares	Amount					
Balance January 1, 2024	128,723,386	\$ 129	—	\$ 95,997	\$ 5,600	\$ —	\$ 101,726
Dividends on common stock (\$0.1358 per share)	—	—	—	(17,474)	—	—	(17,474)
Other comprehensive income	—	—	—	—	—	201	201
Net income attributable to noncontrolling interest	—	—	—	—	2	—	2
Net income attributable to PACS Group, Inc.	—	—	—	34,817	—	—	34,817
Balance March 31, 2024	128,723,386	\$ 129	—	\$ 113,340	\$ 5,602	\$ 201	\$ 119,272
Contributions	—	—	—	—	502	—	502
Issuance of common stock	21,428,572	21	414,136	—	—	—	414,157
Employee stock-based compensation	3,847,652	4	90,932	—	—	—	90,936
Tax withholdings related to net share settlement of equity awards	(1,599,877)	(2)	(33,596)	—	—	—	(33,598)
Dividends on common stock (\$0.1066 per share)	—	—	—	(16,247)	—	—	(16,247)
Other comprehensive loss	—	—	—	—	—	(201)	(201)
Net income attributable to noncontrolling interest	—	—	—	—	2	—	2
Net loss attributable to PACS Group, Inc.	—	—	—	(31,878)	—	—	(31,878)
Balance June 30, 2024	152,399,733	\$ 152	\$ 471,472	\$ 65,215	\$ 6,106	\$ —	\$ 542,945
Issuance of common stock	2,777,778	3	95,282	—	—	—	95,285
Employee stock-based compensation	—	—	12,304	—	—	—	12,304
Net income attributable to noncontrolling interest	—	—	—	—	590	—	590
Net income attributable to PACS Group, Inc.	—	—	—	15,620	—	—	15,620
Balance September 30, 2024	155,177,511	\$ 155	\$ 579,058	\$ 80,835	\$ 6,696	\$ —	\$ 666,744

See accompanying notes to unaudited condensed consolidated financial statements.

PACS GROUP, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)

	Nine Months Ended September 30,	
	2025	2024
Cash flows from operating activities		
Net income	\$ 131,676	\$ 19,153
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	40,284	27,893
Amortization of deferred financing fees	2,361	2,333
Stock-based compensation	38,322	103,240
Loss on investment in partnership	800	3,572
Gain on insurance subsidiary deposits and investments	(4,004)	(2,200)
Deferred taxes	(31,537)	(45,250)
Noncash lease expense	37,071	22,973
Other noncash operating activities, net	110	843
Change in operating assets and liabilities		
Accounts receivable, net	13,495	(26,835)
Other receivables	8,318	2,934
Prepaid expenses and other current assets	(6,963)	(5,112)
Other assets	(7,684)	(14,879)
Escrow funds	704	(7,935)
Operating lease liabilities	(1,333)	(20,913)
Accounts payable	27,067	10,339
Accrued payroll and benefits	106,361	61,651
Accrued self-insurance liabilities	57,449	48,593
Refund liability	35,338	83,987
Other accrued expenses	37,300	37,294
Other liabilities	(77,521)	1,070
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 407,614	\$ 302,751
Cash flows from investing activities		
Investment in partnerships	\$ —	\$ (30,426)
Non-operating distributions from investment in partnership	4,176	2,216
Purchase of available-for-sale securities	(15,162)	(45,000)
Acquisition of facilities	(80,594)	(224,761)
Purchase of property and equipment	(54,299)	(41,874)
Proceeds from the sale of assets	—	1,500
NET CASH USED IN INVESTING ACTIVITIES	\$ (145,879)	\$ (338,345)
Cash flows from financing activities		
Borrowing on line of credit, net of deferred financing fees	\$ —	\$ 402,000
Payments on line of credit	(42,000)	(922,000)
Borrowings of long-term debt, net of deferred financing fees	—	70,116
Payments on long-term debt	(12,748)	(13,839)
Noncontrolling interest distribution	(378)	—
Contributions from noncontrolling interest	—	502
Dividends on common stock	—	(33,721)
Proceeds from initial public offering, net of issuance costs	—	414,157
Proceeds from common stock offering, net of issuance costs	—	95,285
Taxes paid related to net share settlement of stock-based compensation awards	(8,395)	(33,598)
NET CASH USED IN FINANCING ACTIVITIES	\$ (63,521)	\$ (21,098)
Net change in cash	198,214	(56,692)
Cash, cash equivalents, and restricted cash - beginning of period	160,842	118,704
Cash, cash equivalents, and restricted cash - end of period	<u>\$ 359,056</u>	<u>\$ 62,012</u>
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	\$ 28,598	\$ 39,346
Income taxes	\$ 81,044	\$ 77,540
Non-cash financing and investing activity		
Accrued capital expenditures	\$ 7,067	\$ 6,458
Assets acquired in operation expansions through settlement of notes receivable	\$ —	\$ 500

See accompanying notes to unaudited condensed consolidated financial statements.

PACS GROUP, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except for share and per share values)

NOTE 1. ORGANIZATION AND NATURE OF BUSINESS

PACS Group, Inc. (PACS Group or the Company) is a holding company which consolidates various operating and other subsidiaries. PACS Group's applicable operating subsidiaries operate various skilled nursing facilities (SNF) and assisted living facilities (ALF). PACS Group also owns other subsidiaries that are engaged in the acquisition, ownership, and leasing of health care-related properties. As of September 30, 2025, PACS Group subsidiaries operated 320 health care facilities in the states of Alaska, Arizona, California, Colorado, Idaho, Kansas, Kentucky, Missouri, Montana, Nevada, Ohio, Pennsylvania, Oregon, South Carolina, Tennessee, Texas, and Washington. PACS Group subsidiaries operated 32,677 skilled nursing beds and 2,525 assisted living beds as of that date. As of September 30, 2025, PACS Group subsidiaries operated 269 facilities under long-term lease arrangements and had options to purchase 38 of those facilities.

PACS Group owns subsidiaries that own real estate and related improvements that are leased to applicable affiliated SNF operating entities. PACS Group's real estate portfolio includes 51 properties which are operated and managed by applicable PACS Group subsidiaries. PACS Group subsidiaries also have equity method investments in partnerships that own the underlying real estate and related improvements of 49 post-acute care facilities that are operated by other PACS Group subsidiaries.

Providence Administrative Consulting Services, Inc., a California corporation, is a subsidiary of PACS Group and provides administrative support services, on a consulting basis, to other subsidiaries of PACS Group.

PACS Group also has a wholly-owned captive insurance subsidiary, Welsch Insurance Ltd. (Welsch). Welsch provides coverage to various consolidated operating subsidiaries related to professional liability and general liability (PLGL) insurance.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The condensed consolidated financial statements include the accounts of PACS Group, and its consolidated subsidiaries, or the Company as defined above. All intercompany transactions and balances have been eliminated in consolidation. The Company presents noncontrolling interests within the equity section of its condensed consolidated balance sheets and the amount of condensed consolidated income that is attributable to the Company and the noncontrolling interest in its condensed consolidated statements of income.

The accompanying condensed consolidated financial statements as of September 30, 2025 and for the three and nine months ended September 30, 2025 and 2024 are unaudited. The December 31, 2024 balance sheet data was derived from audited financial statements; however, the accompanying notes to the condensed consolidated financial statements do not include all of the annual disclosures required under U.S. GAAP and should be read in conjunction with the audited combined/consolidated financial statements included in the Company's Annual Report on Form 10-K, File No. 001-42011 (Annual Report) filed with the Securities and Exchange Commission (SEC). Management believes that the condensed consolidated financial statements reflect all adjustments which are of a normal and recurring nature necessary to present fairly the Company's financial position and results of operations in all material respects. The results of operations presented in the condensed consolidated financial statements are not necessarily representative of operations for the entire year.

Use of Estimates

The preparation of the condensed consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates in the Company's condensed consolidated financial statements include those related to revenue, acquired property, business combinations, right-of-use assets, lease liabilities, impairment of long-lived assets, and general and professional liabilities included in accrued self-insurance liabilities. Actual results could materially differ from estimated amounts.

PACS GROUP, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except for share and per share values)

Restricted Cash, Cash and Cash Equivalents

Cash and cash equivalents consist of cash and short-term investments with original maturities of three months or less at the time of purchase and therefore approximate fair value. The Company considers highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company maintains its cash and short-term investment balances in several high-credit quality financial institutions.

Included in restricted cash are funds held for PLGL claims. Funds held in restricted cash are contractually obligated to be segregated from the Company's other cash accounts and are legally restricted for the use of funding PLGL claims. See Note 6, "Fair Value Measurement", for information on the use of restricted cash in other assets to purchase investments in the period.

At any point in time the Company has funds in operating accounts and restricted cash accounts that are with third-party financial institutions. While management monitors the cash balances in operating accounts, these cash and restricted cash balances could be impacted if the underlying financial institutions fail or could be subject to other adverse conditions in the financial markets.

The following presents all cash and cash equivalents and restricted cash on the condensed consolidated balance sheets and reconcile to total cash included on the condensed consolidated statements of cash flows as of September 30, 2025 and December 31, 2024:

	September 30, 2025	December 31, 2024
Cash and cash equivalents	\$ 355,672	\$ 157,674
Restricted cash (included in prepaid expenses and other current assets)	3,384	3,168
Total cash, cash equivalents, and restricted cash	\$ 359,056	\$ 160,842

Cash in Excess of FDIC Limits

The Company currently has bank deposits with financial institutions in the U.S. that exceed FDIC insurance limits. FDIC insurance provides protection for bank deposits up to \$250,000. The Company has not experienced any losses in such accounts.

Insurance Subsidiary Deposits and Investments

The Company's captive insurance subsidiary cash and cash equivalents, deposits and investments are designated to support long-term insurance subsidiary liabilities and have been classified as short-term and long-term assets based on the timing of expected future payments of the Company's captive insurance liabilities.

Patient and Resident Service Revenue

Patient and resident service revenue is derived from services rendered, under short-term contracts, to patients for skilled and intermediate nursing, rehabilitation therapy, and assisted living services. Patient and resident service revenue is reported at the amount that reflects the consideration to which the Company expects to be entitled in exchange for providing patient services. These amounts are due from patients, governmental programs, and other third-party payors, and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations.

The Company recognizes revenue as its performance obligations are completed. Routine services are treated as a single performance obligation satisfied over time as services are rendered. These routine services represent a bundle of services that are not capable of being distinct. The performance obligations are satisfied over time as the patient simultaneously receives and consumes the benefits of the healthcare services provided. Additionally, there may be ancillary services which are not included in the daily rates for routine services, but instead are treated as separate performance obligations satisfied at a point in time when those services are rendered.

PACS GROUP, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except for share and per share values)

Accounts Receivable and Allowance for Credit Losses

Accounts receivable consist primarily of amounts due from Medicare and Medicaid, managed care health plans and private payor sources, net of estimates for variable consideration. At September 30, 2025 and December 31, 2024, the allowance for credit losses was immaterial to the condensed consolidated financial statements.

The Company determines the transaction price based on established billing rates reduced by contractual adjustments provided to third-party payors. Contractual adjustments are based on contractual agreements and historical experience with those payors. The Company considers the patient's ability and intent to pay the amount of consideration upon admission and records an implicit price concession based on historical patient collection experience. The allowance for implicit price concession is routinely evaluated and any subsequent changes are recorded as an adjustment to patient and resident service revenue in the condensed consolidated statements of income.

Property and Equipment, Net

Property and equipment are stated at historical cost less accumulated depreciation and amortization. Repair and maintenance charges, which do not increase the useful lives of the assets, are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful life of the property and equipment. The following is a summary of the estimated useful lives of the Company's depreciable assets:

- Buildings and improvements - minimum of 5 years to a maximum of 40 years, but generally 30 years
- Leasehold improvements - shorter of the lease term or the estimated useful life, generally 5 years to 15 years
- Furniture and equipment - minimum of 3 years to a maximum of 15 years

Upon sale or retirement, the cost and the related accumulated depreciation and amortization are eliminated from the respective accounts and the resulting gain or loss is included in other (expense) income, net.

Leases

The Company leases skilled nursing facilities, assisted living facilities, and commercial office space. The Company determines if an arrangement is a lease (for accounting purposes) upon execution of each respective agreement.

Real estate leases are generally classified as operating leases and therefore the Company records rent expense on a straight-line basis over the term of the lease. The lease term is calculated from the date the Company is given control of the leased premises through the end of the lease term. Renewals are not assumed in the determination of the lease term unless they are deemed to be reasonably certain at the commencement of the lease. The Company has made an accounting policy election to keep leases with an initial term of 12 months or less off of the balance sheets and recognize those lease payments in the condensed consolidated statements of income on a straight-line basis over the lease term. The Company has also elected the practical expedient to not separate lease and non-lease components for all of its leases.

In determining the discount rate used to measure the right-of-use asset and lease liability, the Company uses rates implicit in the lease, or if not readily available, the Company will use its incremental borrowing rate. The Company's incremental borrowing rate is based on an estimated secured rate comprised of a risk-free rate plus a credit spread as secured by its assets. Determining a credit spread as secured by the Company's assets may require significant judgment.

The Company's real estate leases generally have initial lease terms often years or more and typically include one or more options to renew, with renewal terms that generally extend the lease term for an additional three to twenty years. Exercise of renewal options is generally subject to the satisfaction of certain conditions which vary by contract and generally follow payment terms that are consistent with those in place during the initial term, including contractual rent escalators.

Business Combinations

The Company accounts for acquisitions using the acquisition method of accounting in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 805, *Business Combinations* (ASC

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805). Acquisitions are included in the condensed consolidated financial statements from their respective acquisition dates. Assets acquired and liabilities assumed, if any, are measured at fair value on the acquisition date. In determining the fair value of identifiable assets, the Company uses various valuation techniques. These valuation methods require management to make estimates and assumptions surrounding projected revenues and costs, future growth, and discount rates.

ASC 805 defines the definition of a business to assist entities with evaluating when a set of transferred assets and activities is deemed to be a business. Determining whether a transferred set constitutes a business is important because the accounting for a business combination differs from that of an asset acquisition. The definition of a business also affects the accounting for dispositions. When substantially all of the fair value of assets acquired is concentrated in a single asset, or a group of similar assets, the assets acquired would not represent a business and business combination accounting would not be required.

Goodwill and Other Indefinite-Lived Intangible Assets

Goodwill represents the excess of the purchase price of acquired businesses over the estimated fair value assigned to the individual assets acquired and liabilities assumed. The Company assesses goodwill for impairment at least annually on October 1st. The Company will perform an impairment assessment at other times if facts and circumstances indicate that it is more likely than not that the fair value of a reporting unit that has goodwill is less than its carrying value.

When assessing goodwill for impairment the Company may elect to first perform a qualitative assessment to determine if the quantitative impairment test is necessary. If the Company does not perform a qualitative assessment, or if the qualitative assessment indicates it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company performs a quantitative test. The Company recognizes an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized would not exceed the total amount of goodwill allocated to the reporting unit.

The Company's indefinite-lived intangible assets primarily consist of costs to obtain licenses. The Company reviews indefinite-lived intangible assets for impairment on an annual basis or more frequently if events or changes in circumstances indicate that the carrying amount of the intangible asset may not be recoverable.

The Company may elect to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying value. If the Company does not perform the qualitative assessment, or if the qualitative assessment indicates it is more likely than not that the fair value of the indefinite-lived intangible asset is less than its carrying amount, the Company calculates the estimated fair value of the indefinite-lived intangible asset. If the estimated fair value of the indefinite-lived intangible asset is lower than its carrying amount, an impairment loss is recognized for the difference.

Fair Value Measurements

The Company's financial instruments consist principally of cash and cash equivalents, accounts receivable, insurance subsidiary deposits, accounts payable and borrowings.

Fair value measurements are based on a three-tier hierarchy that prioritizes the inputs used to measure fair value. The three-tiers include: Level 1: observable inputs such as quoted market prices in active markets; Level 2: inputs other than quoted market prices included in Level 1 that are directly or indirectly observable for the asset or liability and Level 3: unobservable inputs for which little or no market data exists, thereby requiring management to develop their own estimates and assumptions.

Impairment of Long-Lived Assets

The Company's non-financial assets, which include goodwill, intangible assets, property and equipment and right-of-use assets, are not required to be measured at fair value on a recurring basis. In accordance with FASB ASC Topic 360, *Property, Plant, and Equipment* (ASC 360), long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability of these assets is determined based upon expected undiscounted future net cash flows from the operating subsidiaries to which the assets relate, utilizing

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management's best estimate, appropriate assumptions, and projections at the time. If the expected future cash flow from the use of the asset and its eventual disposition is less than the carrying amount of the asset, an impairment loss is recognized and measured using the fair value of the related assets. The Company did not identify any indicators of impairment of its long-lived assets during the nine months ended September 30, 2025 and 2024.

Accrued Risk Reserves

The Company is principally self-insured for risks related to PLGL claims. Accrued risk reserves primarily represent the accrual for risks associated with PLGL claims. The accrued risk reserves include a liability for unpaid reported claims and estimates for incurred but unreported claims. The Company's policy with respect to its PLGL claims is to use an external actuary to assist management in estimating the Company's exposure for claims obligation (for both asserted and unasserted claims).

Investment in Partnerships

Investments in various partnerships, in which the Company exercises significant influence over operating and financial policies, are accounted for using the equity method of accounting. Under this method, the investment is carried at cost and is adjusted to recognize the investor's share of earnings or losses of the investee after the date of acquisition, including amortization of certain basis differences, in the other (expense) income, net line in the Company's condensed consolidated statements of income. Any difference between the carrying amount of the equity method investment on the Company's condensed consolidated balance sheet and the underlying equity in net assets on the investee's balance sheet results in a basis difference which is adjusted as the related underlying assets are depreciated, amortized, or sold and the liabilities are settled. The investment is adjusted for impairment whenever it is determined that a decline in the fair value below the cost basis is other than temporary. The fair value of the investment then becomes the new cost basis of the investment, and it is not adjusted for subsequent recoveries in fair value. The Company's maximum exposure to loss on these equity method investments is the total invested capital. These investments are included in other assets in the Company's combined/consolidated balance sheets. The Company evaluates its investment, including cost in excess of book value (equity method goodwill) for impairment whenever indicators of impairment exist. No indicators of impairment existed during the nine months ended September 30, 2025 and 2024.

Noncontrolling Interest

The Company is the majority-owner in a subsidiary which was formed to develop land, a building, and other assets to be leased to an entity operated by the Company upon completion which occurred in the final quarter of 2024. The noncontrolling interest in subsidiary is initially recognized at estimated fair value on the contribution date and is presented within total equity in the Company's condensed consolidated balance sheets since these interests are not redeemable. The Company presents net (loss) income attributable to noncontrolling interest and net income attributable to PACS Group, Inc. in its condensed consolidated statements of income. The carrying amount of the noncontrolling interest is adjusted based on an allocation of subsidiary earnings based on ownership interest.

Advertising

Advertising costs are expensed as incurred. Advertising expenses included in the Company's condensed consolidated statements of income and comprehensive income were \$3,724 and \$1,805 for the three months ended September 30, 2025 and 2024, respectively, and were \$8,420 and \$5,545 for the nine months ended September 30, 2025 and 2024, respectively.

Income Taxes

The Company utilizes FASB ASC Topic 740, *Income Taxes* (ASC 740), which requires an asset and liability approach for financial accounting and reporting for income taxes. Under this guidance, deferred tax assets and liabilities are determined based upon differences between financial reporting and tax basis of assets and liabilities and are measured using the enacted tax laws that will be in effect when the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. See Note 10, "Income Taxes", for further discussion of the Company's accounting for income taxes.

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Under ASC 740, tax positions are evaluated for recognition using a more-likely-than-not threshold, and those tax positions requiring recognition are measured at the largest amount of tax benefit that is greater than 50 percent likely of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. Liabilities for income tax matters include amounts for income taxes, applicable penalties, and interest thereon and are the result of the potential alternative interpretations of tax laws and the judgmental nature of the timing of recognition of taxable income.

The Company recognizes deferred tax assets (DTAs) to the extent that it believes that the assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, carryback potential if permitted under the tax law, and results of recent operations. The Company generally expects to fully utilize its DTAs; however, when necessary, the Company records a valuation allowance to reduce its net deferred tax assets to the amount that is more likely than not to be realized.

Concentration of Credit Risks

The Company's credit risks primarily relate to cash and cash equivalents, restricted cash, and accounts receivable. Cash and cash equivalents are primarily held in bank accounts and overnight investments. Restricted cash is primarily invested in commercial paper and certificates of deposit with financial institutions and other interest-bearing accounts. Accounts receivable consist primarily of amounts due from patients (funded through Medicare, Medicaid, other contractual programs and through private payors) and from other health care companies for management, accounting and other services. The collectability of account receivable balances is dependent on the availability of funds from certain programs that rely on governmental funding, primarily Medicare and Medicaid. The Company's receivables from Medicare and Medicaid programs accounted for 22% and 33% of total accounts receivable, respectively, at September 30, 2025 and 18% and 39% of total accounts receivable, respectively, at December 31, 2024. These receivables represent the only significant concentration of credit risk for the Company. The Company does not believe there are significant credit risks associated with these governmental programs. The Company performs continual credit evaluations of the Company's clients and maintains appropriate allowances for credit losses on any accounts receivable proving uncollectible, and continually monitors and adjusts these allowances as necessary.

The Company's operating subsidiaries, excluding the subsidiaries that exclusively operate assisted living and independent living facilities, have all of their skilled nursing beds designated for care of patients under federal Medicare and/or state Medicaid programs. Approximately 48% of the Company's skilled nursing beds are located in California.

Stock-based Compensation

The Company measures and recognizes compensation expense for all stock-based payment awards made to employees and directors based on estimated fair values, ratably over the requisite service period of the award. Net income reflects the recognition of the fair value of all restricted stock unit awards issued, the amount of which is based upon the number of grants and other variables. The Company accounts for award forfeitures as they occur.

Comprehensive Income

Comprehensive income consists of gains and losses affecting stockholders' equity that, under U.S. GAAP, are excluded from net income. There were no components of comprehensive income for the nine months ended September 30, 2025. For the nine months ended September 30, 2024, comprehensive income included unrealized gains and losses on the Company's available-for-sale debt securities from previous 2024 quarters, offsetting to \$0 in the period. The Company does not have any components of other comprehensive income recorded within its condensed consolidated financial statements to present and, therefore, does not separately present a statement of comprehensive income in its condensed consolidated financial statements.

Commitments and Contingencies

The Company has been, is currently, and expects in the future to be involved in claims, lawsuits, and regulatory and other government audits, investigations and proceedings arising in the ordinary course of business, some of which may

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involve material amounts. The defense and resolution of these claims, lawsuits, and regulatory and other government audits, investigations and proceedings may require the Company to incur significant expense. Loss contingency provisions are recorded for probable and estimable losses at the Company's best estimate of a loss or, when a best estimate cannot be made, at the Company's estimate of the minimum loss. These estimates are often developed prior to knowing the amount of the ultimate loss, require the application of considerable judgment, and are refined as additional information becomes known. Accordingly, the Company is often initially unable to develop a best estimate of loss and therefore, the estimated minimum loss amount, which could be zero, is recorded; then, as information becomes known, the minimum loss amount is updated, as appropriate. Occasionally, a minimum or best estimate amount may be increased or decreased when events result in a changed expectation.

Recent Accounting Standards Issued But Not Yet Adopted by the Company

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* which requires the Company to disclose disaggregated jurisdictional and categorical information for the tax rate reconciliation, income taxes paid and other income tax related amounts. This guidance is effective for annual periods beginning after December 15, 2024, which will be the Company's fiscal year 2025, with early adoption permitted. The Company is currently evaluating the impact this guidance will have on its Annual Report.

In November 2024, the FASB issued ASU 2024-03, *Disaggregation of Income Statement Expenses*, which requires the Company to disaggregate key expense categories such as employee compensation, depreciation, and intangible asset amortization within its financial statements. This guidance is effective for annual periods beginning after December 15, 2026, which will be the Company's fiscal year 2027, and interim reporting periods beginning after December 15, 2027, which will be the Company's fiscal year 2028. Early adoption is permitted. The Company is currently evaluating the impact this guidance will have on its Quarterly and Annual Reports.

NOTE 3. BUSINESS SEGMENTS

The Company has one reportable segment. The Company's chief operating decision maker (CODM), the Chief Operating Officer, reviews the consolidated results of operations when making decisions about allocating resources and assessing the performance of the Company as a whole. The Company does not distinguish between markets or regions for the purpose of allocating resources. This structure reflects its current operational and financial management and provides the best structure to maximize the quality of care and investment strategy provided, while maintaining financial discipline. The segment's measure of profit or loss is net income which is also reported on the condensed consolidated statements of income. Net income is also used to monitor budget versus actual results.

As the Company's single reportable segment is at the consolidated level, the accounting policies of the reportable segment are the same as those disclosed in Note 2, "Summary of Significant Accounting Policies". The Company's CODM does not review segment assets at a different asset level or category than that disclosed in its condensed consolidated balance sheets and therefore assets by segment are not disclosed below.

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The following table sets forth financial information for the segment:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Revenue	\$ 1,344,567	\$ 1,026,305	\$ 3,930,953	\$ 2,881,846
Less:				
Labor expense ⁽¹⁾	702,418	565,942	2,065,874	1,565,328
Depreciation and amortization	14,401	10,523	40,284	27,893
Interest expense, net	8,529	9,029	19,787	35,040
Equity in the net loss (income) of investees accounted for under the equity method	488	(716)	800	3,572
Provision for income taxes	23,966	17,446	65,962	21,203
Other segment items ⁽²⁾	542,435	407,871	1,606,570	1,209,657
Segment net income	<u>\$ 52,330</u>	<u>\$ 16,210</u>	<u>\$ 131,676</u>	<u>\$ 19,153</u>

(1) Labor expense includes nursing and departmental salaries and wages, payroll taxes and benefits, and agency staffing expenses.

(2) Other segment items included in segment net income include cost of services except for labor cost of services, rent - cost of services, general and administrative expense except for labor general and administrative expense, gain on lease termination, and other (expense) income except for interest expense, net, equity in the net income of investees accounted for under the equity method.

NOTE 4. REVENUE AND ACCOUNTS RECEIVABLE

Patient and Resident Service Revenue

The Company's patient and resident service revenue is derived primarily from the Company's applicable subsidiaries providing healthcare services to their respective patients and residents. Revenue is recognized when services are provided to the patients at the amount that reflects the consideration to which the Company expects to be entitled. These amounts are due from residents, third-party payors (including health insurers and government payors), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits and other reviews by the payor. Generally, the licensed healthcare provider entity providing the applicable services bills the applicable payors monthly.

The healthcare services in skilled patient contracts include routine services in exchange for a contractual agreed-upon amount or rate. Revenue is recognized as the performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the applicable licensed healthcare provider entity. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Company believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents receiving services in the facility and, when applicable, residents receiving services in their homes (independent care or assisted living). The Company measures the performance obligation from admission into the facility, or the commencement of the service, to the point when the applicable licensed healthcare provider entity is no longer required to provide services to that resident, which is generally at the time that the resident discharges from the applicable facility or passes away.

Revenue recognized from healthcare services is adjusted for estimates of variable consideration to arrive at the transaction price. The Company determines the transaction price based on contractually agreed-upon amounts or rates, adjusted for estimates of variable consideration. Variable consideration includes estimates of implicit price concessions so that the estimated transaction price is reflective of the amount to which the Company expects to be entitled in exchange for providing the healthcare services to customers. Variable consideration is estimated using the expected value method based on the Company's historical reimbursement experience. The amount of variable consideration constrains the transaction price, such that it is probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in a future period. If actual amounts of consideration ultimately received differ from the Company's estimates, it adjusts these estimates, which would affect net service revenue in the period such variances become known.

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The Company maintains a refund liability for consideration collected related to revenue that is not probable that a significant revenue reversal will not occur. The Company expects to refund some or all of that consideration back to the payor. The balance of the refund liability was \$181,133 and \$145,795 as of September 30, 2025 and December 31, 2024, respectively, and is presented within current liabilities on the Company's condensed consolidated balance sheets.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors is as follows:

Medicare: Payments for skilled nursing facility services rendered to Medicare program beneficiaries are based on prospectively determined daily rates which vary according to a patient diagnostic classification system. The applicable licensed healthcare provider entity is paid for certain reimbursable services at the approved rate with final settlement determined after submission of the annual cost report and audit thereof by the designated Medicare fiscal intermediary. Revenue from the Medicare program amounted to 32.7% and 34.4% of the Company's condensed consolidated net patient and resident revenue for the three months ended September 30, 2025 and 2024, respectively, and 34.0% and 34.5% of the Company's condensed consolidated net patient and resident revenue for the nine months ended September 30, 2025 and 2024, respectively.

Medicaid: Payments for skilled nursing facility services rendered to Medicaid (including Medi-Cal, which is the name of the state Medicaid program in California) program beneficiaries are based on an established daily reimbursement rate for eligible stays. The rate is adjusted periodically. The final settlement is determined after submission of an annual cost report and audits thereof by Medicaid. Revenue from the Medicaid program amounted to 41.1% and 40.0% of the Company's condensed consolidated net patient and resident revenue for the three months ended September 30, 2025 and 2024, respectively, and 40.5% and 39.8% of the Company's condensed consolidated net patient and resident revenue for the nine months ended September 30, 2025 and 2024, respectively.

Managed Care, Private and Other: Payments for services rendered to private payors and other primary payors included in the table below are based on established rates or on agreements with certain commercial insurance companies, health maintenance organizations, and preferred provider organizations, which provide for various discounts from the established rates. Revenue from these sources collectively amounted to 26.2% and 25.6% of the Company's condensed consolidated net patient and resident revenue for the three months ended September 30, 2025 and 2024, respectively, and 25.5% and 25.7% of the Company's condensed consolidated net patient and resident revenue for the nine months ended September 30, 2025 and 2024, respectively.

The Company's contracts are short term in nature with a duration of one year or less. The Company has minimal unsatisfied performance obligations at the end of the reporting period as patients are typically under no obligation to remain admitted in the Company's facilities or under the Company's care. As the period between the time of service and time of payment is typically one year or less, the Company does not adjust for the effects of a significant financing component.

Included in the Company's condensed consolidated balance sheets are contract balances, comprised of billed accounts receivable and unbilled receivables, which are the result of differences between the timing of revenue recognition and billings and cash collections, as well as contract liabilities, which primarily represent payments the Company receives in advance of services provided. The Company has no material contract liabilities or contract assets as of September 30, 2025 and December 31, 2024.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of audits and other reviews by governmental agencies or payor sources, health care providers from time to time receive requests for information and notices regarding billing audits and potential noncompliance with applicable laws and regulations, which, in some instances, can ultimately result in substantial monetary recoupments or other remedies being imposed on the healthcare provider. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. The Company believes that it is in compliance with all applicable laws and regulations.

The contracts the Company has with commercial payors also provide for retrospective audits and review of claims.

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Settlements with third-party payors for retroactive adjustments due to audits or other reviews are considered variable consideration and are included in the determination of the estimated transaction price for providing resident services. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Company's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits or other reviews. Historically, differences between estimated settlements and actual settlements have been immaterial.

The Company disaggregates revenue from contracts with its patients by payors. The Company determined that disaggregating revenue into these categories achieves the disclosure objectives to depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. The composition of patient and resident service revenue by primary payors for the three and nine months ended September 30, 2025 and 2024 are as follows:

	Three Months Ended September 30,			
	2025	% of Revenue	2024	% of Revenue
Medicare	\$ 440,026	32.7 %	\$ 352,161	34.4 %
Medicaid	552,280	41.1 %	409,835	40.0 %
Managed care	250,424	18.6 %	208,871	20.4 %
Private and other	101,572	7.6 %	53,409	5.2 %
Total patient and resident service revenue	\$ 1,344,302	100.0 %	\$ 1,024,276	100.0 %

	Nine Months Ended September 30,			
	2025	% of Revenue	2024	% of Revenue
Medicare	\$ 1,335,343	34.0 %	\$ 992,443	34.5 %
Medicaid	1,593,181	40.5 %	1,146,178	39.8 %
Managed care	722,182	18.4 %	583,846	20.3 %
Private and other	279,462	7.1 %	156,479	5.4 %
Total patient and resident service revenue	\$ 3,930,168	100.0 %	\$ 2,878,946	100.0 %

Coronavirus Aid, Relief, and Economic Security (CARES) Act

The CARES Act of 2020 provided for refundable payroll tax credits known as the Employee Retention Tax Credit, which allowed qualified employers to receive a credit of 70% of the employee qualified wages and related payroll costs paid after December 31, 2020 through September 30, 2021, up to a maximum credit of \$7 per employee, per quarter, for a maximum of \$21 per employee in 2021. Due to uncertainty related to meeting the necessary qualifications, the Company recorded a reserve against the entire amount claimed. As of September 30, 2025 and December 31, 2024, the Company has recorded \$22,873 and \$21,917, respectively, in other liabilities to reflect the cash already received related to these credits which may need to be returned and potential penalties.

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NOTE 5. PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following:

	September 30, 2025	December 31, 2024
Buildings and improvements	\$ 734,136	\$ 654,975
Leasehold improvements	108,224	79,440
Furniture, fixtures, and other	124,414	107,896
Construction in process	30,998	23,952
Land	89,478	84,774
Finance lease right-of-use assets	191,707	145,262
	1,278,957	1,096,299
Less: accumulated depreciation and amortization	(145,108)	(105,719)
Property and equipment, net	\$ 1,133,849	\$ 990,580

The Company did not record any impairment charges for the nine months ended September 30, 2025, and 2024.

See Note 12, “Operation Expansions”, for information on expansions and disposals during the nine months ended September 30, 2025.

NOTE 6. FAIR VALUE MEASUREMENT

The Company's financial assets include insurance subsidiary deposits and highly liquid investments which are held by the consolidated captive insurance entity and are designated to support long-term insurance subsidiary liabilities and are recorded at fair value of \$80,300 and \$66,258 as of September 30, 2025 and December 31, 2024, respectively. The insurance subsidiary deposits and investments include net unrealized gains of \$4,388 and \$384 as of September 30, 2025 and December 31, 2024, respectively. Gains and losses on investments are recorded within other expense, net. Insurance subsidiary deposits and investments consist of holdings in investment grade bond mutual funds and are derived using Level 2 inputs. These assets are recorded in insurance subsidiary deposits and investments on our condensed consolidated balance sheets and are classified as available-for-sale equity securities. These mutual funds are primarily valued utilizing calculations which incorporate observable inputs such as yield, maturity and credit quality.

NOTE 7. INVESTMENT IN PARTNERSHIPS

As of September 30, 2025 and December 31, 2024, the Company held \$32,191 and \$37,167, respectively, in multiple equity investments, referred to as partnerships. These operations were formed to develop, own, and lease health care facilities. Some of the partnerships hold options to purchase the related real estate property holdings. Each of the entities is governed by a managing member who makes the significant decisions that impact the economic performance of the entity. The Company is not the managing member of any of the entities in which it is invested.

The Company holds a 50.0% ownership interest in the entity BRFS SNF Ventures V, LLC (BRFS). As of September 30, 2025, this investment held three post-acute care facilities which it leases to the Company. BRFS is a variable interest entity (VIE), however the Company does not consolidate the entity as it does not have the power to direct the activities that most significantly impact its economic performance. Therefore, the Company only accounts for its specific interest in the investment. The investment was \$15,185 and \$15,528 on the Company's balance sheets as of September 30, 2025 and December 31, 2024, respectively.

The Company holds a 25.8% ownership interest in the entity Next Saddle Investors, LLC (Saddle). Saddle acquired the operations for all 53 facilities included in the 2024 Prestige acquisition and subsequently assigned them to the Company. Saddle also acquired the underlying real estate for 37 of the facilities from the Prestige acquisition, which it leases to the Company. The Company determined the Saddle manager to be a de facto agent to the Company under FASB ASC Topic 810, *Consolidation* (ASC 810). Saddle is a VIE; however, the Saddle manager is the primary beneficiary and

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therefore the Company does not consolidate the entity. The investment was \$5,849 and \$8,536 on the Company's balance sheets as of September 30, 2025 and December 31, 2024, respectively.

All of the Company's other equity investments are individually immaterial with the largest investment of \$7,540 in an entity representing an ownership of 49.0%. Loss (gain) from the investment in partnerships was \$488 and \$(716) for the three months ended September 30, 2025 and 2024, respectively, and \$800 and \$3,572 for the nine months ended September 30, 2025 and 2024, respectively.

NOTE 8. CREDIT FACILITIES

The Company maintains a revolving credit facility between the Company and certain of its subsidiaries, and Truist Bank as administrative agent (Administrative Agent) and a syndicate of lenders (the Amended and Restated Credit Facility). The Amended and Restated Credit Facility provides for a Revolving Commitment (as defined in the Amended and Restated Credit Facility) of up to \$600,000 which revolving commitments may also be utilized for (x) the issuance of letters of credit in an aggregate face amount not to exceed \$50,000 and/or (y) the borrowing of swingline loans in aggregate principal amount not to exceed \$20,000 at any time outstanding.

Outstanding borrowings under the Amended and Restated Credit Facility bear interest at the option of the Company equal to either (a) SOFR (plus a 0.10% credit spread adjustment) plus a margin ranging from 2.25% to 3.25% per annum; or (b) the Base Rate (which was defined in a customary manner for credit facilities of this type) plus the applicable margin ranging from 1.25% to 2.25% per annum. The applicable margin is based on the Company's debt to income ratio as calculated consistent with the terms of the credit agreement. In addition, the Company will pay a commitment fee ranging from 0.25% to 0.45% per annum on the unused portion of the Revolving Commitment, depending on the same debt to income ratio.

The credit agreement contains certain financial and non-financial covenants and restrictions. Default by the applicable credit party on any covenant or restriction could affect the lender's commitment to lend, and, if not waived or corrected, could make the outstanding balances due on demand. Under the Amended and Restated Credit Facility, the Company must maintain a debt-to-income ratio of not greater than 3.00:1.00. The Amended and Restated Credit Facility also requires that the Company maintain a minimum interest/rent coverage ratio of not less than 1.10:1.00.

On May 16, 2024, the Company entered into an amendment to the Amended and Restated Credit Facility that, among other things, waived an event of default that had occurred and was then continuing under the Amended and Restated Credit Facility and modified the affirmative covenants thereunder requiring the joinder of certain subsidiaries of the Company to the Amended and Restated Credit Facility, as further set forth therein. On November 14, 2024, the Company entered into another amendment to the Amended and Restated Credit Facility that, among other things, extended the deadline for the delivery of unaudited quarterly financial statements for the fiscal quarter ended September 30, 2024. On March 27, 2025, and May 29, 2025, the Company entered into further amendments to the Amended and Restated Credit Facility that, among other things, extended the deadline for delivery of audited annual financial statements for the fiscal year ended December 31, 2024. The May 29, 2025 amendment also supplemented the Amended and Restated Credit Agreement's financial covenants requiring the Company to maintain unrestricted cash and certain permitted investments of at least \$100,000 until the Company delivers audited financial statements for the fiscal year ended December 31, 2024 (the "Liquidity Requirement").

On July 24, 2025 and August 13, 2025 the Company entered into two separate forbearance agreements with the Administrative Agent and the lenders, pursuant to which the lenders agreed to temporarily forbear from exercising remedies under the Amended and Restated Credit Facility with respect to certain technical events of default, including without limitation matters relating to inaccuracies in certain representations and warranties made, which inaccuracies also triggered an event of default under the Third Consolidated Master Lease, dated June 30, 2023 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Omega Master Lease"), which in turn triggered an additional event of default under the Amended and Restated Credit Facility. In addition, a separate representation and warranty event of default occurred under the Omega Master Lease, which triggered an event of default under the Amended and Restated Credit Agreement (all such technical events of default under the Amended and Restated Credit Facility, the "Initial Technical Events of Default"). The August 13, 2025 Forbearance Agreement and Fifth Amendment to the Credit Agreement required that the Liquidity Requirement remain in place for the entirety of the

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forbearance period and further extended the delivery period with respect to the fiscal year 2024 financial statements. The forbearance period was scheduled to run until October 31, 2025, subject to extension by the Administrative Agent through November 30, 2025, or by the Required Lenders (as defined in the Amended and Restated Credit Agreement) thereafter, or earlier termination upon the occurrence of certain specified events of default.

On October 21, 2025, the Company entered into a third forbearance agreement (the “October Forbearance Agreement”). Under the October Forbearance Agreement, the lenders again agreed to temporarily forbear from exercising rights and remedies under the Amended and Restated Credit Agreement with respect to the Initial Technical Events of Default, as well as certain additional technical events of default including without limitation matters relating to the designation of certain immaterial conflicted subsidiaries; failure to join certain subsidiaries to the loan documents; noncompliance with cash management requirements; and inaccuracies in certain representations and warranties made as a result of the foregoing (collectively, with the Initial Technical Events of Default, the “Technical Events of Default”). The Technical Events of Default also triggered an event of default under the Omega Master Lease, which in turn triggered an additional event of default under the Amended and Restated Credit Agreement.

The October Forbearance Agreement provides for the same forbearance period as the prior forbearance agreements. Following the October Forbearance Agreement, the Administrative Agent agreed to extend the forbearance period thereunder through November 30, 2025. During the forbearance period, the Company is required to comply with certain additional specified conditions, including the continued maintenance of minimum liquidity of \$100,000, limitations on certain investments and acquisitions, and a prohibition on the borrowing of new loans under the Amended and Restated Credit Facility. The October Forbearance Agreement is intended to provide the Company with temporary relief while addressing the Technical Events of Default and does not constitute a waiver of the Technical Events of Default or amendment to the Amended and Restated Credit Agreement beyond the amended terms specified therein.

The Company was in compliance with all such covenants and restrictions, as amended and allowable by forbearance, as of September 30, 2025.

The Company maintains the Amended and Restated Credit Facility as its single line-of-credit. At September 30, 2025, the total commitment limit continued to be \$600,000 and was secured by Company assets. The agreements mature on December 7, 2028. Due to the covenants and restrictions outlined above, the Amended and Restated Credit Facility has been classified as current on the Company’s balance sheets as of September 30, 2025 and December 31, 2024, respectively. The balance outstanding was \$100,000 and \$142,000 as of September 30, 2025 and December 31, 2024, respectively. The Company had \$13,923 in letters of credit outstanding as of both September 30, 2025 and December 31, 2024, respectively.

Net deferred financing fees on the line of credit were \$9,622 and \$11,886 as of September 30, 2025 and December 31, 2024, respectively. Expense recognized relating to deferred financing fees on the line of credit is included in interest expense on the condensed consolidated statements of income. For both the three months ended September 30, 2025 and 2024 this interest expense was \$754, respectively, and for the nine months ended September 30, 2025 and 2024 this interest expense was \$2,264 and \$2,265, respectively.

NOTE 9. LONG-TERM DEBT

During the nine months ended September 30, 2025 the Company and its subsidiaries did not enter into any Department of Housing and Urban Development (HUD)-insured mortgage loans, whereas in the year ended December 31, 2024, certain of the Company's subsidiaries entered into HUD-insured mortgage loans in the aggregate amount of \$68,345. As of September 30, 2025, 13 of the Company's subsidiaries had mortgage loans insured by HUD in the aggregate amount of \$49,923, of which \$4,128 is classified as current and the remaining \$245,795 is classified as non-current. As of December 31, 2024, the Company’s subsidiaries had HUD-insured mortgage loans in the aggregate amount of \$252,913 of which \$4,007 was classified as current and the remaining \$248,906 was classified as non-current. These subsidiaries are subject to HUD-mortgage oversight and periodic inspections. As of September 30, 2025, the Company’s HUD-insured mortgage loans bear fixed interest rates ranging from 2.4% to 6.3% per annum and have various maturity dates through October 1, 2061. In addition to the interest rate, the Company incurs other fees for HUD placement, including but not limited to audit fees. Amounts borrowed under the mortgage loans may be prepaid, subject to prepayment fees based on the principal balance on the date of prepayment. The original terms for all the HUD-insured mortgage loans are 24 to 37 years.

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In addition to the HUD-insured mortgage loans above, the Company's subsidiaries had six other mortgage loans or promissory notes. The non-HUD insured mortgage loans and notes bear interest rates that range from 2.0% to 7.5% per annum with various maturity dates through June 1, 2027. As of September 30, 2025, the Company had \$7,431 of debt principal outstanding under the non-HUD mortgage loans and promissory notes, of which \$3,346 is classified as current and the remaining \$4,085 is classified as non-current. As of December 31, 2024, the Company had \$16,997 of debt principal outstanding under the non-HUD mortgage loans and promissory notes, of which \$10,845 is classified as current and the remaining \$6,152 is classified as non-current.

The Company was in compliance with all applicable loan covenants with respect to the foregoing as of September 30, 2025 and December 31, 2024. The notes and loans above are secured through guarantees by the Company and certain stockholders. Additionally, various loans are secured by facility assets and real property with a carrying value amounting to \$256,587 and \$263,219 at September 30, 2025 and December 31, 2024, respectively.

Long-term debt consists of the following:

	September 30, 2025	December 31, 2024
HUD-insured mortgage loans	\$ 249,923	\$ 252,913
Other non-HUD mortgage loans and promissory notes	7,431	16,997
Less: current maturities	(7,474)	(14,852)
Less: deferred financing fees, net	(3,977)	(4,074)
Total	\$ 245,903	\$ 250,984

Deferred financing fees on long-term debt are being amortized over the life of the respective loans. Expense recognized related to deferred financing fees on long-term debt is included in interest expense and amounted to \$32 and \$27 for the three months ended September 30, 2025 and 2024, respectively, and \$97 and \$68 for the nine months ended September 30, 2025 and 2024, respectively.

NOTE 10. INCOME TAXES

The Company recorded income tax expense of \$65,962 and \$21,203 during the nine months ended September 30, 2025, and 2024, respectively, or 33.4% of earnings before income taxes for the nine months ended September 30, 2025, compared to 52.5% for the nine months ended September 30, 2024. The change in effective tax rate in the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024, was primarily due to the change in forecasted pre-tax book income.

The Company is not, to its knowledge, under examination by any federal or state income tax authority. The Company's federal returns for tax years 2021 and forward are subject to examination, and state returns for tax years 2020 and forward are subject to examination. The Company does not believe the federal or state statute lapses or any other event will significantly impact the balance of unrecognized tax benefits in the next twelve months. The net balance of unrecognized tax benefits was not material to the condensed consolidated financial statements for the nine months ended September 30, 2025, and 2024, respectively.

The Company's balance of net deferred tax assets or net deferred tax liabilities is included within other assets or other liabilities, respectively, on the condensed consolidated balance sheets as of September 30, 2025 and 2024, respectively.

On July 4, 2025, the One Big Beautiful Bill Act (OBBBA) was enacted in the U.S. The OBBBA includes provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act and changes to certain U.S. corporate tax provisions. These changes include 100% bonus depreciation for capital expenditures incurred after January 19, 2025, and full expensing of domestic research and experimental expenditures. ASC 740 requires the effects of tax law changes to be recognized in the period of enactment. The Company does not anticipate that these provisions will affect its current period income tax expense or its effective tax rate for 2025.

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NOTE 11. LEASES

Operating Leases

The Company leases most of its skilled nursing and assisted living facilities, as well as its office space and certain vehicles and equipment, under various non-cancelable operating lease agreements. These operating leases expire at various dates through 2049.

Substantially all operating leases for skilled nursing and assisted living facilities are on a “triple-net” basis, which require lessees to pay for all insurance, repairs, utilities, and real property taxes assessed on the leased property, and most of the leases are guaranteed by the Company and/or its stockholders.

For 36 of the facility operating leases, the Company holds an option to purchase the real estate which can be exercised at varying times until March 31, 2038. At lease inception it was determined that the exercise of each of the purchase options was not reasonably certain. Options on three of the leases have become subject to disagreement with the landlord regarding whether the option exercise window has closed, and the Company is working with the landlord to resolve the disagreement.

All facility leases provide for an additional percentage rent based upon specified rates per the terms of the agreements. This additional percentage rent is variable and is expensed as incurred.

Finance Leases

The Company leases certain skilled nursing and assisted living facilities under finance lease agreements. The lease terms of two of the facility finance leases allow for purchase options to be exercised at varying times until May 22, 2027. The Company has determined that it is reasonably certain to exercise the purchase option at the end of each purchase option window. Therefore the Company has calculated the lease term through the end of the purchase option window for each such lease.

In addition, for two of the facility finance leases, the lessor holds an option which could require the Company to purchase the associated real estate. The total obligation to purchase such real estate is approximately \$42,846 and can be exercised by the lessor through June 14, 2026 (the “Lessor Options”). For other facility finance leases, the duration of the lease term represented the major part of the remaining economic life of the facility at inception.

Finance lease right-of-use assets are included in property and equipment and have a net balance of \$182,087 and \$139,472 as of September 30, 2025 and December 31, 2024, respectively. The current portion of finance lease liabilities is included in other accrued expenses and has a balance of \$59,888 and \$21,177 as of September 30, 2025 and December 31, 2024, respectively. The non-current portion of finance lease liabilities is included in other liabilities and has a balance of \$127,087 and \$125,470 as of September 30, 2025 and December 31, 2024, respectively.

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The components of lease expense were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Operating lease expense				
Rent - cost of services ⁽¹⁾	\$ 95,107	\$ 72,632	\$ 283,250	\$ 200,954
General and administrative expense	663	607	1,935	2,024
Other variable lease costs ⁽²⁾	9,913	7,045	28,824	24,078
Total operating lease expense	\$ 105,683	\$ 80,284	\$ 314,009	\$ 227,056
Finance lease expense				
Amortization of right-of-use assets	\$ 1,648	\$ 947	\$ 3,830	\$ 2,285
Interest on lease liabilities	3,542	2,164	8,339	5,074
Total financing lease expense	\$ 5,190	\$ 3,111	\$ 12,169	\$ 7,359
Total Lease Expense	\$ 110,873	\$ 83,395	\$ 326,178	\$ 234,415

(1) Rent - cost of services includes variable lease costs such as Consumer Price Index (CPI) increases and other rent adjustments of \$ 542 and \$633 for the three months ended September 30, 2025 and 2024, respectively, and \$1,397 and \$1,826 for the nine months ended September 30, 2025 and 2024, respectively.

(2) Other variable lease costs of facilities, including property taxes and insurance, are classified in cost of services in the Company's unaudited condensed consolidated statements of income and comprehensive income.

The following table summarizes supplemental cash flow information related to leases:

	Nine Months Ended September 30,	
	2025	2024
Operating cash paid for amounts included in the measurement of operating lease liabilities	\$ 248,115	\$ 180,006
Operating cash paid for amounts included in the measurement of finance lease liabilities	8,339	5,074
Financing cash paid for amounts included in the measurement of finance lease liabilities	217	577
Operating lease right-of-use assets obtained in exchange for lease liabilities	151,008	784,291
Finance lease right-of-use assets obtained in exchange for lease liabilities	118,947	18,298
Decrease in finance lease right-of-use assets and liabilities due to lease termination/modification	(72,503)	(2,272)

Information relating to the lease term and discount rate is as follows:

	As of September 30, 2025
Weighted-average remaining lease term (years)	
Operating leases	13
Finance leases	19
Weighted-average discount rate	
Operating leases	6.4 %
Finance leases	6.6 %

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Maturities of lease liabilities as of September 30, 2025 were as follows:

	Finance Leases	Operating Leases	Total
2025 (remainder)	\$ 22,534	\$ 84,654	\$ 107,188
2026	48,943	342,046	390,989
2027	24,885	343,613	368,498
2028	7,903	347,704	355,607
2029	7,746	350,337	358,083
2030	7,509	354,189	361,698
Thereafter	254,388	2,937,385	3,191,773
Total lease payments	\$ 373,908	\$ 4,759,928	\$ 5,133,836
Less: present value discount	(186,933)	(1,646,278)	(1,833,211)
Present value of lease liabilities	\$ 186,975	\$ 3,113,650	\$ 3,300,625

Maturities of finance leases include amounts the Company would pay in the earliest period in which the lessor can exercise the Lessor Options.

In addition to its lessee activity, the Company generates an immaterial amount of revenue from arrangements where it is a lessor of certain facilities. Revenue from those arrangements is included in other revenue on the condensed consolidated statements of income.

NOTE 12. OPERATION EXPANSIONS

During the nine months ended September 30, 2025, the Company's operations grew through the addition of seven stand-alone facilities, five of which were acquired through long-term leases and two of which the Company previously owned the real estate for. The new facilities added 495 skilled nursing beds and 271 assisted living beds operated by the Company's affiliated operating subsidiaries. The aggregate purchase price for these facilities was \$1,243.

Additionally, during the same period the Company expanded its portfolio of owned properties by acquiring five properties associated with the Lessor Options for an aggregate purchase price of \$79,351.

During the same period, the Company also divested of one leased facility which included 120 skilled nursing beds.

The Company's expansion strategy has been focused on identifying both opportunistic and strategic acquisitions within its target markets that offer strong opportunities to improve both clinical and financial performance of the acquired facility. The operations added by the Company are frequently underperforming financially and have regulatory and clinical challenges to overcome. Financial information, especially with underperforming operations, is often inadequate, inaccurate or unavailable. The Company believes that prior operating results are not typically a meaningful representation of the Company's current operating results or indicative of the integration potential of its newly acquired operating subsidiaries. The assets added during the nine months ended September 30, 2025 and through the issuance of the financial statements were not material operations to the Company individually or in the aggregate. Accordingly, pro forma financial information is not presented. The additions have been included in the condensed consolidated balance sheets of the Company, and the operating results have been included in the condensed consolidated statements of income and comprehensive income of the Company since the date the Company gained effective control.

NOTE 13. COMMITMENTS AND CONTINGENCIES

Regulatory Matters

Laws and regulations governing Medicare and Medicaid programs are complex and subject to review and interpretation. Compliance with such laws and regulations is evaluated regularly, the results of which can be subject to future governmental review and interpretation, and can include significant regulatory action including fines, penalties, and exclusion from certain governmental programs. Included in these laws and regulations is monitoring performed by the

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Office of Civil Rights which covers the Health Insurance Portability and Accountability Act of 1996, the terms of which require healthcare providers (among other things) to safeguard the privacy and security of certain patient protected health information.

Regulatory Investigations

The Company is subject to various governmental inspections, audits, and investigations that arise in the ordinary course of its business. The following governmental investigations are ongoing, although the government entities conducting these investigations have not asserted claims against the Company in connection with these investigations.

On April 8, 2024, Providence Administrative Consulting Services (“Providence”) and Paradise Valley Healthcare Center (“Paradise Valley”) received a Civil Investigative Demand (“CID”) from the U.S. Department of Justice (“DOJ”) requesting information and documents relating to an investigation of Paradise Valley and Providence to determine whether Paradise Valley and Providence violated the False Claims Act by submitting false claims to Medicare. The investigation relates to whether Providence and Paradise Valley improperly induced patient referrals through remuneration in violation of the Anti-Kickback Statute. The CID includes requests for information relating to referral source relationships, including relationships with medical directors and other individuals. The Company is cooperating with the investigation, which is ongoing.

On September 11, 2024, the Company received a CID from the DOJ requesting information and documents relating to an investigation of the Company’s California-based skilled nursing facilities to determine whether the Company violated the False Claims Act by submitting false claims to Medicare for reimbursement under the patient-driven payment model (PDPM) for skilled nursing and rehabilitation services. The CID includes requests for information relating to the Company’s practices and incentives pertaining to the completion and submission of Minimum Data Set Assessments and the resulting PDPM rates. The Company is cooperating with the investigation, which is ongoing.

On September 30, 2024, Providence Group, Inc. (“Providence Group”) received a CID from the DOJ requesting information and documents relating to an investigation of its skilled nursing facilities, specifically including Bishop Care Center (“Bishop”) to determine whether Providence Group violated the False Claims Act by submitting false claims to Medicare for reimbursement under the COVID-19 related Hospital Stay Waiver (otherwise known as the 1135 waiver). The CID includes requests for information relating to 1135 COVID Waiver practices at Bishop. The Company is cooperating with the investigation, which is ongoing.

On February 26, 2025, the Company received a subpoena from the DOJ per the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) relating to an investigation into possible violations of various sections of 18 U.S.C. that prohibit the making of fraudulent or false statements to any branch of the government of the United States. The subpoena includes requests for information relating to PACS’ 1135 COVID Waiver practices, billing of Medicare Part B for respiratory and sensory integration therapy services, change of insurance enrollment, cost waivers for co-pays, deductibles, and co-insurance, and claim reimbursement from Medicare for bad debt. The Company is cooperating with the investigation, which is ongoing.

SEC Investigation

The SEC’s Division of Enforcement is conducting an investigation into matters that relate to the Company’s accounting and financial reporting and disclosure, and the Company’s internal controls over financial reporting and disclosure controls.

The Company is cooperating with each of the regulatory investigations identified above and the SEC investigation to produce the requested information and documentation. At this time, the Company cannot predict the outcome of any of these investigations and there can be no assurance that one or more of these investigations will not result in suits or actions alleging, or findings of, violations of federal or state laws that could lead to the imposition of damages, fines, penalties, restitution, other monetary liabilities, sanctions, settlements or changes to our business practices or operations that could have a material adverse effect on our business, financial condition or results of operations. The legal costs associated with responding to the regulatory investigations and SEC investigations can be substantial, regardless of the outcome.

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The Company is unable at this time to estimate a loss or range of loss that may arise in the event that a claim is asserted against it in connection with any of these investigations for reasons including that these matters are in early stages, no factual issues have been resolved in these matters, and there is uncertainty as to the outcome of these matters, which can result in large settlement amounts or damage awards.

Litigation

The skilled nursing business involves a significant risk of liability given the age and health of the patients and residents served by the Company's independent operating subsidiaries. The Company, and others in the industry are subject to an increasing number of claims and lawsuits, including professional liability claims, alleging that services provided have resulted in personal injury, elder abuse, wrongful death or other related claims. In addition, the Company, its independent operating subsidiaries, and others in the industry are subject to claims and lawsuits in connection with COVID-19 and a facility's preparation for and/or response to COVID-19.

Healthcare litigation (including class action litigation) is common and is filed based upon a wide variety of claims and theories. The Company and other companies in its industry are routinely subjected to varying types of claims and suits, including class-actions. Class-action suits have the potential to result in large jury verdicts and settlements, and may result in significant legal costs. The Company expects the plaintiffs' bar to continue to be aggressive in their pursuit of claims.

The Company has been, and continues to be, subject to other claims and legal actions that arise in the normal course of business, including potential claims filed by patients or others on their behalf related to patient care and treatment (professional negligence claims), as well as employment related claims filed by current or former employees. For example, the Company has been subjected to, and is currently involved in, litigation alleging violations of state and federal wage and hour laws resulting from the alleged failure to pay wages, to timely provide and authorize meal and rest breaks, and related causes of action.

In addition to the litigations described above, the Company is also subject to the following litigation:

Litigation – Securities Class Action and Shareholder Derivative Actions

On November 13, 2024, a putative securities class action captioned *Manchin v. PACS Group, Inc., et al*, Case No. 1:24-cv-08636-LJL (S.D.N.Y.) ("*Manchin* Action") was filed against the Company, individual defendants Jason Murray, Derick Apt, Mark Hancock, Jacqueline Millard, and Taylor Leavitt; and underwriter defendants Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Truist Securities, Inc., RBC Capital Markets, LLC, Goldman Sachs & Co. LLC, Stephens Inc., KeyBanc Capital Markets Inc., Oppenheimer & Co. Inc., and Regions Securities LLC. The complaint brings claims under Sections 11 and 15 of the Securities Act, and Section 10(b), and 20(a) of the Exchange Act, and alleges the Company and its leadership engaged in a multi-year scheme to inflate revenue and profitability by (i) exploiting a COVID-era Medicare waiver to "flip" long-term Medicaid patients to higher-paying Medicare coverage, (ii) billing unnecessary Medicare Part B respiratory and sensory integration therapies, and (iii) falsifying licensure and staffing documentation. On January 7, 2025, the court consolidated the *Manchin* action with a similar action brought by plaintiff New Orleans Employees' Retirement System, and on February 11, 2025 the court appointed 1199SEIU Health Care Employees Pension Fund as lead plaintiff, and its counsel, Labaton Keller Sucharow LLP, as lead counsel. Pursuant to the parties' stipulation and as ordered by the court on May 29, 2025, the Lead Plaintiff's consolidated complaint is not due until 14 days after the Company files its Quarterly Report on Form 10-Q for the period ended September 30, 2024 and its Annual Report on Form 10-K for the year ended December 31, 2024. Defendants' motion to dismiss the consolidated complaint is due 60 days after the complaint is filed, Plaintiffs' opposition is due 60 days after the filing of the motion to dismiss, and Defendants' reply is due 45 days after the filing of the opposition.

On February 14, 2025, a derivative action originally filed by plaintiff Theresa Howard-Hines ("*Howard-Hines* Action") captioned *IN RE PACS GROUP, INC. DERIVATIVE LITIGATION* Lead Case No. 1:25-cv-01343-LJL (S.D.N.Y.) was filed against defendants Jason Murray, Derick Apt, Mark Hancock, Michelle Lewis, Jacqueline Millard, Taylor Leavitt, and Evelyn Dilsaver, with the Company named as nominal defendant. The complaint brings claims of breach of fiduciary duties, unjust enrichment, waste of corporate assets, and contribution, based on substantially similar allegations as in the *Manchin* Action. On April 8, 2025, the court consolidated the *Howard-Hines* action with a similar derivative action filed by plaintiff Adam Beckman, under the name *In re PACS Group, Inc. Derivative Litigation*. On June

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9, 2025, the parties filed a joint stipulation staying the action until the earlier of the dismissal of the *Manchin* Action, the denial of any motion to dismiss in the *Manchin* Action, or the termination of the stay.

On August 19, 2025, a derivative action captioned *Boers v. Murray, et. al.*, Case No. 1:25-cv-00119-DAK-DBP (D. Utah) was filed against the same defendants and alleging substantially the same claims and theories as *IN RE PACS GROUP, INC. DERIVATIVE LITIGATION*. The defendants have not yet been served in this action. The parties have tentatively agreed to stay the Utah Derivative Action pending resolution of the anticipated motion to dismiss the securities class action. No dispositive rulings have issued, discovery is not proceeding, and there are no settlement ranges or agreements in principle. Future developments may include motions to dismiss and other dispositive motions, and potential coordination with the securities class action if the stays are lifted.

Legal proceedings can be complex and take many months, or even years, to reach resolution, with the final outcome depending on a number of variables, some of which are not within our control. Therefore, although the Company will vigorously defend itself in each of the actions described above and any other legal proceedings, their ultimate resolution and potential financial and other impacts on the Company are uncertain but could be material. Regardless of final outcomes, however, any such proceedings, claims, and investigations may nonetheless impose a significant burden on management and employees and be costly to defend, with unfavorable preliminary, interim or final rulings.

The Company accrues a liability amount when it believes that it is both probable that a liability has been incurred, and the amount can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount. Such legal matters are inherently unpredictable and subject to significant uncertainties, some of which are beyond the Company's control. The Company is unable to estimate a loss or range of loss in connection with the Securities Class Action and Shareholder Derivative Actions at this time for reasons including that these matters are in early stages, no factual issues have been resolved in these matters, and there is uncertainty as to the outcome of these matters.

The defense of any of the litigations described above may result in significant legal costs, regardless of the outcome, and can result in large settlement amounts or damage awards. While there can be no assurance, based on the Company's evaluation of information currently available, management does not believe the results of such litigations would have a material adverse effect on the results of operations, financial position or cash flows of the Company, taken as a whole. However, the Company's assessment may evolve based upon further developments in the proceedings at issue. The results of legal proceedings are inherently uncertain, and material adverse outcomes are possible.

Insurance Claims

The Company purchased PLGL claims made insurance policies to cover applicable claims through an unrelated insurer. The PLGL policies are claims-made high deductible self-insured policies whereby the Company is responsible for the first layer of coverage, generally ranging from \$500 to \$750 per claim, as well as an additional aggregate one-time deductible generally ranging from \$6,000 to \$10,000 per policy, with the unrelated insurer typically covering up to \$10,000 in aggregate claims paid per policy year. The Company uses its wholly-owned captive insurance company for the purpose of insuring certain portions of its risk retained under its PLGL programs. Accordingly, the Company is in essence self-insured for claims that are less than policy deductible amounts, claims not covered by such policies, and claims that exceed policy limits. It is the Company's policy to use an external actuary to assist management in estimating the expense and related self-insurance liabilities for PLGL claims, both asserted and unasserted, on an undiscounted basis. Included as part of accrued self-insurance liabilities in the accompanying condensed consolidated balance sheets are PLGL self-insurance liabilities amounting to \$289,075 and \$216,534 as of September 30, 2025 and December 31, 2024, respectively, which include \$40,877 and \$28,593, respectively, of estimated PLGL claims that will be covered by the unrelated insurer. PLGL self-insurance liabilities as of September 30, 2025 and December 31, 2024 include \$98,452 and \$76,650, respectively, that were related to unasserted claims. The Company recorded an asset for the estimated PLGL claims that will be covered by the unrelated insurer. As of September 30, 2025 this asset amounted to \$16,351 and \$24,526 recorded within other receivables and other assets, respectively, and as of December 31, 2024, this asset amounted to \$4,861 and \$23,732 recorded within other receivables and other assets, respectively, as the PLGL claims and the anticipated insurance recoveries are recorded on a gross rather than net basis in accordance with U.S. GAAP.

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(dollars in thousands, except for share and per share values)

Indemnities

From time to time, the Company enters into certain types of contracts that contingently require it to indemnify parties against third-party claims. These contracts primarily include (i) certain real estate leases, under which the Company may be required to indemnify property owners or prior facility operators for post-transfer environmental or other liabilities and other claims arising from the Company use of the applicable premises, (ii) operations transfer agreements, in which the Company agrees to indemnify past operators of facilities against certain liabilities arising from the transfer of the operation and/or the operation thereof after the transfer to the Company's independent operating subsidiary, (iii) certain lending agreements, under which the Company may be required to indemnify the lender against various claims and liabilities, and (iv) certain agreements with the Company officers, directors and others, under which the Company may be required to indemnify such persons for liabilities arising out of the nature of their relationship to the Company. The terms of such obligations vary by contract and, in most instances, do not expressly state or include a specific or maximum dollar amount. Generally, amounts under these contracts cannot be reasonably estimated until a specific claim is asserted. Consequently, because no claims have been asserted, no liabilities have been recorded for these obligations on the condensed consolidated balance sheets for any of the periods presented.

NOTE 14. COMPUTATION OF NET INCOME PER COMMON SHARE

Basic net income per share is calculated by dividing net income attributable to the common stockholders by the weighted-average shares of common stock outstanding for the period. The computation of diluted net income per share is similar to the computation of basic net income per share, except that the denominator is increased to include the number of additional shares of common stock that would have been outstanding if the dilutive potential shares of common stock had been issued, which are comprised of restricted stock units using the treasury stock method.

A reconciliation of the numerator and denominator used in the calculation of basic net income per common share follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Numerator:				
Net income	\$ 52,330	\$ 16,210	\$ 131,676	\$ 19,153
Less: net (loss) income attributable to noncontrolling interest	(76)	590	(165)	594
Net income attributable to PACS Group, Inc.	\$ 52,406	\$ 15,620	\$ 131,841	\$ 18,559
Denominator:				
Weighted average common shares outstanding	156,575,127	153,124,371	156,034,409	143,804,609
Basic net income per common share	\$ 0.33	\$ 0.10	\$ 0.84	\$ 0.13

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A reconciliation of the numerator and denominator used in the calculation of diluted net income per common share follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Numerator:				
Net income	\$ 52,330	\$ 16,210	\$ 131,676	\$ 19,153
Less: net (loss) income attributable to noncontrolling interest	(76)	590	(165)	594
Net income attributable to PACS Group, Inc.	\$ 52,406	\$ 15,620	\$ 131,841	\$ 18,559
Denominator:				
Weighted average common shares outstanding	156,575,127	153,124,371	156,034,409	143,804,609
Plus: effect of diluted shares ⁽¹⁾	8,134,240	5,328,960	9,458,032	1,933,274
Adjusted weighted average common shares outstanding	164,709,367	158,453,331	165,492,441	145,737,883
Diluted net income per common share	\$ 0.32	\$ 0.10	\$ 0.80	\$ 0.13

(1) The diluted per share amounts do not reflect 3,639 and 81,617 common share equivalents from restricted stock units for the three and nine months ended September 30, 2025, respectively, because of their anti-dilutive effect.

NOTE 15. STOCK AWARDS

Stock-based compensation expense consists of stock-based payment awards made to employees and directors, comprised of restricted stock units, based on their estimated fair values. Stock-based compensation expense recognized in the Company's condensed consolidated statements of income for the three and nine months ended September 30, 2025 and 2024 was based on the vesting of awards granted to date.

2024 Incentive Award Plan (2024 Plan)

The 2024 Plan allows the Company to make equity-based and cash-based incentive awards to its officers, employees, directors and consultants. The number of shares initially available for issuance under awards granted pursuant to the 2024 Plan (which number includes 15,390,579 shares of common stock issuable upon the vesting of restricted stock unit (RSU) awards granted in connection with the IPO) was equal to 10.25% of the number of shares of common stock outstanding immediately following the completion of the IPO (disregarding the shares issuable under the 2024 Plan). The number of shares available for issuance under the 2024 Plan increases annually on the first day of the year by an amount equal to up to 2% of the aggregate number of shares outstanding on the final day of the immediately preceding calendar year. As of September 30, 2025, the total number of shares available for issuance under the 2024 Plan was 5,066,273.

2024 Employee Stock Purchase Plan (2024 ESPP)

On March 31, 2024, the Company's board of directors and stockholders approved the 2024 ESPP, which became effective on the date immediately preceding the date on which the Company's registration statement was declared effective by the SEC. The number of shares initially available for issuance pursuant to the 2024 ESPP (which number includes 1,501,520 shares of common stock issuable pursuant to rights granted under the plan) was equal to 1% of the number of shares of common stock outstanding immediately following the completion of the IPO (disregarding the shares issuable under the 2024 Plan). The number of shares available for issuance under the 2024 ESPP increases annually on the first day of the year by an amount equal to up to 1% of the aggregate number of shares outstanding on the final day of the immediately preceding calendar year. As of September 30, 2025 the total number of shares available for issuance under the 2024 ESPP was 3,053,295 as there have been no shares issued under this plan.

Restricted Stock Unit Awards

Pursuant to the 2024 Plan, the Company granted no RSU awards during the three months ended September 30, 2025 and 2024 and RSU awards of 1,962,425 and 15,409,470 shares during the nine months ended September 30, 2025 and

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2024, respectively. Awards granted to key executives at the time of the IPO vested 25% upon issuance with the remaining shares scheduled to vest in equal increments on an annual basis over the next five years. All other awards generally vest in equal increments on an annual basis over three years as the grantees meet the requisite service condition. These awards granted used the market price on the date of the respective grant to determine the award fair value. The fair value per share of RSU awards granted during the nine months ended September 30, 2025 was \$13.72, and ranged from \$21.00 to \$24.85 during the nine months ended September 30, 2024.

A summary of the status of the Company's non-vested RSU awards as of September 30, 2025 and changes during the nine months ended September 30, 2025 is presented below:

	Non-Vested Restricted Stock Unit Awards	Weighted Average Grant Date Fair Value
Non-vested at January 1, 2025	11,561,818	\$ 21.01
Granted	1,962,425	13.72
Vested	(2,325,126)	21.03
Forfeited	(2,344,162)	20.37
Non-vested at September 30, 2025	8,854,955	\$ 19.55

Stock-based compensation expense

Stock-based compensation expense recognized for the Company's equity incentive plans for the three months ended September 30, 2025 and 2024 was \$2,516 and \$12,304, respectively, and for the nine months ended September 30, 2025 and 2024 was \$38,322 and \$103,240, respectively.

In future periods, the Company expects to recognize \$146,103 in stock-based compensation expense for unvested RSU awards that were outstanding as of September 30, 2025. Future stock-based compensation expense will be recognized over 3.4 weighted average years for unvested RSU awards.

NOTE 16. SUBSEQUENT EVENTS

On November 19, 2025, the Audit Committee of the Company's Board of Directors concluded an independent investigation that was initially disclosed in a press release issued on November 6, 2024, furnished as Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 6, 2024.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements and accompanying notes, which appear elsewhere in this Quarterly Report on Form 10-Q. We urge you to carefully review and consider the various disclosures made by us in this report and in our other reports filed with the Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K for the year ended December 31, 2024 (Annual Report) which discusses our business and related risks in greater detail, as well as subsequent reports we may file from time to time on Form 10-Q and Form 8-K, for additional information. The sections titled "Risk Factors" contained in this Quarterly Report on Form 10-Q and our Annual Report, and similar discussions in our other SEC filings, also describe some of the important risk factors that may affect our business, financial condition, results of operations and/or liquidity. You should carefully consider those risks, in addition to the other information in this Quarterly Report on Form 10-Q and in our other filings with the SEC, before deciding to purchase, hold or sell our common stock.

Overview

We are a leading post-acute healthcare company primarily focused on delivering high-quality skilled nursing care through a portfolio of independently operated facilities. Founded in 2013, we are one of the largest skilled nursing providers in the United States based on number of facilities. We also provide senior care, assisted living, and independent living options in some of our communities. As of September 30, 2025, our portfolio consisted of 320 post-acute care, assisted living, and independent living facilities across 17 states serving over 31,100 patients daily. We believe our significant historical growth has been primarily driven by our expertise in acquiring underperforming long-term custodial care skilled nursing facilities and transforming them into higher acuity, high value-add short-term transitional care skilled nursing facilities. We believe our success is driven in significant part by our decentralized, local operating model, through which we empower local leaders at each facility to operate their facility autonomously and deliver excellence in clinical quality and a superior experience for our patients. We provide our independently operated facilities with a comprehensive suite of technology, support, and back-office services that allow local leadership teams to focus more of their time and effort on providing quality care to patients. We believe our operating model delivers value to all of our healthcare stakeholders, including patients and families, referring providers, payors, and administrators and clinicians.

We aim to create value by identifying and acquiring underperforming custodial care facilities and converting them into higher-value short-term transitional care facilities by investing in clinical teams and processes and upgrading technology, equipment, training, staffing, aesthetics, and other aspects of the business. We believe the resources and guidance offered by PACS Services is key to rapid integration of new facilities and provides our local leadership teams with an effective technology infrastructure, support tools, and regional support teams that allow local leadership to focus on operational improvements. Our facilities generally undergo an up to three-year post-acquisition transition period. During this period, we seek to implement best practices designed to realize and sustain the facility's full potential. These practices often result in significant improvements to clinical quality and other operational metrics, including skilled mix, occupancy rates and payor contracting. We believe the results of our acquisition strategy are demonstrated by our high average QM Star rating and occupancy rate for Mature facilities of 4.3 and 95%, respectively, as of September 30, 2025. As of September 30, 2025, the average QM Star rating and occupancy rate for New facilities, which we define as facilities purchased less than 18 months prior to the measurement date, was 3.3 and 81%, respectively.

Industry Trends

We operate in the post-acute care industry, which is an essential component of the healthcare delivery ecosystem, serving high need, medically fragile patients. The post-acute care industry has evolved to meet the growing demand for post-acute and custodial healthcare services generated by an aging population, increasing life expectancies and the trend toward shifting patient care to lower cost settings. The industry continues to evolve, driven by several trends, including the following:

SNFs are an Integral and Essential Part of the Post-Acute Care Continuum SNFs play an essential role in post-acute patient care. SNFs provide higher-acuity skilled nursing care to patients that cannot be adequately treated in community-based care settings, such as assisted living or independent living facilities, and who are no longer appropriate candidates for hospital care. Despite the wide array of services and variety of needs addressed, SNFs are the lowest cost facility-based post-acute healthcare. As reimbursement and coverage continues to shift toward value-based models with greater emphasis on controlling costs, SNFs are integral to post-acute care and can continue to drive high-quality outcomes in low-cost settings.

Large, Fragmented Industry Comprised of Mostly Small and Independent Operators According to the National Center for Health Statistics (NCHS) 2020 National Post-acute and Long-term Care Study, the SNF industry in the United States encompasses approximately 15,000 facilities and serves approximately 1.3 million patients annually. The industry is highly fragmented, with the top 10 operators, each having greater than approximately 100 facilities, representing approximately 11% of total number of SNFs in the United States, according to CMS data as of September 2024, approximately 5,000 smaller and independent operators of less than 100 facilities making up the remainder. According to this data, approximately 73% and 27% of SNFs are located in urban and rural areas, respectively. In addition, approximately 73%, 21%, and 6% of SNFs are operated as for-profit, non-profit, and by the government, respectively, according to such data. We believe this fragmented landscape creates opportunities for larger providers with greater scale to serve patients better and meet regulatory requirements nation-wide by effectively addressing staffing, quality standards, and billing processes. In addition, due to the increasing demands from hospitals and insurance carriers to implement sophisticated and expensive reporting systems, we believe this fragmentation provides us with significant acquisition and consolidation opportunities.

Growing Demand Outpacing Supply of Skilled Nursing Facilities The demand for healthcare services in the United States has increased in recent years and is expected to continue growing, largely due to a rapidly aging population and an increasing prevalence of chronic conditions. While demand has increased for SNFs, the number of SNFs has declined in recent years from approximately 15,650 in 2017 to approximately 14,800 in 2024. We believe this is due to a variety of factors, including an inability of many facilities to comply with the industry's stringent regulatory compliance obligations and with quality standards, rigorous staffing, and billing requirements, as well as a lack of technology and sophistication at small and independent operators. Furthermore, new operators to this highly regulated industry face multiple barriers to entry, including the requirements to obtain a Certificate of Need, complex licensure and regulatory compliance requirements, lack of operating experience, and significant capital requirements. As a result, the addition of new SNFs has not kept pace with the number of SNFs exiting the market, amplifying the need for skilled nursing to serve an aging population.

Favorable Reimbursement Environment. According to CMS, approximately 72% of SNF revenue in 2022 was derived from government sources, including Medicaid and Medicare. Medicaid represents 51% of industry revenue, while Medicare represents approximately 21%. The remainder comprises managed care, private pay, and other payors. Medicare and Medicaid reimbursement has steadily increased over the past few years. Medicare reimbursement per patient day increased at a CAGR of approximately 3.6% from 2012 to 2021, while Medicaid reimbursement per patient day increased at a CAGR of approximately 1.9% from 2012 to 2021. During that time, the industry experienced over 9 years of growth in reimbursement rates.

Regulatory Environment. The SNF industry is highly regulated with stringent regulatory compliance obligations. In the ordinary course of business, providers are subject to federal, state and local laws and regulations relating to, among other things, billing and reimbursement, relationships with vendors, business relationships with physicians and other healthcare providers and facilities, as well as licensure, accreditation, enrollment, quality, adequacy of care, physical plant, life safety, personnel, staffing and operating requirements. Changes in law or new interpretations of existing laws and regulations may have a significant impact on revenue, costs and business operations of providers and other industry participants. In addition, governmental and other authorities periodically inspect the SNFs, senior living facilities and outpatient rehabilitation agencies to verify continued compliance with applicable regulations and standards and may impose citations and other regulatory penalties for regulatory deficiencies. Such regulatory penalties include but are not limited to civil monetary penalties, temporary payment bans, suspension or revocation of a state operating license and loss of certification as a provider in the Medicare or Medicaid program, which may be temporary or permanent in nature. This regulatory environment and related enforcement can have an adverse effect on providers and other industry participants. See the section titled "Regulatory Matters."

Facility Information

The following table provides summary information regarding the location of our post-acute care facilities and operational beds by property type as of September 30, 2025:

	Leased		Owned		Total	
	Facilities	Beds/Units	Facilities	Beds/Units	Facilities	Beds/Units
Alaska	1	102	—	—	1	102
Arizona	10	1,364	—	—	10	1,364
California	109	12,777	31	3,346	140	16,123
Colorado	19	2,236	1	242	20	2,478
Idaho	6	409	—	—	6	409
Kansas	2	258	—	—	2	258
Kentucky	5	596	2	340	7	936
Missouri	2	190	3	424	5	614
Montana	1	64	—	—	1	64
Nevada	9	787	2	165	11	952
Ohio	24	2,733	—	—	24	2,733
Oregon	21	1,564	—	—	21	1,564
Pennsylvania	4	593	4	602	8	1,195
South Carolina	21	2,355	6	663	27	3,018
Tennessee	12	1,287	—	—	12	1,287
Texas	3	300	2	282	5	582
Washington	20	1,523	—	—	20	1,523
	269	29,138	51	6,064	320	35,202

During the nine months ended September 30, 2025, we expanded our operations with the addition of four stand-alone skilled nursing operations and three assisted living and independent living facilities all of which were acquired through long-term leases. We also made five real estate purchases. For each of these five acquired properties, the Company previously operated the respective facilities and has now acquired the real estate associated with those operations. These new operations added a total of 495 skilled nursing beds and 271 assisted living beds to be operated by our affiliated operating subsidiaries. Additionally, during the same period the Company disposed of one facility including 120 skilled nursing beds.

Key Skilled Services Metrics and Non-GAAP Financial Measures

We use the following key skilled services metrics and non-GAAP financial measures to help us evaluate our business, identify trends that affect our financial performance, and make strategic decisions.

Key Skilled Services Metrics

We monitor the below key skilled services metrics across all of our facilities and by Mature facilities, Ramping facilities, and New facilities. Mature facilities are defined as facilities purchased more than 36 months prior to a respective measurement date. Ramping facilities are defined as facilities purchased within 18 to 36 months prior to a respective measurement date. New facilities are defined as facilities purchased or built less than 18 months prior to a respective measurement date.

- **Skilled nursing services revenue** — Skilled nursing services revenue reflects the portion of patient and resident service revenue generated from all patients in skilled nursing facilities, excluding revenue generated from our assisted and independent living services.
- **Skilled mix** — We measure both revenue and nursing patient days by payor. Medicare and managed care patients, whom we refer to as high acuity patients, typically require a higher level of skilled nursing care. As a result, Medicare and managed care reimbursement rates are typically higher than those from other payors. In most states,

Medicaid reimbursement rates are generally the lowest of all payor types. Changes in the payor mix can significantly affect our revenue and profitability. To monitor this performance, we evaluate two different measures of skilled mix:

- Skilled mix by revenue — Skilled mix by revenue represents the portion of routine revenue generated from treating high acuity Medicare and managed care patients. Routine revenue refers to skilled nursing services revenue generated by contracted daily rates charged for skilled nursing services. Services provided outside of routine contractual agreements are recorded separately as ancillary revenue, including Medicare Part B therapy services, and are not routine revenue. The inclusion of therapy and other ancillary treatments in the contracted daily rate varies by payor source and by contract. Revenue associated with calculating skilled mix is based on contractually agreed-upon amounts or rates, excluding the estimates of variable consideration under the revenue recognition standard, Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* (ASC 606).
- Skilled mix by nursing patient days — Skilled mix by nursing patient days represents the number of days our high acuity Medicare and managed care patients receive skilled nursing services at skilled nursing facilities as a percentage of the total number of days that patients from all payor sources receive skilled nursing services at skilled nursing facilities for any given period.
- Occupancy — The total number of patients occupying a bed in a skilled nursing facility as a percentage of the beds in such facility that are available for occupancy during the period.
- Number of facilities — The total number of skilled nursing facilities that we operate. Excludes 30 and 27 assisted living and independent living facilities for the nine months ended September 30, 2025 and 2024, respectively.
- Number of operational beds — The total number of operational beds associated with the skilled nursing facilities that we own.

The following tables present the above key skilled services metrics by category for all skilled nursing facilities, and for the skilled nursing facilities in each of the three facility cohorts, as of and for the three months ended September 30, 2025 and 2024:

	Total Facility Results Three Months Ended September 30,			
	2025	2024	Change	% Change
	(Dollars in thousands)			
Skilled nursing services revenue	\$ 1,310,933	\$ 1,010,277	\$ 300,656	29.8 %
Skilled mix by revenue	48.0 %	50.5 %		(2.5) %
Skilled mix by nursing patient days	28.2 %	29.3 %		(1.1) %
Occupancy for skilled nursing services:				
Available patient days	2,994,628	2,399,563	595,065	24.8 %
Actual patient days	2,664,033	2,171,432	492,601	22.7 %
Occupancy rate (operational beds)	89.0 %	90.5 %		(1.5) %
Number of facilities at period end	290	249	41	16.5 %
Number of operational beds at period end	32,677	27,467	5,210	19.0 %

Mature Facility Results
Three Months Ended September 30,

	2025	2024	Change	% Change
	(Dollars in thousands)			
Skilled nursing services revenue	\$ 746,242	\$ 315,154	\$ 431,088	136.8 %
Skilled mix by revenue	55.4 %	54.3 %		1.1 %
Skilled mix by nursing patient days	33.0 %	32.1 %		0.9 %
Occupancy for skilled nursing services:				
Available patient days	1,481,700	690,783	790,917	114.5 %
Actual patient days	1,404,408	652,967	751,441	115.1 %
Occupancy rate (operational beds)	94.8 %	94.5 %		0.3 %
Number of facilities at period end	149	80	69	86.3 %
Number of operational beds at period end	16,406	8,515	7,891	92.7 %

Ramping Facility Results
Three Months Ended September 30,

	2025	2024	Change	% Change
	(Dollars in thousands)			
Skilled nursing services revenue	\$ 282,160	\$ 432,870	\$ (150,710)	(34.8)%
Skilled mix by revenue	40.6 %	54.2 %		(13.6)%
Skilled mix by nursing patient days	22.0 %	31.2 %		(9.2)%
Occupancy for skilled nursing services:				
Available patient days	725,220	934,132	(208,912)	(22.4)%
Actual patient days	624,612	877,092	(252,480)	(28.8)%
Occupancy rate (operational beds)	86.1 %	93.9 %		(7.8)%
Number of facilities at period end	62	93	(31)	(33.3)%
Number of operational beds at period end	8,116	10,686	(2,570)	(24.1)%

New Facility Results
Three Months Ended September 30,

	2025	2024	Change	% Change
	(Dollars in thousands)			
Skilled nursing services revenue	\$ 282,531	\$ 262,253	\$ 20,278	7.7 %
Skilled mix by revenue	35.6 %	40.4 %		(4.8) %
Skilled mix by nursing patient days	23.6 %	24.0 %		(0.4) %
Occupancy for skilled nursing services:				
Available patient days	787,708	774,648	13,060	1.7 %
Actual patient days	635,013	641,373	(6,360)	(1.0) %
Occupancy rate (operational beds)	80.6 %	82.8 %		(2.2) %
Number of facilities at period end	79	76	3	3.9 %
Number of operational beds at period end	8,155	8,266	(111)	(1.3) %

The following tables present the above key skilled services metrics by category for all facilities, Mature facilities, Ramping facilities, and New facilities as of and for the nine months ended September 30, 2025 and 2024:

Total Facility Results Nine Months Ended September 30,				
	2025	2024	Change	% Change
(Dollars in thousands)				
Skilled nursing services revenue	\$ 3,843,153	\$ 2,849,806	\$ 993,347	34.9 %
Skilled mix by revenue	49.1 %	51.2 %		(2.1) %
Skilled mix by nursing patient days	28.9 %	29.4 %		(0.5) %
Occupancy for skilled nursing services:				
Available patient days	8,824,037	6,788,832	2,035,205	30.0 %
Actual patient days	7,846,851	6,165,899	1,680,952	27.3 %
Occupancy rate (operational beds)	88.9 %	90.8 %		(1.9) %
Number of facilities at period end	290	249	41	16.5 %
Number of operational beds at period end	32,677	27,467	5,210	19.0 %

Mature Facility Results Nine Months Ended September 30,				
	2025	2024	Change	% Change
(Dollars in thousands)				
Skilled nursing services revenue	\$ 2,147,833	\$ 877,803	\$ 1,270,030	144.7 %
Skilled mix by revenue	56.4 %	55.0 %		1.4 %
Skilled mix by nursing patient days	33.7 %	32.2 %		1.5 %
Occupancy for skilled nursing services:				
Available patient days	4,238,699	1,959,687	2,279,012	116.3 %
Actual patient days	4,025,794	1,850,627	2,175,167	117.5 %
Occupancy rate (operational beds)	95.0 %	94.4 %		0.6 %
Number of facilities at period end	149	80	69	86.3 %
Number of operational beds at period end	16,406	8,515	7,891	92.7 %

Ramping Facility Results Nine Months Ended September 30,				
	2025	2024	Change	% Change
(Dollars in thousands)				
Skilled nursing services revenue	\$ 807,434	\$ 1,227,925	\$ (420,491)	(34.2)%
Skilled mix by revenue	41.9 %	55.9 %		(14.0)%
Skilled mix by nursing patient days	22.8 %	32.7 %		(9.9)%
Occupancy for skilled nursing services:				
Available patient days	2,047,146	2,613,520	(566,374)	(21.7)%
Actual patient days	1,764,784	2,467,398	(702,614)	(28.5)%
Occupancy rate (operational beds)	86.2 %	94.4 %		(8.2)%
Number of facilities at period end	62	93	(31)	(33.3)%
Number of operational beds at period end	8,116	10,686	(2,570)	(24.1)%

New Facility Results				
Nine Months Ended September 30,				
	2025	2024	Change	% Change
(Dollars in thousands)				
Skilled nursing services revenue	\$ 887,886	\$ 744,078	\$ 143,808	19.3 %
Skilled mix by revenue	38.2 %	39.3 %		(1.1) %
Skilled mix by nursing patient days	24.7 %	22.3 %		2.4 %
Occupancy for skilled nursing services:				
Available patient days	2,538,192	2,215,625	322,567	14.6 %
Actual patient days	2,056,273	1,847,874	208,399	11.3 %
Occupancy rate (operational beds)	81.0 %	83.4 %		(2.4) %
Number of facilities at period end	79	76	3	3.9 %
Number of operational beds at period end	8,155	8,266	(111)	(1.3) %

The following tables present additional detail regarding our skilled mix, including our percentage of nursing patient days and revenue by payor source for all facilities, and for each of the three facility cohorts, for the three months ended September 30, 2025 and 2024:

Three Months Ended September 30,								
Skilled mix by revenue	Mature		Ramping		New		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Medicare	39.6 %	37.0 %	27.8 %	36.6 %	18.9 %	23.7 %	32.7 %	33.3 %
Managed care	15.8	17.3	12.8	17.6	16.7	16.7	15.3	17.2
Skilled mix	55.4	54.3	40.6	54.2	35.6	40.4	48.0	50.5
Medicaid	35.7	38.4	49.9	37.4	53.7	50.4	42.6	41.2
Private and other	8.9	7.3	9.5	8.4	10.7	9.2	9.4	8.3
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Three Months Ended September 30,								
Skilled mix by nursing patient days	Mature		Ramping		New		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Medicare	21.0 %	18.5 %	12.4 %	18.5 %	11.1 %	11.4 %	16.6 %	16.4 %
Managed care	12.0	13.6	9.6	12.7	12.5	12.6	11.6	12.9
Skilled mix	33.0	32.1	22.0	31.2	23.6	24.0	28.2	29.3
Medicaid	57.7	59.6	67.8	59.7	64.2	65.3	61.6	61.4
Private and other	9.3	8.3	10.2	9.1	12.2	10.7	10.2	9.3
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

The following tables present additional detail regarding our skilled mix, including our percentage of nursing patient days and revenue by payor source for all facilities, and for each of the three facility cohorts, for the nine months ended September 30, 2025 and 2024:

Nine Months Ended September 30,								
Skilled mix by revenue	Mature		Ramping		New		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Medicare	41.0 %	37.3 %	30.0 %	37.7 %	20.8 %	22.9 %	33.9 %	33.6 %
Managed care	15.4	17.7	11.9	18.2	17.4	16.4	15.2	17.6
Skilled mix	56.4	55.0	41.9	55.9	38.2	39.3	49.1	51.2
Medicaid	35.0	38.1	48.7	36.3	51.9	51.5	41.9	40.9
Private and other	8.6	6.9	9.4	7.8	9.9	9.2	9.0	7.9
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Skilled mix by nursing patient days	Nine Months Ended September 30,							
	Mature		Ramping		New		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Medicare	21.8 %	18.5 %	13.9 %	19.3 %	11.6 %	10.3 %	17.4 %	16.4 %
Managed care	11.9	13.7	8.9	13.4	13.1	12.0	11.5	13.0
Skilled mix	33.7	32.2	22.8	32.7	24.7	22.3	28.9	29.4
Medicaid	57.1	59.7	67.1	58.3	64.0	67.1	61.2	61.4
Private and other	9.2	8.1	10.1	9.0	11.3	10.6	9.9	9.2
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

- **Average daily rates** — The routine revenue by payor source for a period at the skilled nursing facilities divided by actual patient days for that revenue source for that given period. Revenue associated with calculating average daily rates is based on contractually agreed-upon amounts or rates, excluding the estimates of variable consideration under ASC 606. These rates also exclude additional state relief funding, which includes payments we recognized as part of The Families First Coronavirus Response Act (FFCRA).

The following table presents average daily rates by payor source, excluding services that are not covered by the daily rate, for the three months ended September 30, 2025 and 2024:

Average daily rate	Three Months Ended September 30,							
	Mature		Ramping		New		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Medicare	\$ 988.41	\$ 947.82	\$ 991.53	\$ 982.32	\$ 746.97	\$ 880.10	\$ 950.49	\$ 949.62
Managed care	686.21	603.54	595.45	684.92	586.21	560.68	642.83	623.48
Total for skilled patient payors ⁽¹⁾	878.36	802.49	819.35	861.20	661.91	712.35	824.34	805.90
Medicaid	324.26	305.80	326.92	310.83	366.42	326.88	335.43	314.41
Private and other	495.26	416.36	418.77	455.01	385.54	365.64	446.20	414.55
Total ⁽²⁾	\$ 523.14	\$ 474.28	\$ 444.63	\$ 495.71	\$ 438.53	\$ 423.64	\$ 484.57	\$ 467.98

(1) Represents weighted average of revenue generated by Medicare and managed care payor sources.

(2) Represents weighted average.

The following table presents average daily rates by payor source, excluding services that are not covered by the daily rate, for the nine months ended September 30, 2025 and 2024:

Average daily rate	Nine Months Ended September 30,							
	Mature		Ramping		New		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Medicare	\$ 984.00	\$ 942.70	\$ 981.22	\$ 971.79	\$ 773.80	\$ 910.87	\$ 946.64	\$ 950.39
Managed care	682.71	604.12	604.84	671.59	577.61	565.06	637.92	621.24
Total for skilled patient payors ⁽¹⁾	877.92	798.75	833.92	848.20	670.02	725.35	823.56	804.11
Medicaid	322.18	299.12	330.12	309.23	350.65	314.85	331.95	308.12
Private and other	492.48	396.81	425.86	430.88	380.83	355.44	443.96	395.91
Total ⁽²⁾	\$ 525.23	\$ 468.14	\$ 454.83	\$ 496.61	\$ 432.96	\$ 410.54	\$ 485.22	\$ 462.27

(1) Represents weighted average of revenue generated by Medicare and managed care payor sources.

(2) Represents weighted average.

Non-GAAP Financial Measures

In addition to our results provided throughout that are determined in accordance with GAAP, we also present the following non-GAAP financial measures: EBITDA, Adjusted EBITDA and Adjusted EBITDAR (collectively, Non-GAAP Financial Measures). EBITDA and Adjusted EBITDA are performance measures. Adjusted EBITDAR is a valuation measure. These Non-GAAP Financial Measures have no standardized meaning defined by GAAP, and therefore have limitations as analytical tools, and they should not be considered in isolation, or as a substitute for analysis of our results as reported in accordance with GAAP. You should review the reconciliation of net income to the Non-GAAP Financial Measures in the table below, together with our condensed consolidated financial statements and the related notes in their entirety, and should not rely on any single financial measure. Additionally, other companies may define these or similar

Non-GAAP Financial Measures with the same or similar names differently, and because these Non-GAAP Financial Measures are not standardized, it may not be possible to compare these financial measures to those of other companies.

Performance Measures

We use EBITDA and Adjusted EBITDA to facilitate internal comparisons of our historical operating performance on a more consistent basis, as well as for business planning and forecasting purposes. In addition, we believe the presentation of EBITDA and Adjusted EBITDA is useful to investors, analysts and other interested parties in comparing our operating performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our ongoing operating performance.

EBITDA – We calculate EBITDA as net income, adjusted for net (loss) income attributable to noncontrolling interest, before: interest expense; provision for income taxes; and depreciation and amortization.

Adjusted EBITDA – We calculate Adjusted EBITDA as EBITDA further adjusted for non-core business items, which for the reported periods includes, to the extent applicable, costs incurred to acquire operations that are not capitalizable, gains on lease termination, stock-based compensation expense, loss from equity method investment, forfeiture of a seller's note, recognition of a bargain purchase gain, legal and other costs, and certain one-time expenses that are not representative of our underlying operating performance. Costs related to acquisitions include costs related to our acquisition of SNF facilities and providers, including related costs such as legal fees, financial and tax due diligence, consulting and escrow fees. The loss related to our equity method investment is a loss allocated to us from a discrete disposal recognized by one of our equity method investments. Legal and other costs include legal and professional fees incurred associated with the Audit Committee's independent investigation and with other ongoing investigations.

Valuation Measure

We use Adjusted EBITDAR as a measure to determine the value of prospective acquisitions and to assess the enterprise value of our business without regard to differences in capital structures and leasing arrangements. In addition, we believe that Adjusted EBITDAR is also a commonly used measure by investors, analysts and other interested parties to compare the enterprise value of different companies in the healthcare industry without regard to differences in capital structures and leasing arrangements, particularly for companies with operating and finance leases. For example, finance lease expenditures are recorded in depreciation and interest and are therefore removed from Adjusted EBITDA, whereas operating lease expenditures are recorded in rent expense and are therefore retained in Adjusted EBITDA. Adjusted EBITDAR is a financial valuation measure that is not specified in GAAP, and is not displayed as a performance measure as it excludes rent expense, which is a normal and recurring cash operating expense, and is therefore presented only for the current period. While we believe that Adjusted EBITDAR provides useful insight regarding our underlying operations, excluding the impact of our operating leases, we must still incur cash operating expenses related to our operating leases and rent and such expenses are necessary to operate our leased operations. As a result, Adjusted EBITDAR may understate the extent of our cash operating expenses for the respective period relative to our actual cash needs to operate our leased operations and business.

Adjusted EBITDAR – We calculate Adjusted EBITDAR as Adjusted EBITDA less rent-cost of services.

The table below presents a reconciliation of EBITDA, Adjusted EBITDA, and Adjusted EBITDAR to net income, the most directly comparable financial measure calculated in accordance with GAAP, on a consolidated basis for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(in thousands)			
Net income	\$ 52,330	\$ 16,210	\$ 131,676	\$ 19,153
Less: Net (loss) income attributable to noncontrolling interest	(76)	590	(165)	594
Add: Interest expense	8,529	9,029	19,787	35,040
Provision for income taxes	23,966	17,446	65,962	21,203
Depreciation and amortization	14,401	10,523	40,284	27,893
EBITDA	\$ 99,302	\$ 52,618	\$ 257,874	\$ 102,695
Adjustments to EBITDA:				
Acquisition related costs	101	845	310	1,537
Gain on lease termination	—	—	—	(8,046)
Stock-based compensation expense	12,516	12,304	38,322	103,240
Loss from equity method investment	—	—	—	2,736
Forfeiture of seller's note	—	500	—	500
Bargain purchase gain	—	(17,185)	—	(17,185)
Legal and other costs	19,596	—	66,460	—
Adjusted EBITDA	\$ 131,515	\$ 49,082	\$ 362,966	\$ 185,477
Rent - cost of services	95,107	72,632	283,250	200,954
Adjusted EBITDAR	\$ 226,622		\$ 646,216	

Components of Results of Operations

Revenue

Patient and Resident Service Revenue

Patient and resident service revenue typically represents over 99% of our total revenue. Patient and resident service revenue comprises skilled nursing services revenue, revenue generated from our senior assisted living services and revenue generated from certain ancillary services provided outside of routine contractual agreements. For the nine months ended September 30, 2025 and 2024, skilled nursing services revenue represented over 97% of patient and resident service revenue.

We derive patient and resident service revenue from services rendered, under short-term contracts, to patients for skilled and intermediate nursing, rehabilitation therapy, and assisted living services. This revenue is reported at the amount that reflects the consideration to which we expect to be entitled in exchange for providing patient services. These amounts are due from patients, governmental programs, and other third-party payors, and include variable consideration for retroactive revenue adjustments due to settlement of audits and reviews. Within our skilled nursing operations, we generate revenue from payor sources including Medicaid, Medicare and other payors such as commercial insurance companies, health maintenance organizations, and preferred provider organizations.

We expect patient and resident service revenue to continue to represent the vast majority of our total revenue and that such revenue will continue to increase to the extent we successfully execute on our acquisition strategy.

Other Revenue

Other revenue relates to ancillary revenue generating activities and primarily consists of revenue associated with arrangements in which we are a lessor of certain facilities. Other revenue typically represents an immaterial portion of our total revenue and we expect this to continue for the foreseeable future.

Cost of Services (exclusive of rent and depreciation and amortization shown separately)

Our cost of services represents the costs of operating our operating subsidiaries, which primarily consist of payroll and related benefits, supplies, purchased services, and ancillary expenses such as the cost of pharmacy and therapy services provided to patients. Cost of services also includes the cost of general and professional liability insurance, rent expenses related to leasing our operational facilities (such as taxes, insurance, impounds, capital reserves or other charges payable under the applicable lease agreements), dietary services, contracted services and other administrative general cost of services with respect to our operations. As we continue to execute on our acquisitions strategy and grow our business, we expect that our cost of services will continue to increase.

Rent - Cost of Services

Rent - cost of services consists solely of base rent amounts payable under lease agreements to third-party real estate owners. Our operating subsidiaries lease and operate, but do not own the underlying real estate of, 269 facilities and these amounts do not include taxes, insurance, impounds, capital reserves or other charges payable under the applicable lease agreements. As we continue to execute on our acquisitions strategy and expand our network of facilities, we expect that our rent - cost of services will continue to increase.

General and Administrative Expense

General and administrative expense consists primarily of payroll and related benefits and travel expenses for our PACS Services personnel, including training and other operational support. General and administrative expense also includes professional fees (including accounting and legal fees) and costs relating to our information systems. Historically, our general and administrative expense has not included any stock-based compensation. In connection with our IPO in April 2024, we adopted the 2024 Plan and the 2024 ESPP. From this point forward, our general and administrative expense includes stock-based compensation.

We expect general and administrative expense to increase on an absolute dollar basis for the foreseeable future as we continue to increase investments to support our growth. Our costs related to legal, audit, accounting, regulatory and tax-related services associated with maintaining compliance with exchange listing and SEC requirements, director and officer insurance costs, investor and public relations costs, and other expenses that we did not incur as a private company are higher as a public company. Legal and professional fees incurred associated with the Audit Committee's independent investigation and with ongoing investigations are included in general and administrative expense. We anticipate that general and administrative expense as a percentage of revenue will vary from period to period, but we expect to leverage these expenses over time as we grow our revenue.

Depreciation and Amortization

Property and equipment are recorded at their original historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of the depreciable assets. The following is a summary of the estimated useful lives of our depreciable assets:

- Buildings and improvements - minimum of 5 years to a maximum of 40 years, generally 30 years
- Leasehold improvements - shorter of the lease term or the estimated useful life, generally 5 years to 15 years
- Furniture and equipment - minimum of 3 years to a maximum of 15 years

Other (Expense) Income, Net

Other (expense) income, net consists primarily of interest expense related to our debt, as well as income from gains and losses from investments in partnerships, and gains from lease termination.

Provision for Income Taxes

Provision for income taxes consists primarily of income taxes in certain jurisdictions in which we conduct business.

Results of Operations

Three Months Ended September 30, 2025 Compared to the Three Months Ended September 30, 2024

	Three Months Ended September 30,		Change	
	2025	2024	\$	%
(in thousands)				
Revenue				
Patient and resident service revenue	\$ 1,344,302	\$ 1,024,276	\$ 320,026	31.2 %
Other revenues	265	2,029	(1,764)	(86.9)%
Total Revenue	\$ 1,344,567	\$ 1,026,305	\$ 318,262	31.0 %
Operating Expenses				
Cost of services	1,046,262	849,599	196,663	23.1 %
Rent - cost of services	95,107	72,632	22,475	30.9 %
General and administrative expense	102,528	70,587	31,941	45.3 %
Depreciation and amortization	14,401	10,523	3,878	36.9 %
Total Operating Expenses	\$ 1,258,298	\$ 1,003,341	\$ 254,957	25.4 %
Operating income	86,269	22,964	63,305	275.7 %
Other (Expense) Income				
Interest expense	(8,529)	(9,029)	500	(5.5)%
Other (expense) income, net	(1,444)	19,721	(21,165)	(107.3)%
Total Other (Expense) Income, Net	\$ (9,973)	\$ 10,692	\$ (20,665)	(193.3)%
Income before provision for income taxes	76,296	33,656	42,640	126.7 %
Provision for income taxes	23,966	17,446	6,520	37.4 %
Net Income	\$ 52,330	\$ 16,210	\$ 36,120	222.8 %

Revenue

Patient and resident service revenue - Patient and resident service revenue increased by \$320.0 million to \$1.3 billion for the three months ended September 30, 2025, a 31.2% increase compared to the three months ended September 30, 2024. For the three months ended September 30, 2025 and 2024, skilled nursing services revenue represented more than 97% of patient and resident service revenue.

Skilled nursing services revenue increased by 29.8%, or \$300.7 million, to \$1.3 billion for the three months ended September 30, 2025, compared to the three months ended September 30, 2024. This change was driven by an increase in patient days of 492,601, or 22.7%, primarily due to an increase in operational beds of 5,210, or 19.0%, from September 30, 2024 to September 30, 2025. New and Ramping facilities experienced a decrease in occupancy, from 82.8% and 93.9%, respectively, for the three months ended September 30, 2024 to 80.6% and 86.1%, respectively, for the three months ended September 30, 2025. The combined occupancy rate across all facilities of 89.0% for the three months ended September 30, 2025, reflects a decrease compared to 90.5% for the three months ended September 30, 2024. The decrease in New and Ramping facility cohort occupancy rates was offset by a small increase in the Mature facility cohort occupancy rate which grew by 0.3% to 94.8% for the three months ended September 30, 2025 compared to the three months ended September 30, 2024.

Our skilled nursing services revenue was impacted by fluctuations in our payor source mix. Our average Medicare daily rates primarily remained consistent, for the three months ended September 30, 2025, compared to the three months ended September 30, 2024.

Our average Medicaid rates increased 6.7% due to state reimbursement increases and our participation in supplemental Medicaid payment programs and quality improvement programs in various states. Medicaid rates exclude the amount of state relief revenue we recorded.

Other revenue - Other revenue decreased by \$1.8 million for the three months ended September 30, 2025 compared to the same period in the prior year due to a change in lease income over these periods.

Cost of services

Cost of services increased by \$196.7 million to \$1.0 billion, for the three months ended September 30, 2025, compared to the three months ended September 30, 2024. The 23.1% increase was primarily driven by an increase of \$129.9 million in salaries and wages. Our total number of post-acute care facilities, inclusive of skilled nursing facilities and assisted living facilities, increased from 276 as of September 30, 2024 to 320 as of September 30, 2025, an increase of 15.9%. Of the salaries and wages increase, those attributable to New facilities purchased after September 30, 2024 accounted for \$68.1 million, or 52.4% of the increase. Headcount and operational changes attributable to Ramping and Mature facilities accounted for the remaining change in salaries and wages. Aside from labor costs, the increase in cost of services was due to increases of \$24.8 million in contracted services; \$15.1 million in nursing and dietary expenses; and \$9.9 million in administrative expenses for facilities. The remaining change in cost of services was spread out across various expense types.

Rent - cost of services

Rent - cost of services increased to \$95.1 million for the three months ended September 30, 2025, compared to \$72.6 million for the three months ended September 30, 2024. The increase was primarily attributable to the addition of new facilities with operating leases midway through, and subsequent to, the three months ended September 30, 2024, as well as to annual escalators on existing facilities' rent.

General and administrative expense

General and administrative expense increased by \$31.9 million, to \$102.5 million for the three months ended September 30, 2025, compared to \$70.6 million for the three months ended September 30, 2024. This increase was due to an increase in salaries and wages of \$6.6 million due to growth in operations, and an increase in professional fees within general and administrative expense in the current year including an increase of \$19.6 million in legal expenses associated with the Audit Committee's independent investigation and with ongoing government investigations.

Depreciation and amortization

Depreciation and amortization increased by \$3.9 million to \$14.4 million, for the three months ended September 30, 2025, compared to the three months ended September 30, 2024. This increase is directly attributable to new real estate obtained through acquisitions.

Other (expense) income, net

Other (expense) income, net was \$(10.0) million for the three months ended September 30, 2025, a decrease of \$20.7 million compared to other income, net of \$10.7 million for the three months ended September 30, 2024. Other (expense) income, net consists of interest expense which decreased by \$0.5 million, to \$8.5 million for the three months ended September 30, 2025. Additionally, other (expense) income, net changed from income of \$19.7 million to expense of \$1.4 million for the three months ended September 30, 2024 compared to the three months ended September 30, 2025, driven by an increase in unrealized gains on our investment in partnerships during the three months ended September 30, 2024 with no comparable gains during the three months ended September 30, 2025.

Provision for income taxes

Provision for income taxes totaled \$24.0 million for the three months ended September 30, 2025, representing an effective tax rate of 31.4%, compared to a provision for income taxes of \$17.4 million and an effective tax rate of 51.8% for the three months ended September 30, 2024. The change in effective tax rate in the three months ended September 30, 2025 compared to the three months ended September 30, 2024 was primarily due to the change in forecasted pre-tax book income. See Note 10 "Income Taxes", in our condensed consolidated financial statements for more information.

Nine Months Ended September 30, 2025 Compared to the Nine Months Ended September 30, 2024

	Nine Months Ended September 30,		Change	
	2025	2024	\$	%
(in thousands)				
Revenue				
Patient and resident service revenue	\$ 3,930,168	\$ 2,878,946	\$ 1,051,222	36.5 %
Other revenues	785	2,900	(2,115)	(72.9)%
Total Revenue	\$ 3,930,953	\$ 2,881,846	\$ 1,049,107	36.4 %
Operating Expenses				
Cost of services	3,090,932	2,347,738	743,194	31.7 %
Rent - cost of services	283,250	200,954	82,296	41.0 %
General and administrative expense	301,579	254,167	47,412	18.7 %
Depreciation and amortization	40,284	27,893	12,391	44.4 %
Total Operating Expenses	\$ 3,716,045	\$ 2,830,752	\$ 885,293	31.3 %
Operating income	214,908	51,094	163,814	320.6 %
Other (Expense) Income				
Interest expense	(19,787)	(35,040)	15,253	(43.5)%
Gain on lease termination	—	8,046	(8,046)	(100.0)%
Other income, net	2,517	16,256	(13,739)	(84.5)%
Total Other Expense, Net	\$ (17,270)	\$ (10,738)	\$ (6,532)	60.8 %
Income before provision for income taxes	197,638	40,356	157,282	389.7 %
Provision for income taxes	65,962	21,203	44,759	211.1 %
Net Income	\$ 131,676	\$ 19,153	\$ 112,523	587.5 %

Revenue

Patient and resident service revenue - Patient and resident service revenue increased by \$1,051.2 million to \$3.9 billion for the nine months ended September 30, 2025, a 36.5% increase compared to the nine months ended September 30, 2024. For the nine months ended September 30, 2025 and 2024, skilled nursing services revenue represented more than 97% of patient and resident service revenue.

Skilled nursing services revenue increased by 34.9%, or \$993.3 million, to \$3.8 billion for the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024. This change was driven by an increase in patient days of 1,680,952, or 27.3%, primarily due to an increase in operational beds of 5,210, or 19.0%, from September 30, 2024 to September 30, 2025. New and Ramping facilities experienced a decrease in occupancy, from 83.4% and 94.4%, respectively, for the nine months ended September 30, 2024 to 81.0% and 86.2%, respectively, for the nine months ended September 30, 2025. The combined occupancy rate across all facilities of 88.9% for the nine months ended September 30, 2025, reflects a decrease as compared to 90.8% for the nine months ended September 30, 2024. The decrease in New and Ramping facility cohort occupancy rate was offset by a small increase in the Mature facility cohort occupancy rate which grew by 0.6% to 95.0% for the nine months ended September 30, 2025 as compared to the nine months ended September 30, 2024.

Our skilled nursing services revenue was impacted by changes in our average daily rates and fluctuations in our payor source mix. Our average Medicare daily rates decreased by 0.4%, for the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024.

Our average Medicaid rates increased 7.7% due to state reimbursement increases and our participation in supplemental Medicaid payment programs and quality improvement programs in various states. Medicaid rates exclude the amount of state relief revenue we recorded.

Other revenue - Other revenue decreased to \$0.8 million for the nine months ended September 30, 2025, compared to \$2.9 million for the same period in the prior year due to a change in lease income over these periods.

Cost of services

Cost of services increased by \$743.2 million to \$3.1 billion, for the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024. The 31.7% increase was primarily driven by an increase of \$469.4 million in salaries and wages. Our total number of post-acute care facilities, inclusive of skilled nursing facilities and assisted living facilities, increased from 276 as of September 30, 2024 to 320 as of September 30, 2025, an increase of 15.9%. Of the salaries and wages increase, those attributable to New facilities purchased after September 30, 2024 accounted for \$191.5 million or 40.8% of the increase. Headcount and operational changes attributable to Ramping and Mature facilities accounted for the remaining change in salaries and wages. Aside from labor costs, the increase in cost of services was due to increases of \$96.4 million in contracted services; \$62.9 million in administrative expenses for facilities; and \$53.6 million in nursing and dietary expenses. The remaining change in cost of services was spread out across various expense types.

Rent - cost of services

Rent - cost of services increased to \$283.3 million for the nine months ended September 30, 2025, compared to \$201.0 million for the nine months ended September 30, 2024. The increase was primarily attributable to the addition of new facilities throughout the year, as well as to annual escalators on existing facilities' rent.

General and administrative expense

General and administrative expense increased by \$47.4 million, to \$301.6 million for the nine months ended September 30, 2025, compared to \$254.2 million for the nine months ended September 30, 2024. The change was driven by an increase in salaries and wages of \$31.1 million, or 28.3%, due to growth in operations, and an increase in costs associated with professional fees within general and administrative expense in the current year including a \$66.5 million increase in legal expenses associated with the Audit Committee's independent investigation and with ongoing government investigations. This increase was offset by a change in stock compensation expense recognized during the year, associated with restricted stock units that were granted at the time of our IPO, which accounted for a decrease of \$64.9 million. The remaining increase in general and administrative expense was driven by an increase in centralized costs to support the facility operations.

Depreciation and amortization

Depreciation and amortization increased by \$12.4 million to \$40.3 million, for the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024. This increase is directly attributable to new real estate obtained through acquisitions.

Other expense, net

Other expense, net was \$17.3 million for the nine months ended September 30, 2025, an increase in expense of \$6.5 million compared to the nine months ended September 30, 2024. Other expense, net consists of interest expense which decreased by \$15.3 million, to \$19.8 million for the nine months ended September 30, 2025, driven by a decrease in average line of credit and long-term debt balances throughout the year of \$129.5 million from September 30, 2024 to September 30, 2025. In the nine months ended September 30, 2024, other expense, net also included a gain of \$8.0 million recognized upon the termination of a lease. Additionally, other income, net decreased by \$13.7 million compared to the nine months ended September 30, 2024, driven by an increase in unrealized gains on our investment in partnerships in the prior year with no comparable activity in the current year.

Provision for income taxes

Provision for income taxes totaled \$66.0 million for the nine months ended September 30, 2025, representing an effective tax rate of 33.4%, compared to a provision for income tax of \$21.2 million and an effective tax rate of 52.5% for the nine months ended September 30, 2024. The change in effective tax rate in the nine months ended September 30, 2025 compared to the nine months ended September 30, 2024 was primarily due to the change in forecasted pre-tax book income. See Note 10 “Income Taxes”, in our condensed consolidated financial statements for more information.

Holding Company Status

We are a holding company with no significant direct operating assets, employees or revenues. Our operating subsidiaries are operated by separate, independent entities, each of which has its own management, employees and assets. In addition, through a separate wholly-owned subsidiary, we provide centralized accounting, payroll, human resources, information technology, legal, risk management and other consulting and centralized services to the other operating subsidiaries through contractual relationships with those subsidiaries. We also have a wholly-owned captive insurance subsidiary that provides some claims-made coverage to our operating subsidiaries for professional liability and general liability insurance.

Liquidity & Capital Resources

Prior to our IPO, our liquidity was generally derived from our cash flows from operations, mortgage loans (including both Housing and Urban Development (HUD)-insured and non-HUD mortgage loans), and credit facilities maintained with commercial banks.

On April 15, 2024, we completed an IPO receiving initial net proceeds of \$423.0 million. We used \$370.0 million of the net proceeds from the IPO to repay amounts outstanding under our Amended and Restated Credit Facility (as defined below) and used the remaining amount for general corporate purposes to support the growth of the business. On September 9, 2024, we completed an underwritten follow-on offering receiving initial net proceeds of \$96.4 million, of which we used \$95.3 million to repay amounts outstanding under our Amended and Restated Credit Facility.

As of September 30, 2025, we had cash and cash equivalents (which include short-term investments with original maturities of three months or less at the time of purchase) of \$355.7 million. The total principal amount outstanding under our Amended and Restated Credit Facility as of September 30, 2025 was \$100.0 million. In addition, we had outstanding letters of credit of \$13.9 million as of September 30, 2025.

As described in more detail below, we are in a state of forbearance with the lenders associated with the Amended and Restated Credit Facility and as a result, we are currently unable to borrow additional amounts. We are in active discussions with the Required Lenders (as defined in the Amended and Restated Credit Agreement) regarding the terms of an amendment and waiver to our Amended and Restated Credit Facility and expect to reach an agreement before the end of the forbearance period to be able to borrow additional amounts.

The terms of the Amended and Restated Credit Facility permit optional prepayments from time to time without premium or penalty. We expect to continue to use the Amended and Restated Credit Facility, subject to entrance into the agreement described above, as our single line-of-credit and to fund the potential acquisition of additional property and operations, as well as for working capital and for general corporate purposes. Cash paid to fund real estate acquisitions was \$80.6 million for the nine months ended September 30, 2025, compared to \$224.8 million, for the nine months ended September 30, 2024.

We believe our current cash balances and our cash flow from operations will be sufficient to cover our operating needs for at least the next 12 months. We may, in the future, seek to raise additional capital to fund growth, capital renovations, operations and other business activities, but such additional capital may not be available on acceptable terms, on a timely basis, or at all.

The following table presents selected data from our condensed consolidated statement of cash flows for the periods presented:

	Nine Months Ended September 30,	
	2025	2024
	(in thousands)	
Net cash provided by/(used in):		
Operating activities	\$ 407,614	\$ 302,751
Investing activities	(145,879)	(338,345)
Financing activities	(63,521)	(21,098)
Net change in cash	\$ 198,214	\$ (56,692)
Cash, cash equivalents, and restricted cash - beginning of period	160,842	118,704
Cash, cash equivalents, and restricted cash - end of period	\$ 359,056	\$ 62,012

Operating activities

Cash provided by operating activities is net income adjusted for certain non-cash items and changes in operating assets and liabilities.

Net cash provided by operating activities for the nine months ended September 30, 2025 of \$407.6 million increased by \$104.9 million as compared with the same period in 2024. The increase was driven by an increase in operational performance across our existing portfolio of facilities as well as the incremental operational performance across our net 44 facilities acquired since September 30, 2024. This increase was further driven by an increase in cash flows from the change in operating assets and liabilities of \$22.3 million due primarily to the timing of accounts receivable collections as well as the timing of payables and other accrued liabilities. The impact of collections to net income is driven by growth in operating facilities period-over-period, supported by a decrease in days sales outstanding of 7.4, from 57.8 as of September 30, 2024 to 50.4 as of September 30, 2025. This change in days sales outstanding is due to operational efficiencies as facilities continue to mature following facility ownership transition.

Investing activities

Investing cash flows consist primarily of capital expenditures, investment activities, proceeds from sale of property and equipment and cash used for acquisitions.

Net cash used in investing activities for the nine months ended September 30, 2025 of \$145.9 million decreased by \$192.5 million as compared with the same period in 2024. The decrease in cash used was attributable to a decrease of \$144.2 million in the acquisition of facilities, a decrease of \$29.8 million in purchases of investments consisting of holdings in investment grade bond mutual funds, and a decrease of \$30.4 million used for the investment in partnerships during the nine months ended September 30, 2025 compared with the same period in the previous year. This reduction was offset by an increase of \$12.4 million in cash used to purchase property and equipment in excess of cash used for these purposes in the nine months ended September 30, 2024.

Financing activities

Financing cash flows consist primarily of payments and draws on lines of credit, distributions and repayment of short-term and long-term debt, borrowings on lines of credit, proceeds from equity offerings, contributions from noncontrolling interest, and proceeds from equity offerings.

Net cash used in financing activities for the nine months ended September 30, 2025 was \$63.5 million, an increase of \$42.4 million as compared with the same period in 2024. During the nine months ended September 30, 2025 we had reduced financing activity consisting primarily of net payments on long-term debt and our line of credit of \$12.7 million and \$42.0 million, respectively, and taxes paid related to net share settlement of equity awards of \$8.4 million. In contrast, during the nine months ended September 30, 2024, we had net payments on our line of credit of \$520.0 million and net borrowings on long-term debt of \$56.3 million. During the same period in 2024, we also had proceeds from our initial public offering of \$414.2 million and proceeds from our underwritten follow-on offering of \$95.3 million, offset by dividends paid of \$33.7 million and taxes paid related to net share settlement of equity awards of \$33.6 million.

Credit facility amendments

On May 16, 2024, we entered into an amendment to the Amended and Restated Credit Facility that, among other things, waived an event of default that had occurred and was then continuing under the Amended and Restated Credit Facility and modified the affirmative covenants thereunder requiring the joinder of certain subsidiaries of PACS Group, Inc. to the Amended and Restated Credit Facility, as further set forth therein. On November 14, 2024, we entered into another amendment to the Amended and Restated Credit Facility that, among other things, extended the deadline for our delivery of unaudited quarterly financial statements for the fiscal quarter ended September 30, 2024. On March 27, 2025, and May 29, 2025, we entered into further amendments to the Amended and Restated Credit Facility that, among other things, extended the deadline for delivery of audited annual financial statements for the fiscal year ended December 31, 2024. The May 29, 2025 amendment also supplemented the Amended and Restated Credit Agreement's financial covenants requiring us to maintain unrestricted cash and certain permitted investments of at least \$100 million until we deliver audited financial statements for the fiscal year ended December 31, 2024 (the "Liquidity Requirement").

On July 24, 2025 and August 13, 2025 we entered into two separate forbearance agreements with the Truist Bank, as administrative agent (the "Administrative Agent") and the lenders, pursuant to which the lenders agreed to temporarily forbear from exercising remedies under the Amended and Restated Credit Facility with respect to certain technical events of default, including without limitation matters relating to inaccuracies in certain representations and warranties made, which inaccuracies also triggered an event of default under the Third Consolidated Master Lease, dated June 30, 2023 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Omega Master Lease"), which in turn triggered an additional event of default under the Amended and Restated Credit Facility. In addition, a separate representation and warranty event of default occurred under the Omega Master Lease, which triggered an event of default under the Amended and Restated Credit Agreement (all such technical events of default under the Amended and Restated Credit Facility, the "Initial Technical Events of Default"). The August 13, 2025 Forbearance Agreement and Fifth Amendment to the Credit Agreement required that the Liquidity Requirement remain in place for the entirety of the forbearance period and further extended the delivery period with respect to the fiscal year 2024 financial statements. The forbearance period was scheduled to run until October 31, 2025, subject to extension by the Administrative Agent through November 30, 2025, or by the Required Lenders thereafter, or earlier termination upon the occurrence of certain specified events of default.

On October 21, 2025, we entered into a third forbearance agreement (the "October Forbearance Agreement"). Under the October Forbearance Agreement, the lenders again agreed to temporarily forbear from exercising rights and remedies under the Amended and Restated Credit Agreement with respect to the Initial Technical Events of Default, as well as certain additional technical events of default including without limitation matters relating to the designation of certain immaterial conflicted subsidiaries; failure to join certain subsidiaries to the loan documents; noncompliance with cash management requirements; and inaccuracies in certain representations and warranties made as a result of the foregoing (collectively, with the Initial Technical Events of Default, the "Technical Events of Default"). The Technical Events of Default also triggered an event of default under the Omega Master Lease, which in turn triggered an additional event of default under the Amended and Restated Credit Agreement.

The October Forbearance Agreement provides for the same forbearance period as the prior forbearance agreements. Following the October Forbearance Agreement, the Administrative Agent agreed to extend the forbearance period thereunder through November 30, 2025. During the forbearance period, we are required to comply with certain additional specified conditions, including the continued maintenance of minimum liquidity of \$100 million, limitations on certain investments and acquisitions, and a prohibition on the borrowing of new loans under the Amended and Restated Credit Facility. The October Forbearance Agreement is intended to provide us with temporary relief while addressing the Technical Events of Default and does not constitute a waiver of the Technical Events of Default or amendment to the Amended and Restated Credit Agreement beyond the amended terms specified therein.

We are in active discussions with the Required Lenders regarding the terms of an amendment and waiver to our Amended and Restated Credit Facility and expect to reach an agreement following the end of the forbearance period.

Inflation

We have historically derived a substantial portion of our revenue from the Medicare program. We also derive revenue from state Medicaid and similar reimbursement programs. Payments under these programs generally provide for reimbursement levels that are adjusted for inflation annually based upon the state's fiscal year for the Medicaid programs

and in each October for the Medicare program. These adjustments may not continue in the future, and even if received, such adjustments may not reflect the actual increase in our costs for providing healthcare services.

Labor, supply expenses and capital expenditures make up a substantial portion of our cost of services. Those expenses can be subject to increase in periods of rising inflation and when labor shortages occur in the marketplace. To date, we have generally been able to implement cost control measures or obtain increases in reimbursement sufficient to offset increases in these expenses. There can be no assurance that we will be able to anticipate fully or otherwise respond to any future inflationary pressures.

Off-Balance Sheet Arrangements

We may enter into off-balance sheet arrangements and transactions that can give rise to material off-balance sheet obligations. As of September 30, 2025, we had \$13.9 million of borrowing capacity under the Amended and Restated Credit Facility pledged as collateral to secure outstanding letters of credit. We may enter into further contractual arrangements in the future in order to support our business plans. There are no other transactions, arrangements or other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect our liquidity or availability of our capital resources.

Critical Accounting Estimates

Our condensed consolidated financial statements and accompanying notes included in this report have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The preparation of these condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, cash flows, revenues and expenses, and related disclosure of contingent assets and liabilities.

See Item 7., “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, in our Annual Report for further discussion of critical accounting estimates. There were no material changes to our critical accounting policies with which the estimates are developed since December 31, 2024.

Recent Accounting Pronouncements

For a description of recently adopted and issued accounting pronouncements, see Note 2, “Summary of Significant Accounting Policies”, to our condensed consolidated financial statements, included in this report in Part I, Item I, “Financial Statements.”

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to risks associated with market changes in interest rates through our borrowing arrangements. As of September 30, 2025, we had \$100.0 million of variable rate debt, therefore none of which was subject to an interest rate hedge. In particular, our credit facility exposes us to variability in interest payments due to changes in SOFR interest rates. Accordingly, as of September 30, 2025, based on the amount of variable rate debt outstanding and the then-current SOFR rate, a hypothetical 10% increase in interest rates would have increased annual interest expense by approximately \$0.7 million and a hypothetical 10% decrease in interest rates would have decreased annual interest expense by approximately \$0.7 million. We manage our exposure to this market risk by monitoring available financing alternatives. Our mortgages and promissory notes require principal and interest payments through maturity pursuant to amortization schedules.

Our mortgages generally contain provisions that allow us to make repayments earlier than the stated maturity date. In some cases, we are not allowed to make early repayment prior to a cutoff date. Where prepayment is permitted, we are generally allowed to make prepayments only at a premium which is often designed to preserve a stated yield to the note holder. These prepayment rights may afford us opportunities to mitigate the risk of refinancing our debts at maturity at higher rates by refinancing prior to maturity.

Our cash and cash equivalents as of September 30, 2025 consisted of cash and short-term investments with original maturities of three months or less at the time of purchase. Risks due to changing interest rates impact the return we realize related to our cash and short-term investment balances.

As of September 30, 2025, we had outstanding indebtedness under mortgage loans insured with HUD and two promissory notes to third parties of \$253.0 million, all of which are at fixed interest rates.

The above only incorporates those exposures that exist as of September 30, 2025 and does not consider those exposures or positions which could arise after that date. For additional consideration over inflation, see Part I, Item 2. “Management's Discussion and Analysis of Financial Condition and Results of Operations” above.

Item 4. Controls and Procedures

Inherent Limitations on Effectiveness of Controls

In designing and evaluating our disclosure controls and procedures, management recognizes that there are inherent limitations in the effectiveness of any control system, including the potential for human error and the possible circumvention or overriding of controls and procedures. No matter how well designed and operated, an effective control system can provide only reasonable, not absolute, assurance that the control objectives of the system are adequately met. Accordingly, the management of the Company, including its Chief Executive Officer and Interim Chief Financial Officer, does not expect that the control system can prevent or detect all error or fraud. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Interim Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures, as such term is defined under Rules 13a-15(e) and 15(d)-15(e) under the Exchange Act, as of September 30, 2025. Based on that evaluation, our Chief Executive Officer and Interim Chief Financial Officer concluded that our disclosure controls and procedures were not effective at the reasonable assurance level as of September 30, 2025, due to the material weaknesses described below.

Considering the material weaknesses described below, management performed additional analysis and other procedures to ensure that our condensed consolidated financial statements were prepared in accordance with U.S. GAAP. Accordingly, management believes that the condensed consolidated financial statements included in this Quarterly Report fairly present, in all material respects, our financial position, results of operations, and cash flows as of and for the periods presented, in accordance with U.S. GAAP.

Material Weakness

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. In connection with the preparation of our combined/consolidated financial statements for the quarterly period ended September 30, 2025, together with facts learned during the course of the Audit Committee's independent investigation, our management identified control deficiencies that, individually or in the aggregate, constitute a material weakness in our internal control over financial reporting. The material weaknesses identified by management were:

- We did not design and maintain an effective control environment commensurate with the financial reporting requirements of a public company. Specifically, we did not design and maintain sufficient processes to identify, assess, and communicate relevant risks to appropriate levels of the organization, including potential compliance issues received through the hotline process.
- In addition, we did not design and maintain adequate controls within the revenue process to appropriately recognize revenue for new services in accordance with ASC 606.

These material weaknesses led to errors in our previously issued interim condensed combined/consolidated financial statements for the three months ended March 31, 2024 and the three and six months ended June 30, 2024 (the “Prior Financial Statements”), which will be included in Part II, Item 8, of our Annual Report on Form 10-K, at Note 22 to our combined/consolidated financial statements for the year ended December 31, 2024.

Remediation Plan

Our management is committed to maintaining a strong internal control environment. In response to the identified material weaknesses above, management with the oversight of the Audit Committee, is taking comprehensive actions to remediate the above material weaknesses. Specifically, we have made, and are continuing to advance, the following enhancements to our internal control over financial reporting:

- We have retained an Interim Chief Compliance Officer (“CCO”) who has extensive healthcare regulatory experience and experience advising public companies, and who reports directly to our CEO accompanied by regular reporting and access to the Audit Committee. We are in the process of hiring an experienced candidate, with both public company and post-acute healthcare experience, to serve as the permanent CCO.
- We also are in the process of recruiting additional compliance, legal and internal audit personnel to enhance our risk assessment capabilities.
- We have formed a Compliance Committee of senior management, chaired by the Interim CCO, with a detailed charter and oversight from the Audit Committee and Board of Directors.
- We have developed and launched an enhanced compliance training program throughout the organization, and have upgraded our compliance hotline and process for investigating complaints, including elevating matters that may have a financial impact to the Chief Financial Officer, Chief Accounting Officer, and Board of Directors.
- We are in the process of enhancing the controls related to revenue recognition, in which the Company’s compliance team will oversee a thorough review and approval process for new billing codes prior to billing. Once approved for use by the compliance team, these services will be reviewed in accordance with ASC 606, by the accounting function, prior to revenue recognition.
- We enhanced our Disclosure Committee process by adding sub-certifications and key personnel to specifically address the evaluation and communication of compliance and other business activities as they inform financial reporting. In addition, we are including a broader group of internal stakeholders to certain other meetings to ensure timely information is being shared which impacts financial reporting.

The material weaknesses will not be remediated until the necessary internal controls have been designed, implemented, tested and determined to be operating effectively. In addition, we may need to take additional measures to address the material weaknesses or modify the planned remediation steps, and we cannot be certain that the measures we have taken, and expect to take, to improve our internal controls will be sufficient to address the issues identified, to ensure that our internal controls are effective or to ensure that the identified material weaknesses will not result in a material misstatement of our combined/consolidated financial statements. Moreover, we cannot provide assurance that we will not identify additional material weaknesses in our internal control over financial reporting in the future. Until we remediate the material weaknesses, our ability to record, process and report financial information accurately, could be adversely affected.

Changes in Internal Control Over Financial Reporting

Other than the ongoing remediation efforts described above, there have been no changes in our internal control over financial reporting during the period ended September 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II—Other Information

Item 1. Legal Proceedings

We are subject to various legal proceedings, claims, and governmental inspections, audits, and investigations that arise in the ordinary course of our business.

Regulatory Investigations

On April 8, 2024, Providence Administrative Consulting Services (“Providence”) and Paradise Valley Healthcare Center (“Paradise Valley”) received a Civil Investigative Demand (“CID”) from the U.S. Department of Justice (“DOJ”) requesting information and documents relating to an investigation of Paradise Valley and Providence to determine whether Paradise Valley and Providence violated the False Claims Act by submitting false claims to Medicare. The investigation relates to whether Providence and Paradise Valley improperly induced patient referrals through remuneration in violation of the Anti-Kickback Statute. The CID includes requests for information relating to referral source relationships, including relationships with medical directors and other individuals. We are cooperating with the investigation, which is ongoing.

On September 11, 2024, we received a CID from the DOJ requesting information and documents relating to an investigation of our California-based skilled nursing facilities to determine whether PACS violated the False Claims Act by submitting false claims to Medicare for reimbursement under the patient-driven payment model for skilled nursing and rehabilitation services. The CID includes requests for information relating to PACS’ practices and incentives pertaining to the completion and submission of Minimum Data Set Assessments and the resulting PDPM rates. We are cooperating with the investigation, which is ongoing.

On September 30, 2024, Providence Group, Inc. (“Providence Group”) received a CID from the DOJ requesting information and documents relating to an investigation of its skilled nursing facilities, specifically including Bishop Care Center (“Bishop”) to determine whether Providence Group violated the False Claims Act by submitting false claims to Medicare for reimbursement under the COVID-19 related Hospital Stay Waiver (otherwise known as the 1135 waiver). The CID includes requests for information relating to 1135 COVID Waiver practices at Bishop. We are cooperating with the investigation, which is ongoing.

On February 26, 2025, we received a subpoena from the DOJ per the HIPAA relating to an investigation into possible violations of various sections of 18 U.S.C. that prohibit the making of fraudulent or false statements to any branch of the government of the United States. The subpoena includes requests for information relating to PACS’ 1135 COVID Waiver practices, billing of Medicare Part B for respiratory and sensory integration therapy services, change of insurance enrollment, cost waivers for co-pays, deductibles, and co-insurance, and claim reimbursement from Medicare for bad debt. We are cooperating with the investigation, which is ongoing.

SEC Investigation

The SEC’s Division of Enforcement is conducting an investigation into matters that relate to our accounting and financial reporting and disclosure, and our internal controls over financial reporting and disclosure controls.

We are cooperating with each of the regulatory investigations identified above and the SEC investigation to produce the requested information and documentation. At this time, we cannot predict the outcome of any of these investigations and there can be no assurance that one or more of these investigations will not result in suits or actions alleging, or findings of, violations of federal or state laws that could lead to the imposition of damages, fines, penalties, restitution, other monetary liabilities, sanctions, settlements or changes to our business practices or operations that could have a material adverse effect on our business, financial condition or results of operations. The legal costs associated with responding to the regulatory investigations and SEC investigations can be substantial, regardless of the outcome.

We are unable at this time to estimate a loss or range of loss that may arise in the event that a claim is asserted against us in connection with any of these investigations for reasons including that these matters are in early stages, no factual issues have been resolved in these matters, and there is uncertainty as to the outcome of these matters, which can result in large settlement amounts or damage awards.

Litigation

The skilled nursing business involves a significant risk of liability given the age and health of the patients and residents served by our independent operating subsidiaries. We, and others in the industry are subject to an increasing number of claims and lawsuits, including professional liability claims, alleging that services provided have resulted in personal injury, elder abuse, wrongful death or other related claims. In addition, we, our independent operating subsidiaries, and others in the industry are subject to claims and lawsuits in connection with COVID-19 and a facility's preparation for and/or response to COVID-19.

Healthcare litigation (including class action litigation) is common and is filed based upon a wide variety of claims and theories. We and other companies in its industry are routinely subjected to varying types of claims and suits, including class-actions. Class-action suits have the potential to result in large jury verdicts and settlements, and may result in significant legal costs. We expect the plaintiffs' bar to continue to be aggressive in their pursuit of claims.

We have been, and continue to be, subject to other claims and legal actions that arise in the normal course of business, including potential claims filed by patients or others on their behalf related to patient care and treatment (professional negligence claims), as well as employment related claims filed by current or former employees. While there can be no assurance, based on our evaluation of information currently available, we do not believe the results of such litigation would have a material adverse effect on our results of operations, financial position or cash flows, taken as a whole. However, our assessment may evolve based upon further developments in the proceedings at issue. The results of legal proceedings are inherently uncertain, and material adverse outcomes are possible.

For example, we have been subjected to, and are currently involved in, litigation alleging violations of state and federal wage and hour laws resulting from the alleged failure to pay wages, to timely provide and authorize meal and rest breaks, and related causes of action.

In addition to the litigation described above, we are also subject to the following litigation:

Litigation -- Shareholder Derivative Actions

On November 13, 2024, a putative securities class action captioned *Manchin v. PACS Group, Inc., et al.*, Case No. 1:24-cv-08636-LJL (S.D.N.Y.) ("*Manchin* Action") was filed against us, individual defendants Jason Murray, Derick Apt, Mark Hancock, Jacqueline Millard, and Taylor Leavitt; and underwriter defendants Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Truist Securities, Inc., RBC Capital Markets, LLC, Goldman Sachs & Co. LLC, Stephens Inc., KeyBanc Capital Markets Inc., Oppenheimer & Co. Inc., and Regions Securities LLC. The complaint brings claims under Sections 11 and 15 of the Securities Act, and Section 10(b), and 20(a) of the Exchange Act, and alleges we and our leadership engaged in a multi-year scheme to inflate revenue and profitability by (i) exploiting a COVID-era Medicare waiver to "flip" long-term Medicaid patients to higher-paying Medicare coverage, (ii) billing unnecessary Medicare Part B respiratory and sensory integration therapies, and (iii) falsifying licensure and staffing documentation. On January 7, 2025, the court consolidated the *Manchin* action with a similar action brought by plaintiff New Orleans Employees' Retirement System, and on February 11, 2025 the court appointed 1199SEIU Health Care Employees Pension Fund as lead plaintiff, and its counsel, Labaton Keller Sucharow LLP, as lead counsel. Pursuant to the parties' stipulation and as ordered by the court on May 29, 2025, the Lead Plaintiff's consolidated complaint is not due until 14 days after we file our Quarterly Report on Form 10-Q for the period ended September 30, 2024 and our Annual Report on Form 10-K for the year ended December 31, 2024. Defendants' motion to dismiss the consolidated complaint is due 60 days after the complaint is filed, Plaintiffs' opposition is due 60 days after the filing of the motion to dismiss, and Defendants' reply is due 45 days after the filing of the opposition.

On February 14, 2025, a derivative action originally filed by plaintiff Theresa Howard-Hines ("*Howard-Hines* Action") captioned *IN RE PACS GROUP, INC. DERIVATIVE LITIGATION* Lead Case No. 1:25-cv-01343-LJL (S.D.N.Y.) was filed against defendants Jason Murray, Derick Apt, Mark Hancock, Michelle Lewis, Jacqueline Millard, Taylor Leavitt, and Evelyn Dilsaver, with the Company named as nominal defendant. The complaint brings claims of breach of fiduciary duties, unjust enrichment, waste of corporate assets, and contribution, based on substantially similar allegations as in the *Manchin* Action. On April 8, 2025, the court consolidated the *Howard-Hines* action with a similar derivative action filed by plaintiff Adam Beckman, under the name *In re PACS Group, Inc. Derivative Litigation*. On June 9, 2025, the parties filed a joint stipulation staying the action until the earlier of the dismissal of the *Manchin* Action, the denial of any motion to dismiss in the *Manchin* Action, or the termination of the stay.

On August 19, 2025, a derivative action captioned *Boers v. Murray, et. al.*, Case No. 1:25-cv-00119-DAK-DBP (D. Utah) was filed against the same defendants and alleging substantially the same claims and theories as *IN RE PACS GROUP, INC. DERIVATIVE LITIGATION*. The defendants have not yet been served in this action. The parties have tentatively agreed to stay the Utah Derivative Action pending resolution of the anticipated motion to dismiss the securities class action. No dispositive rulings have issued, discovery is not proceeding, and there are no settlement ranges or agreements in principle. Future developments may include motions to dismiss and other dispositive motions, and potential coordination with the securities class action if the stays are lifted.

Legal proceedings can be complex and take many months, or even years, to reach resolution, with the final outcome depending on a number of variables, some of which are not within our control. Therefore, although we will vigorously defend ourself in each of the actions described above and any other legal proceedings, their ultimate resolution and potential financial and other impacts on us are uncertain but could be material. Regardless of final outcomes, however, any such proceedings, claims, and investigations may nonetheless impose a significant burden on management and employees and be costly to defend, with unfavorable preliminary, interim or final rulings.

Item 1A. Risk Factors

There have been no material changes to the risk factors previously included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, filed with the SEC on November 19, 2025, under the heading “Risk Factors”.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent Sales of Unregistered Securities

None.

Use of Proceeds

None.

Purchases of Equity Securities by the Issuer or Affiliated Purchasers

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

(a) The Company’s Board of Directors has established December 19, 2025 as the date of our 2025 annual meeting of stockholders.

(b) None.

(c) During the three months ended September 30, 2025, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits
EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference				
		Form	File No.	Exhibit	Filing Date	Filed/ Furnished Herewith
3.1	Amended and Restated Certificate of Incorporation of PACS Group, Inc.	8-K	001-42011	3.1	4/15/2024	
3.2	Amended and Restated Bylaws of PACS Group, Inc.	8-K	001-42011	3.2	4/15/2024	
10.1	Forbearance Agreement, dated as of July 24, 2025 by and among PACS Group, Inc., PACS Holdings, LLC, Truist Bank, the lenders party thereto and the other loan parties thereto					*
10.2	Forbearance Agreement and Fifth Amendment to Amended and Restated Credit Agreement, dated as of August 13, 2025 by and among PACS Group, Inc., PACS Holdings, LLC, Truist Bank, the lenders party thereto and the other loan parties thereto					*
10.3	Forbearance Agreement, dated as of October 21, 2025 by and among PACS Group, Inc., PACS Holdings, LLC, Truist Bank, the lenders party thereto and the other loan parties thereto					*
10.4	Separation and Consulting Agreement with PACS Group, Inc. and Peter (PJ) Sanford, each dated August 15, 2025					*
10.5	Separation Agreement with PACS Group, Inc. and Derek Apt, dated September 2, 2025					*
31.1	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer					*
31.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer					*
32.1	Section 1350 Certification of Principal Executive Officer					**
32.2	Section 1350 Certification of Principal Financial Officer					**
101.INS	Inline XBRL Instance Document					*
101.SCH	Inline XBRL Taxonomy Extension Schema Document					*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					*
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)					*

* Filed herewith.

** The certifications attached as Exhibit 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q are deemed furnished and not filed with the U.S. Securities and Exchange Commission and are not to be incorporated by reference into any filing of PACS Group, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

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

PACS GROUP, INC.

Date: November 19, 2025

By: /s/ Jason Murray
Jason Murray
Director, Chairman and Chief Executive Officer
(Principal Executive Officer)

Date: November 19, 2025

By: /s/ Mark Hancock
Mark Hancock
Director, Executive Vice Chairman, and Interim Chief Financial Officer
(Principal Financial Officer)

FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT (this “Agreement”) is made and entered into as of the 24th day of July, 2025, by and among **PACS GROUP, INC.**, a Delaware corporation (“Holdings”), **PACS HOLDINGS, LLC**, a Delaware limited liability company (the “Borrower”), the other Loan Parties party hereto, the Lenders party hereto, and **TRUIST BANK**, as Administrative Agent.

WITNESSETH:

WHEREAS, Holdings, the Borrower, the Lenders, and the Administrative Agent are party to that certain Amended and Restated Credit Agreement dated as of December 7, 2023 (as amended, restated, amended and restated, supplemented, or otherwise modified from time to time, the “Credit Agreement”; capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed thereto in the Credit Agreement);

WHEREAS, the Borrower has notified the Administrative Agent that:

(a) certain Events of Default have occurred under Section 8.1(c) of the Credit Agreement as a result of certain representations and warranties made or deemed to have been made by or on behalf of the Borrower in the Compliance Certificates delivered in connection with the financial statements for the Fiscal Quarters ended March 31, 2024, June 30, 2024, September 30, 2024, December 31, 2024, and March 31, 2025 proving to be incorrect in certain material respects when made or deemed made (the “Representation and Warranty Events of Default”);

(b) an event of default has occurred under that certain Third Consolidated Master Lease, dated June 30, 2023 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Omega Master Lease”), among the landlords and tenants listed on Schedule 1 thereto (as amended, restated, amended and restated, supplemented or otherwise modified from time to time) (such landlords, the “Landlords”), which is a Material Lease, as a result of the Representation and Warranty Events of Default (the “Omega Master Lease Cross Default”);

(c) an event of default has occurred under Section 8.1(q) of the Credit Agreement as a result of the Omega Master Lease Cross Default (the “Omega Master Lease Event of Default”); and

(d) certain Events of Default have occurred under the Credit Agreement as a result of the breach or violation of any term, provision, or condition of the Credit Agreement or any other Loan Document arising solely as a result of the Representation and Warranty Events of Default and the Omega Master Lease Event of Default, including with respect to any representation and warranty given or deemed given as if such Representation and Warranty Events of Default and/or Omega Master Lease Event of Default were not in existence and any failure to comply with any notice requirement relating to any of the foregoing (together with the Representation and Warranty Events of Default and the Omega Master Lease Event of Default, collectively, the “Existing Events of Default”);

WHEREAS, by reason of the Existing Events of Default, the Administrative Agent, on behalf of the Lenders, is permitted to exercise all rights and remedies available to the Administrative Agent under the Loan Documents and applicable law;

WHEREAS, despite the Existing Events of Default, the Borrower desires that the Administrative Agent and the Lenders temporarily forbear from exercising the rights and remedies otherwise available to the Administrative Agent, on behalf of the Lenders, under the Loan Documents in respect of the Existing Events of Default;

WHEREAS, the Administrative Agent and the Lenders, on and subject to the conditions contained in this Agreement, are willing to temporarily forbear from pursuing their remedies in connection with the Existing Events of Default during the Forbearance Period (hereinafter defined) (the “Borrower’s Benefits”), all on the terms and conditions contained herein and in the Credit Agreement, each of which terms and conditions, individually and in the aggregate, and including the performance thereof by the Borrower, constitute the consideration to the Administrative Agent and the Lenders for entering into this Agreement, and in the absence of any of which the Administrative Agent and the Lenders would not have entered into this Agreement or otherwise extended to the Borrower the Borrower’s Benefits; and

WHEREAS, the Borrower acknowledges and agrees that the Borrower’s Benefits hereunder are of immediate and material benefit, financial and otherwise, to the Borrower, and that neither the Administrative Agent nor any of the Lenders were or are under any obligation to extend to the Borrower any of the Borrower’s Benefits provided hereunder.

NOW, THEREFORE, in consideration of the foregoing premises, and other good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Acknowledgments by the Borrower.

(a) The Borrower hereby acknowledges and agrees that (i) as of the close of business on June 19, 2025, (A) the outstanding aggregate respective principal balances of the Loans totaled \$142,000,000 and (B) the maximum aggregate amount available to be drawn under outstanding Letters of Credit totaled \$13,922,942, in each case, exclusive of accrued interest, costs and attorney’s fees chargeable to the Borrower under the Loan Documents, (ii) the Existing Events of Default have occurred and the Borrower has received adequate and sufficient notice thereof to the extent, if any, required, (iii) as of the date hereof, the Existing Events of Default are continuing and the Existing Events of Default have not been cured by the Borrower or waived, released, extinguished or compromised by the Administrative Agent or the Lenders, and (iv) as a result of the Existing Events of Default, at the election of the Administrative Agent or at the direction of the Required Lenders, all of the Obligations under the Loan Documents may be declared immediately due and owing by the Borrower, and the Administrative Agent, on behalf of the Lenders, has the full legal right to exercise any and all of the rights and remedies under the Loan Documents or otherwise available at law and in equity with respect thereto.

(b) The Borrower acknowledges and agrees that, notwithstanding the agreement of the Administrative Agent and the Lenders herein to provide the Borrower’s Benefits and, for a limited period, to conditionally to forbear from exercising their remedies under the Loan Documents or pursuant to this Agreement in respect of the Existing Events of Default, (i) in no event shall such actions by the Administrative Agent or the Lenders be deemed

to be a waiver, release, extinguishment, compromise or cure of the Existing Events of Default or any other current or future Default or Event of Default, and (ii) because of the existence of the Existing Events of Default, the Lenders (A) are not obligated to make Revolving Loans or Swingline Loans or to provide Letters of Credit under the Credit Agreement, and (B) have advised the Borrower that the Lenders do not have any present intention to make any such financial accommodations to the Borrower during the Forbearance Period (except with respect to continuations of existing SOFR Borrowings, conversions of existing Base Rate Borrowings into SOFR Borrowings, and renewals or extensions of existing Letters of Credit, in each case, as expressly set forth in Section 3 of this Agreement).

2. Forbearance.

(a) Forbearance. Subject to compliance by the Borrower with each of the Forbearance Conditions (as defined below), during the period commencing on the date hereof, and ending on the earliest to occur of (w) 5:00 p.m. (Charlotte, North Carolina time) on August 13, 2025, (x) the occurrence of an Event of Default, other than the Existing Events of Default, under the Credit Agreement, immediately and without notice, (y) the date that any default with respect to, breach of, or other failure of the Loan Parties to comply with, any of the Forbearance Conditions as defined in and set forth in Section 2(b) hereof occurs, and (z) the date that any default with respect to, breach of, or other failure of the Loan Parties to comply with, any of the agreements set forth in Section 3 hereof occurs (the “Forbearance Period”), the Administrative Agent and the Lenders agree that they will not (and the Lenders agree that they will not instruct the Administrative Agent to), but only in respect of the Existing Events of Default:

(i) exercise any remedy available to the Administrative Agent or the Lenders under the Loan Documents or under any applicable law or in equity, including, without limitation, any remedy to accelerate the Loans, enforce collection from the Borrower or any other Loan Party of any Obligations or foreclose upon or exercise any remedies in respect of any of the Collateral; or

(ii) institute suit against the Borrower or any other Loan Party or any of their respective assets.

(b) Conditions to Forbearance. Each of the following conditions shall constitute a forbearance condition (“Forbearance Condition”), the continuing satisfaction of each and every one of which shall be a continuing condition to the agreement of the Administrative Agent and the Lenders to forbear as set forth above in Section 2(a) hereof:

(i) Except with respect to the Existing Events of Default, the Borrower shall duly observe and perform each and every obligation and covenant on its part to be performed under the Loan Documents, this Agreement and any agreement, instrument or document executed in connection with this Agreement; and

(ii) No Default or Event of Default under, or other breach of or failure of the Loan Parties to comply with, any of the terms, conditions, provisions or covenants of the Loan Documents, including this Agreement, shall exist or shall have occurred, except the Existing Events of Default; and

(iii) Except in respect of the Existing Events of Default, the representations and warranties contained in the Loan Documents, including this Agreement and any agreement, instrument or document executed in connection herewith or pursuant hereto, shall be true and correct in all material respects (other than those representations and warranties that are expressly qualified by a Material Adverse Effect or other materiality, in which case such representations and warranties shall be true and

correct in all respects) as of the date of this Agreement and shall continue to be true and correct in all material respects (other than those representations and warranties that are expressly qualified by a Material Adverse Effect or other materiality, in which case such representations and warranties shall continue to be true and correct in all respects) at all times hereafter; provided that, to the extent that such representations and warranties refer to an earlier date, they shall be true and correct in all material respects (other than those representations and warranties that are expressly qualified by a Material Adverse Effect or other materiality, in which case such representations and warranties shall be true and correct in all respects) as of such earlier date; and

(iv) No suit or written claim shall have been filed or made against the Administrative Agent or any Lender by any Person, which suit or claim is in any manner related to the Borrower, any of its Subsidiaries or Affiliates, or any of the Loan Documents; and

(v) No suit shall have been commenced against the Borrower or any of its Subsidiaries or Affiliates by any direct or indirect creditor (other than any Lender or Administrative Agent or any Person claiming by, through or under any Lender or Administrative Agent) of the Borrower or any of its Subsidiaries or Affiliates seeking to collect or enforce rights with respect to any liability in excess of \$10,000,000; and

(vi) No case under any Debtor Relief Laws shall have been filed by or against the Borrower or any of its Subsidiaries or Affiliates; and

(vii) Since the date of this Agreement, there shall have been no change which has or could reasonably be expected to have a Material Adverse Effect; and

(viii) The Omega Master Lease Forbearance Agreement (as defined below) shall not have terminated, and the forbearance thereunder and other terms thereof shall remain in full force and effect; and

(ix) No Landlord shall have delivered an Enforcement Notice, a Lease Payment Default Notice or a Possession Date Notice (in each case, under and as defined in that certain Intercreditor Agreement, dated as of June 30, 2023 (as amended, restated, amended and restated, supplemented or otherwise modified), among the Landlords, the tenants listed on the Schedule of Tenants thereto and the Administrative Agent) to the Administrative Agent.

(c) Effect and Construction of Agreement. Except as otherwise expressly provided herein, the Credit Agreement and the other Loan Documents shall remain in full force and effect in accordance with their respective terms, and this Agreement shall not be construed to: (i) impair the validity, perfection or priority of any lien or security interest securing the Obligations; (ii) waive or impair any rights, powers or remedies of the Administrative Agent or the Lenders under the Credit Agreement and the other Loan Documents upon expiration or termination of the Forbearance Period, with respect to the Existing Events of Default or otherwise; (iii) constitute an agreement by the Administrative Agent or the Lenders, or require the Administrative Agent or the Lenders, to extend the Forbearance Period or grant additional forbearance periods, extend the term of the Credit Agreement or the time for payment of any of the Obligations; (iv) require the Administrative Agent or the Lenders to make any Loans or other extensions of credit to the Borrower (except with respect to continuations of existing SOFR Borrowings, conversions of existing Base Rate Borrowings into SOFR Borrowings, and renewals or extensions of existing Letters of Credit, in each case, as expressly set forth in Section 3 of this Agreement); or (v) constitute a waiver of any right of the Administrative Agent or the Lenders to insist on strict compliance by the Borrower with each and every term, condition and covenant of

this Agreement and the Loan Documents, except as expressly otherwise provided herein. This Agreement does not constitute an amendment of the Credit Agreement, but rather, constitutes a temporary supplement thereto.

(d) No Course of Dealing or Performance. The Borrower acknowledges and agrees that the agreement of the Administrative Agent and the Lenders to forbear from exercising their rights and remedies under the Loan Documents with respect to the Existing Events of Default, and to agree to the temporary supplements set forth in Section 3 below, in each case, pursuant to and as reflected in this Agreement does not and shall not create (nor shall the Borrower rely upon the existence of or claim or assert that there exists) any obligation of the Administrative Agent or the Lenders to consider or agree to any waiver, any further supplement or amendment, or any further forbearance and, in the event that the Administrative Agent or the Lenders subsequently agree to consider any waiver, any further supplement or amendment, or any further forbearance, neither the existence of any prior forbearance, nor this Agreement, nor any other conduct of the Administrative Agent or the Lenders, or any of them, shall be of any force or effect on the consideration or any decision with respect to any such requested waiver, supplement, amendment, or forbearance, and neither Administrative Agent nor any Lender shall have any obligation whatsoever to consider or agree to further forbear or to waive any Default or Event of Default. In addition, neither (w) the execution and delivery of this Agreement, (x) the actions of the Administrative Agent or the Lenders in obtaining or analyzing any information from the Borrower or any advisor to the Borrower, whether or not related to consideration of any waiver, modification, forbearance or alteration of the Credit Agreement, any Default or Event of Default thereunder, or otherwise, including, without limitation, any discussions or negotiations (heretofore or, if any, hereafter) between the Administrative Agent or the Lenders and the Borrower regarding any potential waiver, modification, forbearance, supplement or amendment related to the Credit Agreement, (y) any failure of the Administrative Agent or the Lenders to exercise any of their rights under, pursuant or with respect to the Credit Agreement, nor (z) any action, inaction, waiver, forbearance, supplement, amendment or other modification of or with respect to the Credit Agreement, shall, except to the extent otherwise expressly provided herein or unless evidenced by a subsequent written agreement (and then only to the extent provided by the express provisions thereof):

- (i) constitute a waiver by the Administrative Agent or any Lender of, or an agreement by the Administrative Agent or any Lender to forbear from the exercise of remedies with respect to, any Default or Event of Default under the Credit Agreement;
- (ii) constitute a waiver by or estoppel of the Administrative Agent or any Lender as to the satisfaction or lack of satisfaction of any covenant, term or condition set forth in the Credit Agreement; or
- (iii) constitute a supplement or amendment to or modification of, or an agreement on the part of the Administrative Agent or any Lender to enter into any supplement or amendment to or modification of, or an agreement to negotiate or continue to negotiate with respect to, the Credit Agreement.

3. Temporary Supplements to Credit Agreement. The parties hereto agree that during the Forbearance Period the following provisions, to the extent of any conflict with any provision of the Credit Agreement, will control, but that such provisions shall not constitute amendments to the Credit Agreement but rather temporary supplements thereto:

- (a) Without limitation of clause (g) below, no new Revolving Loans, Swingline Loans or Letters of Credit (or, for the avoidance of doubt, new Term Loans) will be available to the Borrower;

(b) Solely for purposes of satisfying the conditions set forth in Sections 3.2(a) and (b) of the Credit Agreement in connection with the renewal or extension of any Letter of Credit that is in existence as of the date hereof, the Existing Events of Default shall be disregarded (including to the extent that any representation and warranty is untrue solely as a result of one or more of the Existing Events of Default);

(c) Any SOFR Borrowing that is in existence as of the date hereof may be continued (on the last day of the Interest Period in respect thereof) as a SOFR Borrowing, and any Base Rate Borrowing that is in existence as of the date hereof may be converted into a SOFR Borrowing, in each case, as if the Existing Events of Default were not in existence;

(d) Section 6.3 of the Credit Agreement shall be temporarily amended so that it reads, in its entirety, as follows:

(e) **Section 6.3 Minimum Liquidity.** Holdings and its Subsidiaries, on a consolidated basis, will maintain, at all times, unrestricted cash and Permitted Investments of at least \$100,000,000.

(f) Without limitation of clause (g) below, (i) no Loan Party will make any Investment in any Subsidiary of the Borrower that is not a Loan Party (including, without limitation, any Specified Conflicted Subsidiary) pursuant to Section 7.4(e), (ii) each of Holdings and the Borrower will not, and will not permit any of its Subsidiaries to, make any Investments pursuant to Sections 7.4(h), (i), (l) or (m) or otherwise enter into or consummate any Acquisition (including, without limitation, any Permitted Acquisition or Permitted Specified Conflicted Subsidiary Acquisition), (iii) no Specified Conflicted Subsidiary Designation shall occur and (iv) each of Holdings and the Borrower will not, and will not permit any of its Subsidiaries to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment under Sections 7.5(iii), (v), (ix) or (x), other than, in each case (to the extent applicable), in connection with the Covenant Care Transaction (as defined below);

(g) Section 7.4(j) of the Credit Agreement shall be temporarily amended so that it reads, in its entirety, as follows:

(h) (j) other Investments that in the aggregate do not exceed at any time outstanding the greater of \$37,500,000;

(i) For the avoidance of doubt, except to the extent expressly provided otherwise in this Agreement, all references in the Credit Agreement to a Default or Event of Default shall be deemed to include each and all of the Existing Events of Default; provided that the taking over of operations of three health care facilities currently operated by affiliates of Covenant Care California, LLC effective on or about August 1, 2025, including, without limitation, the entering into of certain leases, certain Specified Conflicted Subsidiary Designations, the assumption of certain Indebtedness by such Specified Conflicted Subsidiaries, the joinder of a new Subsidiary Loan Party, and the granting of liens to certain landlords (subject, as applicable, to subject to an intercreditor agreement in form and substance reasonably acceptable to the Administrative Agent) (collectively, the “Covenant Care Transaction”), may be consummated as if the Existing Events of Default were not in existence (so long as such transactions are otherwise in compliance with the terms of this Agreement, the Credit Agreement and each of the other Loan Documents).

4. Representations, Warranties, Covenants and Acknowledgments; Release. To induce the Lenders and the Administrative Agent to enter into this Agreement:

(a) Each Loan Party represents and warrants that, upon and after giving effect to this Agreement, (i) except for the Existing Events of Default, the representations and warranties of each Loan Party contained in the Loan Documents are true and correct in all material respects (other than those representations and warranties that are expressly qualified by a Material Adverse Effect or other materiality, in which case such representations and warranties are true and correct in all respects) as of the date of this Agreement (provided that, to the extent that such representations and warranties refer to an earlier date, they are true and correct in all material respects (other than those representations and warranties that are expressly qualified by a Material Adverse Effect or other materiality, in which case such representations and warranties are true and correct in all respects) as of such earlier date), (ii) it has the power and authority, and is duly authorized, to enter into, deliver and perform this Agreement, (iii) this Agreement, the Credit Agreement and each of the other Loan Documents to which it is a party is the legal, valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in equity or in law) and (iv) the execution, delivery and performance of this Agreement by each Loan Party in accordance with its terms do not and will not, with the passage of time, the giving of notice or otherwise: (A) require approval of any Governmental Authority or violate any applicable law relating to such Loan Party; (B) conflict with, result in a breach of or constitute a default under any Contractual Obligations of such Loan Party; or (C) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by such Loan Party;

(b) The Borrower agrees that this Agreement is not intended to be, and is not, a novation of any of the Loan Documents or any of the Obligations thereunder and does hereby reaffirm each of the agreements, covenants, and undertakings made by it under the Credit Agreement and each and every other Loan Document executed by it in connection therewith or pursuant thereto, in each case, as modified by this Agreement, as if the Borrower were making said agreements, covenants and undertakings on the effective date hereof, except with respect to such agreements, covenants and undertakings which, by their express terms, are applicable only to the Closing Date or another prior specified date;

(c) The Borrower does hereby acknowledge and agree that, as of the date hereof, no known right of offset, defense, counterclaim, claim, causes of action or objection in favor of the Borrower against the Lenders or the Administrative Agent exists arising out of or with respect to (i) the Obligations, this Agreement, the Credit Agreement or any of the other Loan Documents, (ii) any other documents evidencing, securing or in any way relating to the foregoing, or (iii) the administration or funding of the Loans or the Obligations; and

(d) As a material inducement to the Administrative Agent and the Lenders to enter into this Agreement and to forbear from the exercise of remedies in respect of the Existing Events of Default during the Forbearance Period, all in accordance with and subject to the terms and conditions of this Agreement and the Credit Agreement, and all of which is to the direct advantage and benefit of the Loan Parties, each of the Loan Parties, for itself and its respective successors and assigns, (i) does hereby remise, release, waive, relinquish, acquit, satisfy and forever discharge the Administrative Agent and each Lender, and all of the respective past, present and future officers, directors, employees, agents, attorneys, representatives, participants, heirs, affiliates, successors and assigns of the Administrative Agent and each Lender (together with the Administrative Agent and the Lenders, each a "Discharged Party"), from any and all manner of debts, accountings, bonds, warranties, representations, covenants, promises, contracts, controversies, agreements, liabilities, obligations, expenses, damages, judgments, executions, actions, suits, claims, counterclaims, demands, defenses, setoffs, objections and causes of action of any nature whatsoever, whether at law or in equity, either now accrued or hereafter maturing

and whether known or unknown, including, but not limited to, any and all claims which may be based on allegations of breach of contract, failure to lend, fraud, promissory estoppel, libel, slander, usury, negligence, misrepresentation, breach of fiduciary duty, bad faith, lender malpractice, undue influence, duress, tortious interference with contractual relations, interference with management, or misuse of control which any Loan Party now has or hereafter can, shall or may have by reason of any matter, cause, thing or event occurring on or prior the date of this Agreement arising out of, in connection with or relating to (x) the Obligations, including, but not limited to, the administration or funding thereof, (y) any of the Loan Documents or the indebtedness evidenced and secured thereby, and (z) any other agreement or transaction between any Loan Party and any Discharged Party relating to or in connection with the Loan Documents or the transactions contemplated therein; and (ii) does hereby covenant and agree never to institute or cause to be instituted or continue prosecution of any suit or other form of action or proceeding of any kind or nature whatsoever against any Discharged Party, by reason of or in connection with any of the foregoing matters, claims or causes of action, provided, however, that the foregoing release and covenant not to sue shall not apply to any claims first arising after the date of this Agreement with respect to acts, occurrences or events after the date of this Agreement.

5. Closing; Conditions Precedent. The effectiveness of this Agreement is subject to the following conditions precedent:

- (a) the Administrative Agent shall have received executed counterparts of this Agreement by each of (i) the Loan Parties, (ii) the Lenders and (iii) the Administrative Agent;
- (b) the Administrative Agent shall have received a duly executed copy of a forbearance agreement with respect to the Omega Master Lease in form and substance satisfactory to the Administrative Agent (the “Omega Master Lease Forbearance Agreement”); and
- (c) the Administrative Agent shall have received payment of all fees, expenses and other amounts due and payable on or prior to the date hereof, including, without limitation, and solely to the extent invoiced prior to the date hereof, reimbursement or payment of all out-of-pocket costs and expenses of the Administrative Agent (including reasonable fees, charges and disbursements of outside counsel to the Administrative Agent) required to be reimbursed or paid by the Borrower hereunder or under any other Loan Document.

6. Additional Acknowledgments. The Borrower expressly acknowledges and agrees that the waivers, estoppels and releases in favor of the Administrative Agent and each Lender contained in this Agreement shall not be construed as an admission of any wrongdoing, liability or culpability on the part of the Administrative Agent or any such Lender, or as an admission by the Administrative Agent or any such Lender of the existence of any claims by the Borrower against the Administrative Agent or any such Lender. The Borrower further acknowledges and agrees that, to the extent that any such claims exist, they are of a speculative nature so as to be incapable of objective valuation and that, to the extent that any such claims may exist and may have value, such value would constitute primarily “nuisance” value or “leverage” value in adversarial proceedings between the Borrower and the Administrative Agent or any such Lender. In any event, the Borrower acknowledges and agrees that the value to the Borrower of the covenants and agreements on the part of the Administrative Agent and each Lender contained in this Agreement substantially and materially exceeds any and all value of any kind or nature whatsoever of any claims or other liabilities waived or released by the Borrower hereunder.

7. Forbearance Expenses. In addition to and not in limitation of the obligations of the Loan Parties under the Loan Documents in respect of indemnification of the Administrative Agent and the reimbursement of the Administrative Agent’s expenses, the Borrower agrees to

pay on demand all documented out-of-pocket costs and expenses incurred by the Administrative Agent (including, without limitation, fees and out-of-pocket expenses of advisors and consultants) in connection with the preparation, execution, delivery and enforcement of this Agreement and all other documents, instruments and agreements entered into in connection herewith and hereafter in connection with the monitoring of the performance of the Borrower hereunder or pursuant to any of the Loan Documents or any projections provided by the Borrower or its advisors, or the evaluation or enforcement of rights and remedies of the Administrative Agent or any Lender, including, without limitation, the reasonable fees, charges and disbursements of outside counsel.

8. Consent and Reaffirmation of Loan Parties. Each Loan Party (other than the Borrower) (a) gives its respective consent to this Agreement, and to the execution, delivery and performance hereof by the Borrower, (b) waives any right (to notice or otherwise) owed, or defense otherwise available, to the undersigned in respect of this Agreement or the execution, delivery or performance thereof by the Borrower, (c) reaffirms all of its obligations and covenants under the Loan Documents to which it is a party, and (d) agrees that none of its respective obligations and covenants under the Loan Documents to which it is a party shall be reduced or limited by the execution and delivery of this Agreement.

9. Miscellaneous. The Borrower agrees to take such further action as the Administrative Agent shall reasonably request in connection herewith to evidence the agreement and consent herein contained. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same instrument. The exchange of copies of this Agreement and of signature pages hereto by facsimile or electronic mail in portable document format shall constitute effective execution and delivery of this Agreement and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile or electronic mail in portable document format shall be deemed to be the parties' original signatures for all purposes. This Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the parties hereto. This Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of New York, but without giving effect to principles of conflicts of laws thereof. This Agreement may not be modified, altered or amended except by agreement in writing signed by all of the parties hereto. The Borrower acknowledges that it has consulted with counsel and with such other expert advisors as it deemed necessary in connection with the negotiation, execution and delivery of this Agreement. This Agreement shall be construed without regard to any presumption or rule requiring that it be construed against the party causing this Agreement or any part hereof to be drafted. Nothing in this Agreement shall be construed to alter the debtor-creditor relationship between the Borrower, on the one hand, and the Lenders and the Administrative Agent, on the other. This Agreement is not intended as, nor shall it be construed to create, a partnership or joint venture relationship between or among any of the parties. This Agreement shall be deemed a Loan Document. This Agreement together with the other Loan Documents embodies the entire understanding and agreement between and among the parties hereto and thereto with respect to the subject matter hereof and thereof and with respect to the subject matter hereof supersedes all prior agreements, understandings and inducements, whether express or implied, oral or written.

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IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed and sealed as of the date first above written by its authorized officer.

HOLDINGS:

PACS GROUP, INC., a Delaware corporation

By: /s/ Derick Apt
Name: Derick Apt
Title: Chief Financial Officer

BORROWER:

PACS HOLDINGS, LLC, a Delaware limited liability company

By: /s/ Derick Apt
Name: Derick Apt
Title: Chief Financial Officer

SUBSIDIARY LOAN
PARTIES:

PROVIDENCE GROUP NH, LLC, a
Delaware limited liability company

**PROVIDENCE GROUP OF
CALIFORNIA, LLC**, a California
limited liability company

**LINDSAY
GARDENSIDENCE OPCO, LLC**, a
California limited liability company

SUN VILLAIDENCE OPCO, LLC, a
California limited liability company

**VALLEY CAREIDENCE
OPCO, LLC**, a California
limited liability company

**MAINSTREETIDENCE
DEVELOPMENTS, LLC**, a Utah
limited liability company

COLUMBIA POST ACUTE, LLC, a
Missouri limited liability company

HOUSTONIDENCE OPCO, LLC, a
Texas limited liability company

WEBSTERIDENCE OPCO, LLC, a
Texas limited liability company

**CENTENNIAL MASTER TENANT,
LLC**, a Colorado
limited liability company

**AMBER WOOD
HEALTHCARE, LLC**, a
Colorado limited liability
company

**BROOKSHIRE
HEALTHCARE, LLC**, a
Colorado limited liability
company

**EAGLE RIDGE HEALTHCARE,
LLC**, a
Colorado limited liability
company

**HEIGHTS COMMUNITY
HEALTHCARE, LLC**, a
Colorado limited liability company

**HIGHLINE HEALTHCARE,
LLC**, a Colorado limited
liability company

**LAKESWOOD
HEALTHCARE, LLC**, a
Colorado limited liability
company

**MESA VISTA HEALTHCARE,
LLC**, a
Colorado limited liability
company

**NORTHSTAR
HEALTHCARE, LLC**, a
Colorado limited liability

company

**RIVERDALE
HEALTHCARE, LLC**, a
Colorado limited liability
company

**WHEAT RIDGE HEALTHCARE,
LLC**, a
Colorado limited liability
company

NEVADA OPCO, LLC, a Delaware
limited liability
company

GRAPE HOLDINGS, LLC, a
Delaware limited liability company

LYCHEE HOLDINGS, LLC, a
Delaware limited liability company

**STARFRUIT HOLDINGS,
LLC**, a Delaware limited
liability company

YATE HOLDINGS, LLC, a Delaware
limited liability company

**CAPITAL SNF HOLDING
COMPANY, LLC**, a California
limited liability company

**NORTH SACRAMENTO
HEALTHCARE, LLC**, a
California limited liability
company

**SHADOWBROOK
HEALTHCARE, LLC**, a
California limited liability
company

**ROSEVILLE
HEALTHCARE, LLC**, a
California limited liability
company

**CITRUS HEIGHTS
COMMUNITY
HEALTHCARE, LLC**, a
California limited liability
company

**QUEEN ANN'S LACE
HOLDINGS, LLC**, a California
limited liability company

**ARDEN GLEN
HEALTHCARE, LLC**, a
California limited liability
company

**PROVIDENCE GROUP OF
KENTUCKY, LLC**, a
Kentucky limited liability
company

GALLATINIDENCE OPCO, LLC, a
Kentucky limited liability company

**HOMESTEADIDENCE
OPCO, LLC**, a Kentucky
limited liability company

**NEW CASTLEIDENCE
OPCO, LLC**, a Kentucky
limited liability company

PINE MEADOWSIDENCE

OPCO, LLC, a Kentucky
limited liability company

RICHWOODIDENCE OPCO, LLC,
a Kentucky limited liability company

**PROVIDENCE GROUP
WINE COUNTRY, LLC**, a California
limited liability company

**KERN VALLEYIDENCE
OPCO, LLC**, a California limited
liability company

NAPAIDENCE OPCO, LLC, a
California limited liability company

PETALUMAIDENCE OPCO, LLC,
a California limited liability company

**SANTA ROSAIDENCE
OPCO, LLC**, a California
limited liability company

SONOMAIDENCE OPCO, LLC, a
California limited liability company

ZOOZEN, LLC, a Utah limited
liability company

**5602 UNIVERSITY
AVENUE, LLC**, a California limited
liability company

4006 VISTA ROAD, LLC, a Texas
limited liability company

9000 LARKIN ROAD, LLC, a
California limited liability company

501 GULLIVER PROPERTY, LLC,
a South Carolina limited
liability company

ZENZOO SANTA CLARITA, LLC,
a California limited
liability company

JURUPA PROPERTY LLC, a
California limited liability company

**TIBURON HEALTHCARE
PROPERTY LLC**, a California
limited liability company

**MANGANESE
DEVELOPMENT, LLC**, a Delaware
limited liability
company

PMJV INVESTMENTS, LLC, a Utah
limited liability company

901 WILD ROSE, LLC, a Texas
limited liability company

**FAIR OAKS HEALTHCARE
PROPERTY, LLC**, a
California limited liability
company

396 DORSEY DRIVE, LLC, a
California limited liability company

4001 LONE TREE WAY, LLC, a
California limited liability company

**20259 LAKE CHABOT
ROAD, LLC**, a Delaware
limited liability company

107 CATHERINE LANE, LLC, a
California limited liability company

1617 RAMIREZ STREET, LLC, a
Delaware limited liability company

151 PIONEER AVENUE, LLC, a
California limited liability company

1162 SOUTH DORA, LLC, a
California limited liability company

1210 A STREET, LLC, a
California limited liability
company

1050 SAN MIGUEL ROAD, LLC, a
California limited liability company

1391 MADISON AVENUE, LLC, a
California limited
liability company

ROME BOULEVARD, LLC, a
Delaware limited liability company

EASTERN AVENUE SNF, LLC, a
Delaware limited liability company

WEST POST DRIVE, LLC, a
Delaware limited liability company

**ALAMITOS RIDGE
HEALTHCARE, LLC**, a
California limited liability
company
**ANTELOPE VALLEY SNF
HEALTHCARE, LLC**, a California
limited liability company

**ANTIOCH DUNES
HEALTHCARE LLC**, a
California limited liability
company

**ARTESIA COMMUNITY
HEALTHCARE, LLC**, a
California limited liability
company

ASH HOLDINGS, LLC, a California
limited liability company

**BAKERSFIELD SNF
HEALTHCARE, LLC**, a
California limited liability
company

BALBOA HEALTHCARE, INC., a
California corporation

**BANNING SNF
HEALTHCARE, LLC**, a
California limited liability
company

**BAY AREA CNA
TRAINING, LLC**, a California limited
liability company

**BEAUMONT SNF
HEALTHCARE, LLC**, a
California limited liability
company

**BILBERRY HOLDINGS,
LLC**, a Delaware limited
liability company

BIRCH HOLDINGS, LLC, a
California limited liability company

BLUEBELL HOLDINGS, LLC, a
California limited liability company

BROWNSVILLE SNF, LLC, a Texas
limited liability company

**CAMPUS COMMUNITY
HEALTHCARE, LLC**, a
California limited liability
company

CEDAR HOLDINGS, LLC, a
California limited liability company

**CHERRY VALLEY SNF
HEALTHCARE, LLC**, a

California limited liability company	California limited liability company	
CINCINNATI RIVERVIEW HEALTHCARE, LLC , an Ohio limited liability company	EL MONTE SNF, LLC , a California limited liability company	FREMONT SNF HEALTHCARE, LLC , a California limited liability company
COLORADO SPRINGS ILF, LLC , a Colorado limited liability company	ELM HOLDINGS, LLC , a California limited liability company	FRESNO VALLEY SNF, LLC , a California limited liability company
CONCORD SNF HEALTHCARE, LLC , a California limited liability company	ENCANTO PALMS HEALTHCARE, LLC , an Arizona limited liability company	GREENVILLE POST ACUTE, LLC , a South Carolina limited liability company
CONTRA LOMA HEALTHCARE LLC , a California limited liability company	ESCONDIDO HEAL TH CARE, LLC , a California limited liability company	GREER POST ACUTE, LLC , a South Carolina limited liability company
CORKTREE HOLDINGS, LLC , a Delaware limited liability company	FAIRFAX HEALTHCARE, LLC , a California limited liability company	GREY PINE HOLDINGS, LLC , a Delaware limited liability company
CUCUMBER HOLDINGS, LLC , a Delaware limited liability company	FLAX HOLDINGS, LLC , a California limited liability company	HAYWARD SNF HEALTHCARE, LLC , a California limited liability company
DOUGLAS FIR HOLDINGS, LLC , a California limited liability company	FLORISSANT SKILLED NURSING, LLC , a Missouri limited liability company	HEMET COMMUNITY HEALTHCARE, LLC , a California limited liability Company
EDELWEISS HOLDINGS, LLC , a California limited liability company	FOUNTAIN INN HEALTHCARE, LLC , a South Carolina limited liability company	HEMET SNF HEALTHCARE, LLC , a California limited liability company
EL CAJON POST ACUTE, LLC , a	FOUNTAIN VALLEY COMMUNITY HEALTHCARE, LLC , a California limited liability company	IONE ROAD SNF, LLC , a Delaware limited liability company
		ITALIAN MAPLE

HOLDINGS, LLC , a California limited liability company	LONG BEACH HEALTHCARE, LLC , a California limited liability company	HEALTHCARE, LLC , an Ohio limited liability company
IXIA HOLDINGS, LLC , a California limited liability company		NORWOOD TOWERS HEALTHCARE, LLC , an Ohio limited liability company
JEFFREY PINE HOLDINGS, LLC , a California limited liability company	MARTINEZ SNF HEALTHCARE, LLC , a California limited liability company	ONTARIOIDENCE OPCO, LLC , a California limited liability company
JOHNS ISLAND POST ACUTE, LLC , a South Carolina limited liability company	MARYLAND GARDENS SNF, LLC , an Arizona limited liability company	ORANGE TREEIDENCE OPCO, LLC , a California limited liability company
JUJUBE HOLDINGS, LLC , a Delaware limited liability company	MAUBERTIDENCE OPCO, LLC , a California limited liability company	ORANGEBURG POST ACUTE, LLC , a South Carolina limited liability company
KOA HOLDINGS, LLC , a California limited liability company	MELON HOLDINGS, LLC , a Delaware limited liability company	PALM DESERT COMMUNITY HEALTHCARE, LLC , a California limited liability company
KUMQUAT HOLDINGS, LLC , a Delaware limited liability company	MIDDLETOWN POST ACUTE, LLC , an Ohio limited liability company	PALM VALLEY HEALTHCARE, LLC , an Arizona limited liability company
LAKEPORT POST ACUTE, LLC , a California limited liability company	MIRAVILLA SNF HEALTHCARE, LLC , a California limited liability company	PALOMAR HEIGHTS HEALTHCARE, LLC , a California limited liability company
LANCASTER SNF HEALTHCARE, LLC , a California limited liability company	NIGHTSHADE HOLDINGS, LLC , a California limited liability company	PASADENA CARE CENTER, LLC , a Texas limited liability company
LIME RIDGE HEALTHCARE LLC , a California limited liability company	NORWAY MAPLE HOLDINGS, LLC , a California limited liability company	
	NORWOOD HIGHLANDS	

PEAR HOLDINGS, LLC , a Delaware limited liability company	SANTA CRUZIDENCE OPCO, LLC , a California limited liability company	HEALTHCARE, LLC , a California limited liability Company
PEPPERBUSH HOLDINGS, LLC , a Delaware limited liability company	SIERRA NEVADA SNF, LLC , a California limited liability company	VILLA DE LA MAR, INC. , a California corporation
PETALUMA SNF HEALTHCARE, LLC , a California limited liability company	SNOWDROP HOLDINGS, LLC , a California limited liability company	WALNUT CREEK COMMUNITY HEALTHCARE, LLC , a California limited liability company
POMEGRANATE MASTER TENANT, LLC , a Delaware limited liability company	SOUTHWEST MASTER TENANT, LLC , a California limited liability company	WATERMANIDENCE OPCO, LLC , a California limited liability company
PROVIDENCE GROUP MANAGEMENT COMPANY, LLC , a Kentucky limited liability company	STERLING CARE, INC. , a California corporation	WILLARD COMMUNITY HEALTHCARE, LLC , an Arizona limited liability company
RGV COMMUNITY HEALTHCARE, LLC , a Texas limited liability company	SUNNYVALE COMMUNITY HEALTHCARE, LLC , a California limited liability company	CHEYENNE SNF HEALTHCARE, LLC , a Colorado limited liability company
RIDGECREST COMMUNITY HEALTHCARE, LLC , an Arizona limited liability company	SUNSET MASTER TENANT, LLC , a California limited liability company	COLORADO SPRINGS ILF, LLC , a Colorado limited liability company
SALINAS COMMUNITY HEALTHCARE, LLC , a California limited liability company	THYME HOLDINGS, LLC , a California limited liability company	MESA SNF HEALTHCARE, LLC , a Colorado limited liability company
SANTA CLARITA SNF LLC , a California limited liability company	TIBURON COMMUNITY SNF LLC , a California limited liability company	PIKES PEAK SNF HEALTHCARE, LLC , a Colorado limited liability company
	TICE VALLEY COMMUNITY	PUEBLO SNF HEALTHCARE, LLC , a Colorado limited liability

Company		Company
LA ESTANCIA SNF HEALTHCARE, LLC , an Arizona limited liability company	COMMUNITY HEALTHCARE, LLC , an Arizona limited liability company	LOMA LINDA ALF, LLC , a California limited liability company
MESA ARIZONA SNF HEALTHCARE, LLC , an Arizona limited liability company	EASTMAN COMMUNITY HEALTHCARE, LLC , a Colorado limited liability company	500 JESSIE AVENUE PROPERTY, LLC , a California limited liability company
SUN CITY SNF HEALTHCARE, LLC , an Arizona limited liability company	LAFAYETTE COMMUNITY HEALTHCARE, LLC , a Colorado limited liability company	TIBURON PROPCO, LLC , a California limited liability company
BEREA COMMUNITY HEALTHCARE, LLC , a South Carolina limited liability company	MONACO COMMUNITY HEALTHCARE, LLC , a Colorado limited liability company	SC MASTER TENANT, LLC , a South Carolina limited liability company
FOREST ACRES COMMUNITY HEALTHCARE, LLC , a South Carolina limited liability company	PALO COMMUNITY HEALTHCARE, LLC , a Colorado limited liability company	ORANGEBURG COMMUNITY HEALTHCARE, LLC , a South Carolina limited liability company
REEDY RIVER COMMUNITY HEALTHCARE, LLC , a South Carolina limited liability company	12080 BELLAIRE WAY, LLC , a Colorado limited liability company	MCCORMICK SKILLED NURSING, LLC , a South Carolina limited liability company
UNION COMMUNITY HEALTHCARE, LLC , a South Carolina limited liability company	PANTHER MASTER TENANT, LLC , a Colorado limited liability company	GREENVILLE SKILLED NURSING, LLC , a South Carolina limited liability company
THORNTON COMMUNITY HEALTHCARE, LLC , a Colorado limited liability company	LOMA LINDA MASTER TENANT, LLC , a California limited liability company	204 HOLIDAY ROAD, LLC , a South Carolina limited liability company
APACHE JUNCTION	LOMA LINDA SNF HEALTHCARE, LLC , a California limited liability company	8 NORTH TEXAS AVENUE, LLC , a South Carolina limited liability company
		PARADISE VALLEY

HEALTH CARE CENTER, INC., a California corporation	Washington limited liability company	SUNNYSIDE SNF HEALTHCARE, LLC, a Washington limited liability company
BRIDGE CREST SNF HEALTHCARE, LLC, a Washington limited liability company	MOUNTAIN VIEW SNF HEALTHCARE, LLC, a Washington limited liability company	WHITE RIVER COMMUNITY HEALTHCARE, LLC, a Washington limited liability company
COLONIAL VISTA COMMUNITY HEALTHCARE, LLC, a Washington limited liability company	PINE RIDGE SNF HEALTHCARE, LLC, a Washington limited liability company	WHITE RIVER MC HEALTHCARE, LLC, a Washington limited liability company
COLONIAL VISTA SNF HEALTHCARE, LLC, a Washington limited liability company	RICHLAND COMMUNITY HEALTHCARE, LLC, a Washington limited liability company	KALISPELL COMMUNITY HEALTH CARE, LLC, a Montana limited liability company
EAST WENATCHEE COMMUNITY HEALTHCARE, LLC, a Washington limited liability company	RICHLAND SNF HEALTHCARE, LLC, a Washington limited liability company	MANTECA COMMUNITY HEALTHCARE, LLC, a California limited liability company
HAZEL DELL COMMUNITY HEALTHCARE, LLC, a Washington limited liability company	SOUTH CREEK SNF HEALTHCARE, LLC, a Washington limited liability company	CARSON SNF HEALTHCARE, LLC, a Nevada limited liability company
HEARTHSTONE COMMUNITY HEALTHCARE, LLC, a Washington limited liability company	SULLIVAN ALF COMMUNITY HEALTHCARE, LLC, a Washington limited liability company	CARSON TAHOE MC HEALTHCARE, LLC, a Nevada limited liability company
LACAMAS CREEK SNF HEALTHCARE, LLC, a Washington limited liability company	SULLIVAN ILF COMMUNITY HEALTHCARE, LLC, a Washington limited liability company	CENTENNIAL SNF HEALTHCARE, LLC, an Alaska limited liability company
LINDEN SNF HEALTHCARE, LLC, a	SULLIVAN SNF HEALTHCARE, LLC, a Washington limited liability company	CLAREMONT COMMUNITY

HEALTHCARE, LLC , an Arizona limited liability company	an Oregon limited liability company	an Oregon limited liability company
SADDLE MASTER TENANT, LLC , a Utah limited liability company	CASCADE TERRACE SNF HEALTHCARE, LLC , an Oregon limited liability company	HOMEWOOD COMMUNITY HEALTHCARE, LLC , an Oregon limited liability company
AUTUMN WIND COMMUNITY HEALTHCARE, LLC , an Idaho limited liability company	CHEHALEM SNF HEALTHCARE, LLC , an Oregon limited liability company	HOOD RIVER SNF HEALTHCARE, LLC , an Oregon limited liability company
KARCHER COMMUNITY HEALTHCARE, LLC , an Idaho limited liability company	COTTAGE GROVE SNF HEALTHCARE, LLC , an Oregon limited liability company	MCKAY CREEK COMMUNITY HEALTHCARE, LLC , an Oregon limited liability company
KARCHER SNF HEALTHCARE, LLC , an Idaho limited liability company	CRESTON SNF HEALTHCARE, LLC , an Oregon limited liability company	MENLO PARK SNF HEALTHCARE, LLC , an Oregon limited liability company
LEGENDS PARK COMMUNITY HEALTHCARE, LLC , an Idaho limited liability company	CRESWELL SNF HEALTHCARE, LLC , an Oregon limited liability company	RIVERCREST SNF HEALTHCARE, LLC , an Oregon limited liability company
ORCHARD VIEW SNF HEALTHCARE, LLC , an Idaho limited liability company	EVAN TERRACE SNF HEALTHCARE, LLC , an Oregon limited liability company	STANLEY SNF HEALTHCARE, LLC , an Oregon limited liability company
PARKWOOD MEADOWS COMMUNITY HEALTHCARE, LLC , an Idaho limited liability company	EVERGREEN SNF HEALTHCARE, LLC , an Oregon limited liability company	SUMMERPLACE COMMUNITY HEALTHCARE, LLC , an Oregon limited liability company
ASHLAND SNF HEALTHCARE, LLC ,	FOREST GROVE SNF HEALTHCARE, LLC , an Oregon limited liability company	TIMBERLINE SNF HEALTH CARE, LLC , an Oregon limited liability company
	GLISAN SNF HEALTHCARE, LLC ,	

**WILLOWBROOK SNF
HEALTHCARE, LLC**, an Oregon
limited liability company

**WOODSIDE SNF HEALTHCARE,
LLC**, an Oregon limited liability
company

**PARKWAY COMMUNITY
HEALTHCARE, LLC**, a Nevada
limited liability company

**BEDFORD SNF
HEALTH CARE, LLC**, a
Pennsylvania limited liability company
**BETHEL PARK SNF
HEALTH CARE, LLC**, a
Pennsylvania limited liability company

**GREENTREE SNF HEALTHCARE,
LLC**, a Pennsylvania limited liability
company

**MCMURRAY SNF HEALTHCARE,
LLC**, a Pennsylvania limited liability
company
**MONROEVILLE SNF
HEALTHCARE, LLC**, a
Pennsylvania limited liability company

PERRY SNF HEALTHCARE, LLC,
a

Pennsylvania limited liability company

**SHADYSIDE SNF HEALTHCARE,
LLC**, a
Pennsylvania limited liability company

**WEYMAN SNF
HEALTHCARE, LLC**, a
Pennsylvania limited liability company

**RENTON SNF HEALTHCARE,
LLC**, a Washington limited liability
company

**CLARKSVILLE SNF
HEALTHCARE, LLC**, a Tennessee
limited liability company

**COOKEVILLE SNF
HEALTHCARE, LLC**, a Tennessee
limited liability company

**DUPREE SNF
HEALTHCARE, LLC**, a Tennessee
limited liability company

**GOODLETTSVILLE SNF
HEALTHCARE, LLC**, a Tennessee
limited liability company

**HOHENWALD SNF
HEALTHCARE, LLC**, a Tennessee
limited liability company

**LEXINGTON SNF HEALTHCARE,
LLC**, a

Tennessee limited liability company

**MCKENZIE SNF
HEALTHCARE, LLC**, a Tennessee
limited liability company

**MOUNT JULIET SNF
HEALTHCARE, LLC**, a
Tennessee limited Liability company

**MURFREESBORO SNF
HEALTHCARE, LLC**, a Tennessee
limited liability company

**NASHVILLE SNF HEALTHCARE,
LLC**, a Tennessee limited liability
company

**SELMER SNF HEALTHCARE,
LLC**, a Tennessee limited liability
company

**WAVERLY SNF HEALTHCARE,
LLC**, a Tennessee limited liability
company

**KEYSTONE PROPERTY
INVESTMENTS, LLC**, a Utah limited
liability company

**1848 GREENTREE ROAD PA
OWNER LLC**, a Delaware limited
liability company

**136 DONAHOE MANOR ROAD PA
OWNER LLC**, a Delaware limited
liability company

**1105 PERRY HIGHWAY PA
OWNER LLC**, a Delaware limited
liability company

**5609 FIFTH AVENUE PA OWNER
LLC**, a Delaware limited liability
company

**WELLSPRINGS SNF OWNER
LLC**, a Delaware limited liability
company

**ANTELOPE VALLEY SNF
OWNER LLC**, a Delaware limited
liability company

By: /s/ Derick Apt

Name: Derick Apt

Title: Treasurer / Assistant Treasurer

ADMINISTRATIVE AGENT AND A LENDER:

TRUIST BANK, as the Administrative Agent and a Lender

By: /s/ Ron Caldwell

Name: Ron Caldwell

Title: Managing Director

LENDERS:

Bank of Hope, as a Lender

By: /s/ Ginger Mandes

Name: Ginger Mandes

Title: SVP, CIB Business Risk Officer

LENDERS:

BOKF NA, DBA BOK FINANCIAL as a Lender

By: /s/ Rett E. Deinlein

Name: Rett E. Deinlein

Title: Senior Vice President

LENDERS:

CITIBANK, N.A., as a Lender

By: /s/ Matthew Cataldi

Name: Matthew Cataldi

Title: Authorized Signer

LENDERS:

JPMorgan Chase Bank, N.A., as a Lender

By: /s/ Rachel Bolick

Name: Rachel Bolick

Title: Senior Credit Officer

LENDERS:

KeyBank N.A., as a Lender

By: /s/ Peter A. Trazzera

Name: Peter A. Trazzera

Title: Senior Vice President

Royal Bank of Canada, as a Lender

By: /s/ Scott MacVicar

Name: Scott MacVicar

Title: Authorized Signatory

LENDERS:

Regions Bank, as a Lender

By: /s/ Allen Riley

Name: Allen Riley

Title: Director

LENDERS:

**Zions Bancorporation, N.A. dba California Bank
& Trust**, as a Lender

By: /s/ Peter Drees

Name: Peter Drees

Title: Senior Vice President

LENDERS:

UBS AG, Stamford Branch, as a Lender

By: /s/ Joselin Fernandes

Name: Joselin Fernandes

Title: Director

UBS AG, Stamford Branch, as a Lender

By: /s/ Larcy Naval

Name: Larcy Naval

Title: Director

**FORBEARANCE AGREEMENT AND
FIFTH AMENDMENT TO CREDIT AGREEMENT**

THIS FORBEARANCE AGREEMENT AND FIFTH AMENDMENT TO CREDIT AGREEMENT (this “Agreement”) is made and entered into as of the 13th day of August, 2025, by and among **PACS GROUP, INC.**, a Delaware corporation (“Holdings”), **PACS HOLDINGS, LLC**, a Delaware limited liability company (the “Borrower”), the other Loan Parties party hereto, the Lenders party hereto, and **TRUIST BANK**, as Administrative Agent.

WITNESSETH:

WHEREAS, Holdings, the Borrower, the Lenders, and the Administrative Agent are party to that certain Amended and Restated Credit Agreement dated as of December 7, 2023 (as amended, restated, amended and restated, supplemented, or otherwise modified from time to time, the “Credit Agreement”; capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed thereto in the Credit Agreement);

WHEREAS, the Borrower has notified the Administrative Agent that:

(a) certain Events of Default have occurred under Section 8.1(c) of the Credit Agreement as a result of certain representations and warranties made or deemed to have been made by or on behalf of the Borrower in the Compliance Certificates delivered in connection with the financial statements for the Fiscal Quarters ended March 31, 2024, June 30, 2024, September 30, 2024, December 31, 2024, and March 31, 2025 proving to be incorrect in certain material respects when made or deemed made (the “Representation and Warranty Events of Default”);

(b) an event of default has occurred under that certain Third Consolidated Master Lease, dated June 30, 2023 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Omega Master Lease”), among the landlords and tenants listed on Schedule 1 thereto (as amended, restated, amended and restated, supplemented or otherwise modified from time to time) (such landlords, the “Landlords”), which is a Material Lease, as a result of the Representation and Warranty Events of Default (the “Omega Master Lease Cross Default”);

(c) an event of default has occurred under Section 8.1(q) of the Credit Agreement as a result of the Omega Master Lease Cross Default (the “Omega Master Lease Event of Default”); and

(d) certain Events of Default have occurred under the Credit Agreement as a result of the breach or violation of any term, provision, or condition of the Credit Agreement or any other Loan Document arising solely as a result of the Representation and Warranty Events of Default and the Omega Master Lease Event of Default, including with respect to any representation and warranty given or deemed given as if such Representation and Warranty Events of Default and/or Omega Master Lease Event of Default were not in existence and any failure to comply with any notice requirement relating to any of the foregoing (together with the

Representation and Warranty Events of Default and the Omega Master Lease Event of Default, collectively, the “Existing Events of Default”);

WHEREAS, by reason of the Existing Events of Default, the Administrative Agent, on behalf of the Lenders, is permitted to exercise all rights and remedies available to the Administrative Agent under the Loan Documents and applicable law;

WHEREAS, despite the Existing Events of Default, the Borrower desires that the Administrative Agent and the Lenders temporarily forbear from exercising the rights and remedies otherwise available to the Administrative Agent, on behalf of the Lenders, under the Loan Documents in respect of the Existing Events of Default;

WHEREAS, the Administrative Agent and the Lenders, on and subject to the conditions contained in this Agreement, are willing to temporarily forbear from pursuing their remedies in connection with the Existing Events of Default during the Forbearance Period (hereinafter defined) (the “Borrower’s Benefits”), all on the terms and conditions contained herein and in the Credit Agreement, each of which terms and conditions, individually and in the aggregate, and including the performance thereof by the Borrower, constitute the consideration to the Administrative Agent and the Lenders for entering into this Agreement, and in the absence of any of which the Administrative Agent and the Lenders would not have entered into this Agreement or otherwise extended to the Borrower the Borrower’s Benefits;

WHEREAS, the Borrower acknowledges and agrees that the Borrower’s Benefits hereunder are of immediate and material benefit, financial and otherwise, to the Borrower, and that neither the Administrative Agent nor any of the Lenders were or are under any obligation to extend to the Borrower any of the Borrower’s Benefits provided hereunder; and

WHEREAS, without limiting the foregoing, as a condition to the Borrower’s Benefits certain provisions of the Credit Agreement shall be amended as set forth in Section 4 below, in each case subject to the terms and conditions hereof.

NOW, THEREFORE, in consideration of the foregoing premises, and other good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Acknowledgments by the Borrower.

(a) The Borrower hereby acknowledges and agrees that (i) as of the close of business on August 5, 2025, (A) the outstanding aggregate respective principal balances of the Loans totaled \$142,000,000 and (B) the maximum aggregate amount available to be drawn under outstanding Letters of Credit totaled \$13,922,942, in each case, exclusive of accrued interest, costs and attorney’s fees chargeable to the Borrower under the Loan Documents, (ii) the Existing Events of Default have occurred and the Borrower has received adequate and sufficient notice thereof to the extent, if any, required, (iii) as of the date hereof, the Existing Events of Default are continuing and the Existing Events of Default have not been cured by the Borrower or waived, released, extinguished or compromised by the Administrative Agent or the Lenders, and (iv) as a result of the Existing Events of Default, at the election of the Administrative Agent or at the direction of the Required Lenders, all of the Obligations under the Loan Documents may be declared immediately due and owing by the Borrower, and the Administrative Agent, on behalf

of the Lenders, has the full legal right to exercise any and all of the rights and remedies under the Loan Documents or otherwise available at law and in equity with respect thereto.

(b) The Borrower acknowledges and agrees that, notwithstanding the agreement of the Administrative Agent and the Lenders herein to provide the Borrower's Benefits and, for a limited period, to conditionally to forbear from exercising their remedies under the Loan Documents or pursuant to this Agreement in respect of the Existing Events of Default, (i) in no event shall such actions by the Administrative Agent or the Lenders be deemed to be a waiver, release, extinguishment, compromise or cure of the Existing Events of Default or any other current or future Default or Event of Default, and (ii) because of the existence of the Existing Events of Default, the Lenders (A) are not obligated to make Revolving Loans or Swingline Loans or to provide Letters of Credit under the Credit Agreement, and (B) have advised the Borrower that the Lenders do not have any present intention to make any such financial accommodations to the Borrower during the Forbearance Period (except with respect to renewals or extensions of existing Letters of Credit as expressly set forth in Section 3 of this Agreement).

2. Forbearance.

(a) Forbearance. Subject to compliance by the Borrower with each of the Forbearance Conditions (as defined below), during the period commencing on the date hereof, and ending on the earliest to occur of (w) 5:00 p.m. (Charlotte, North Carolina time) on October 31, 2025 (or such later date as may be agreed to in writing (which may be by e-mail) from time to time by the Administrative Agent in its sole discretion (which later date may not be later than November 30, 2025 unless agreed to in writing (which may be by e-mail) by the Required Lenders)), (x) the occurrence of an Event of Default, other than the Existing Events of Default, under the Credit Agreement, immediately and without notice, (y) the date that any default with respect to, breach of, or other failure of the Loan Parties to comply with, any of the Forbearance Conditions as defined in and set forth in Section 2(b) hereof occurs, and (z) the date that any default with respect to, breach of, or other failure of the Loan Parties to comply with, any of the agreements set forth in Section 3 hereof occurs (the "Forbearance Period"), the Administrative Agent and the Lenders agree that they will not (and the Lenders agree that they will not instruct the Administrative Agent to), but only in respect of the Existing Events of Default:

(i) exercise any remedy available to the Administrative Agent or the Lenders under the Loan Documents or under any applicable law or in equity, including, without limitation, any remedy to accelerate the Loans, enforce collection from the Borrower or any other Loan Party of any Obligations or foreclose upon or exercise any remedies in respect of any of the Collateral; or

(ii) institute suit against the Borrower or any other Loan Party or any of their respective assets.

(b) Conditions to Forbearance. Each of the following conditions shall constitute a forbearance condition ("Forbearance Condition"), the continuing satisfaction of each and every one of which shall be a continuing condition to the agreement of the Administrative Agent and the Lenders to forbear as set forth above in Section 2(a) hereof:

(i) Except with respect to the Existing Events of Default, the Borrower shall duly observe and perform each and every obligation and covenant on its part to be performed under the Loan Documents, this Agreement and any agreement, instrument or document executed in connection with this Agreement; and

(ii) No Default or Event of Default under, or other breach of or failure of the Loan Parties to comply with, any of the terms, conditions, provisions or covenants of the Loan Documents, including this Agreement, shall exist or shall have occurred, except the Existing Events of Default; and

(iii) Except in respect of the Existing Events of Default, the representations and warranties contained in the Loan Documents, including this Agreement and any agreement, instrument or document executed in connection herewith or pursuant hereto, shall be true and correct in all material respects (other than those representations and warranties that are expressly qualified by a Material Adverse Effect or other materiality, in which case such representations and warranties shall be true and correct in all respects) as of the date of this Agreement and shall continue to be true and correct in all material respects (other than those representations and warranties that are expressly qualified by a Material Adverse Effect or other materiality, in which case such representations and warranties shall continue to be true and correct in all respects) at all times hereafter; provided that, to the extent that such representations and warranties refer to an earlier date, they shall be true and correct in all material respects (other than those representations and warranties that are expressly qualified by a Material Adverse Effect or other materiality, in which case such representations and warranties shall be true and correct in all respects) as of such earlier date; and

(iv) No suit or written claim shall have been filed or made against the Administrative Agent or any Lender by any Person, which suit or claim is in any manner related to the Borrower, any of its Subsidiaries or Affiliates, or any of the Loan Documents; and

(v) No suit shall have been commenced against the Borrower or any of its Subsidiaries or Affiliates by any direct or indirect creditor (other than any Lender or Administrative Agent or any Person claiming by, through or under any Lender or Administrative Agent) of the Borrower or any of its Subsidiaries or Affiliates seeking to collect or enforce rights with respect to any liability in excess of \$10,000,000; and

(vi) No case under any Debtor Relief Laws shall have been filed by or against the Borrower or any of its Subsidiaries or Affiliates; and

(vii) Since the date of this Agreement, there shall have been no change which has or could reasonably be expected to have a Material Adverse Effect; and

(viii) The Amended and Restated Omega Master Lease Forbearance Agreement (as defined below) shall not have terminated, and the forbearance thereunder and other terms thereof shall remain in full force and effect; and

(ix) No Landlord shall have delivered an Enforcement Notice, a Lease Payment Default Notice or a Possession Date Notice (in each case, under and as defined in that certain Intercreditor Agreement, dated as of June 30, 2023 (as amended, restated, amended and restated, supplemented or otherwise modified), among the Landlords, the tenants listed on the Schedule of Tenants thereto and the Administrative Agent) to the Administrative Agent.

(c) Effect and Construction of Agreement. Except as otherwise expressly provided herein, the Credit Agreement and the other Loan Documents shall remain in full force and effect in accordance with their respective terms, and this Agreement shall not be construed to: (i) impair the validity, perfection or priority of any lien or security interest securing the Obligations; (ii) waive or impair any rights, powers or remedies of the Administrative Agent or

the Lenders under the Credit Agreement and the other Loan Documents upon expiration or termination of the Forbearance Period, with respect to the Existing Events of Default or otherwise; (iii) constitute an agreement by the Administrative Agent or the Lenders, or require the Administrative Agent or the Lenders, to extend the Forbearance Period or grant additional forbearance periods, extend the term of the Credit Agreement or the time for payment of any of the Obligations; (iv) require the Administrative Agent or the Lenders to make any Loans or other extensions of credit to the Borrower (except with respect to renewals or extensions of existing Letters of Credit as expressly set forth in Section 3 of this Agreement); or (v) constitute a waiver of any right of the Administrative Agent or the Lenders to insist on strict compliance by the Borrower with each and every term, condition and covenant of this Agreement and the Loan Documents, except as expressly otherwise provided herein. Other than as expressly set forth in Section 4 below, this Agreement does not constitute an amendment of the Credit Agreement, but rather, constitutes a temporary supplement thereto.

(d) No Course of Dealing or Performance. The Borrower acknowledges and agrees that the agreement of the Administrative Agent and the Lenders to forbear from exercising their rights and remedies under the Loan Documents with respect to the Existing Events of Default, to agree to the temporary supplements set forth in Section 3 below and to agree to the amendments set forth in Section 4 below, in each case, pursuant to and as reflected in this Agreement does not and shall not create (nor shall the Borrower rely upon the existence of or claim or assert that there exists) any obligation of the Administrative Agent or the Lenders to consider or agree to any waiver, any further supplement or amendment, or any further forbearance and, in the event that the Administrative Agent or the Lenders subsequently agree to consider any waiver, any further supplement or amendment, or any further forbearance, neither the existence of any prior forbearance, nor this Agreement, nor any other conduct of the Administrative Agent or the Lenders, or any of them, shall be of any force or effect on the consideration or any decision with respect to any such requested waiver, supplement, amendment, or forbearance, and neither Administrative Agent nor any Lender shall have any obligation whatsoever to consider or agree to further forbear or to waive any Default or Event of Default. In addition, neither (w) the execution and delivery of this Agreement, (x) the actions of the Administrative Agent or the Lenders in obtaining or analyzing any information from the Borrower or any advisor to the Borrower, whether or not related to consideration of any waiver, modification, forbearance or alteration of the Credit Agreement, any Default or Event of Default thereunder, or otherwise, including, without limitation, any discussions or negotiations (heretofore or, if any, hereafter) between the Administrative Agent or the Lenders and the Borrower regarding any potential waiver, modification, forbearance, supplement or amendment related to the Credit Agreement, (y) any failure of the Administrative Agent or the Lenders to exercise any of their rights under, pursuant or with respect to the Credit Agreement, nor (z) any action, inaction, waiver, forbearance, supplement, amendment or other modification of or with respect to the Credit Agreement, shall, except to the extent otherwise expressly provided herein or unless evidenced by a subsequent written agreement (and then only to the extent provided by the express provisions thereof):

- (i) constitute a waiver by the Administrative Agent or any Lender of, or an agreement by the Administrative Agent or any Lender to forebear from the exercise of remedies with respect to, any Default or Event of Default under the Credit Agreement;
- (ii) constitute a waiver by or estoppel of the Administrative Agent or any Lender as to the satisfaction or lack of satisfaction of any covenant, term or condition set forth in the Credit Agreement; or
- (iii) constitute a supplement or amendment to or modification of, or an agreement on the part of the Administrative Agent or any Lender to enter into any

supplement or amendment to or modification of, or an agreement to negotiate or continue to negotiate with respect to, the Credit Agreement.

3. Temporary Supplements to Credit Agreement. The parties hereto agree that during the Forbearance Period the following provisions, to the extent of any conflict with any provision of the Credit Agreement, will control, but that such provisions shall not constitute amendments to the Credit Agreement but rather temporary supplements thereto:

(a) Without limitation of clause (g) below, no new Revolving Loans, Swingline Loans or Letters of Credit (or, for the avoidance of doubt, new Term Loans) will be available to the Borrower;

(b) Solely for purposes of satisfying the conditions set forth in Sections 3.2(a) and (b) of the Credit Agreement in connection with the renewal or extension of any Letter of Credit that is in existence as of the date hereof, the Existing Events of Default shall be disregarded (including to the extent that any representation and warranty is untrue solely as a result of one or more of the Existing Events of Default);

(c) [Reserved];

(d) Section 6.3 of the Credit Agreement shall be temporarily amended so that it reads, in its entirety, as follows:

(e) **Section 6.3 Minimum Liquidity**. Holdings and its Subsidiaries, on a consolidated basis, will maintain, at all times, unrestricted cash and Permitted Investments of at least \$100,000,000.

(f) Without limitation of clause (g) below, (i) no Loan Party will make any Investment in any Subsidiary of the Borrower that is not a Loan Party (including, without limitation, any Specified Conflicted Subsidiary) pursuant to Section 7.4(e), (ii) each of Holdings and the Borrower will not, and will not permit any of its Subsidiaries to, make any Investments pursuant to Sections 7.4(h), (i), (l) or (m) or otherwise enter into or consummate any Acquisition (including, without limitation, any Permitted Acquisition or Permitted Specified Conflicted Subsidiary Acquisition), (iii) no Specified Conflicted Subsidiary Designation shall occur and (iv) each of Holdings and the Borrower will not, and will not permit any of its Subsidiaries to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment under Sections 7.5(iii), (v), (ix) or (x), other than, in each case (to the extent applicable), in connection with the Unified Transaction (as defined below);

(g) Section 7.4(j) of the Credit Agreement shall be temporarily amended so that it reads, in its entirety, as follows:

(h) (j) other Investments that in the aggregate do not exceed at any time outstanding the greater of \$37,500,000;

(i) For the avoidance of doubt, except to the extent expressly provided otherwise in this Agreement, all references in the Credit Agreement to a Default or Event of Default shall be deemed to include each and all of the Existing Events of Default; provided that the acquisition of the membership interests of certain special purposes real estate holding companies and certain leasehold interests, in each case, pursuant to that certain Membership Interest and Leasehold Interests Purchase Agreement, dated as of May 24, 2024, among Eagle UC SNF Owner LLC, Eagle UC Master Tenant LLC and Zoozen, LLC, and related transactions, including, without limitation, the joinder of new Subsidiary Loan Parties (collectively, the

“Unified Transaction”), may be consummated as if the Existing Events of Default were not in existence (so long as such transactions are otherwise in compliance with the terms of this Agreement, the Credit Agreement and each of the other Loan Documents).

4. Amendments to Credit Agreement.

(a) Section 5.1(a) of the Credit Agreement is hereby amended so that it reads, in its entirety, as follows:

(b) (a) as soon as available and in any event within 90 days (or, with respect to the Fiscal Year ended December 31, 2024, on or before October 31, 2025 (or such later date as may be agreed to in writing (which may be by e-mail) from time to time by the Administrative Agent in its sole discretion (which later date may not be later than November 30, 2025 unless agreed to in writing (which may be by e-mail) by the Required Lenders))) after the end of each Fiscal Year of Holdings (commencing with the Fiscal Year ended December 31, 2023), a copy of the annual audited report for such Fiscal Year for Holdings and its Subsidiaries, containing a consolidated balance sheet of Holdings and its Subsidiaries as of the end of such Fiscal Year and the related consolidated statements of income, stockholders’ equity and cash flows (together with all footnotes thereto) of Holdings and its Subsidiaries for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year, all in reasonable detail and reported on by Ernst & Young LLP or other independent public accountants of nationally recognized standing (without a “going concern” or like qualification, exception or explanation and without any qualification or exception as to the scope of such audit (other than any “going concern” or similar qualification or exception related to the maturity of the Obligations)) to the effect that such financial statements present fairly in all material respects the financial condition and the results of operations of Holdings and its Subsidiaries for such Fiscal Year on a consolidated basis in accordance with GAAP, and that the examination by such accountants in connection with such consolidated financial statements has been made in accordance with generally accepted auditing standards, and together with a management discussion and analysis with respect thereto;

5. Representations, Warranties, Covenants and Acknowledgments; Release. To induce the Lenders and the Administrative Agent to enter into this Agreement:

(a) Each Loan Party represents and warrants that, upon and after giving effect to this Agreement, (i) except for the Existing Events of Default, the representations and warranties of each Loan Party contained in the Loan Documents are true and correct in all material respects (other than those representations and warranties that are expressly qualified by a Material Adverse Effect or other materiality, in which case such representations and warranties are true and correct in all respects) as of the date of this Agreement (provided that, to the extent that such representations and warranties refer to an earlier date, they are true and correct in all material respects (other than those representations and warranties that are expressly qualified by a Material Adverse Effect or other materiality, in which case such representations and warranties are true and correct in all respects) as of such earlier date), (ii) it has the power and authority, and is duly authorized, to enter into, deliver and perform this Agreement, (iii) this Agreement, the

Credit Agreement and each of the other Loan Documents to which it is a party is the legal, valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in equity or in law) and (iv) the execution, delivery and performance of this Agreement by each Loan Party in accordance with its terms do not and will not, with the passage of time, the giving of notice or otherwise: (A) require approval of any Governmental Authority or violate any applicable law relating to such Loan Party; (B) conflict with, result in a breach of or constitute a default under any Contractual Obligations of such Loan Party; or (C) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by such Loan Party;

(b) The Borrower agrees that this Agreement is not intended to be, and is not, a novation of any of the Loan Documents or any of the Obligations thereunder and does hereby reaffirm each of the agreements, covenants, and undertakings made by it under the Credit Agreement and each and every other Loan Document executed by it in connection therewith or pursuant thereto, in each case, as modified by this Agreement, as if the Borrower were making said agreements, covenants and undertakings on the effective date hereof, except with respect to such agreements, covenants and undertakings which, by their express terms, are applicable only to the Closing Date or another prior specified date;

(c) The Borrower does hereby acknowledge and agree that, as of the date hereof, no known right of offset, defense, counterclaim, claim, causes of action or objection in favor of the Borrower against the Lenders or the Administrative Agent exists arising out of or with respect to (i) the Obligations, this Agreement, the Credit Agreement or any of the other Loan Documents, (ii) any other documents evidencing, securing or in any way relating to the foregoing, or (iii) the administration or funding of the Loans or the Obligations; and

(d) As a material inducement to the Administrative Agent and the Lenders to enter into this Agreement and to forbear from the exercise of remedies in respect of the Existing Events of Default during the Forbearance Period, all in accordance with and subject to the terms and conditions of this Agreement and the Credit Agreement, and all of which is to the direct advantage and benefit of the Loan Parties, each of the Loan Parties, for itself and its respective successors and assigns, (i) does hereby remise, release, waive, relinquish, acquit, satisfy and forever discharge the Administrative Agent and each Lender, and all of the respective past, present and future officers, directors, employees, agents, attorneys, representatives, participants, heirs, affiliates, successors and assigns of the Administrative Agent and each Lender (together with the Administrative Agent and the Lenders, each a "Discharged Party"), from any and all manner of debts, accountings, bonds, warranties, representations, covenants, promises, contracts, controversies, agreements, liabilities, obligations, expenses, damages, judgments, executions, actions, suits, claims, counterclaims, demands, defenses, setoffs, objections and causes of action of any nature whatsoever, whether at law or in equity, either now accrued or hereafter maturing and whether known or unknown, including, but not limited to, any and all claims which may be based on allegations of breach of contract, failure to lend, fraud, promissory estoppel, libel, slander, usury, negligence, misrepresentation, breach of fiduciary duty, bad faith, lender malpractice, undue influence, duress, tortious interference with contractual relations, interference with management, or misuse of control which any Loan Party now has or hereafter can, shall or may have by reason of any matter, cause, thing or event occurring on or prior the date of this Agreement arising out of, in connection with or relating to (x) the Obligations, including, but not limited to, the administration or funding thereof, (y) any of the Loan Documents or the indebtedness evidenced and secured thereby, and (z) any other agreement or transaction between any Loan Party and any Discharged Party relating to or in connection with the Loan Documents or the transactions contemplated therein; and (ii) does hereby covenant and agree never to

institute or cause to be instituted or continue prosecution of any suit or other form of action or proceeding of any kind or nature whatsoever against any Discharged Party, by reason of or in connection with any of the foregoing matters, claims or causes of action, provided, however, that the foregoing release and covenant not to sue shall not apply to any claims first arising after the date of this Agreement with respect to acts, occurrences or events after the date of this Agreement.

6. Closing; Conditions Precedent. The effectiveness of this Agreement is subject to the following conditions precedent:

(a) the Administrative Agent shall have received executed counterparts of this Agreement by each of (i) the Loan Parties, (ii) the Required Lenders, (iii) the Required Revolving Lenders and (iv) the Administrative Agent;

(b) the Administrative Agent shall have received a duly executed copy of an amended and restated forbearance agreement with respect to the Omega Master Lease in form and substance satisfactory to the Administrative Agent (the “Amended and Restated Omega Master Lease Forbearance Agreement”);

(c) the Borrower shall have repaid, or substantially concurrently with the effectiveness of this Agreement shall repay, Revolving Loans in an aggregate principal amount of \$42,000,000, together with accrued interest thereon;

(d) the Administrative Agent shall have received payment of a forbearance fee (the “Forbearance Fee”) in an amount equal to 0.15% of the aggregate amount of the Revolving Commitments of the Lenders signing this Agreement as of the date hereof, which Forbearance Fee shall be (i) distributed by the Administrative Agent to the Lenders signing this Agreement based on their respective pro rata shares of the Revolving Commitments of the Lenders signing this Agreement, (ii) deemed fully earned and due and payable upon the satisfaction of all of the other conditions to effectiveness set forth in this Section 6, and (iii) nonrefundable; and

(e) the Administrative Agent shall have received payment of all other fees, expenses and other amounts due and payable on or prior to the date hereof, including, without limitation, and solely to the extent invoiced prior to the date hereof, reimbursement or payment of all out-of-pocket costs and expenses of the Administrative Agent (including reasonable fees, charges and disbursements of outside counsel to the Administrative Agent) required to be reimbursed or paid by the Borrower hereunder or under any other Loan Document.

7. Additional Acknowledgments. The Borrower expressly acknowledges and agrees that the waivers, estoppels and releases in favor of the Administrative Agent and each Lender contained in this Agreement shall not be construed as an admission of any wrongdoing, liability or culpability on the part of the Administrative Agent or any such Lender, or as an admission by the Administrative Agent or any such Lender of the existence of any claims by the Borrower against the Administrative Agent or any such Lender. The Borrower further acknowledges and agrees that, to the extent that any such claims exist, they are of a speculative nature so as to be incapable of objective valuation and that, to the extent that any such claims may exist and may have value, such value would constitute primarily “nuisance” value or “leverage” value in adversarial proceedings between the Borrower and the Administrative Agent or any such Lender. In any event, the Borrower acknowledges and agrees that the value to the Borrower of the covenants and agreements on the part of the Administrative Agent and each Lender contained in this Agreement substantially and materially exceeds any and all value of any kind or nature whatsoever of any claims or other liabilities waived or released by the Borrower hereunder.

8. Forbearance Expenses. In addition to and not in limitation of the obligations of the Loan Parties under the Loan Documents in respect of indemnification of the Administrative Agent and the reimbursement of the Administrative Agent's expenses, the Borrower agrees to pay on demand all documented out-of-pocket costs and expenses incurred by the Administrative Agent (including, without limitation, fees and out-of-pocket expenses of advisors and consultants) in connection with the preparation, execution, delivery and enforcement of this Agreement and all other documents, instruments and agreements entered into in connection herewith and hereafter in connection with the monitoring of the performance of the Borrower hereunder or pursuant to any of the Loan Documents or any projections provided by the Borrower or its advisors, or the evaluation or enforcement of rights and remedies of the Administrative Agent or any Lender, including, without limitation, the reasonable fees, charges and disbursements of outside counsel.

9. Consent and Reaffirmation of Loan Parties. Each Loan Party (other than the Borrower) (a) gives its respective consent to this Agreement, and to the execution, delivery and performance hereof by the Borrower, (b) waives any right (to notice or otherwise) owed, or defense otherwise available, to the undersigned in respect of this Agreement or the execution, delivery or performance thereof by the Borrower, (c) reaffirms all of its obligations and covenants under the Loan Documents to which it is a party, and (d) agrees that none of its respective obligations and covenants under the Loan Documents to which it is a party shall be reduced or limited by the execution and delivery of this Agreement.

10. Miscellaneous. The Borrower agrees to take such further action as the Administrative Agent shall reasonably request in connection herewith to evidence the agreement and consent herein contained. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same instrument. The exchange of copies of this Agreement and of signature pages hereto by facsimile or electronic mail in portable document format shall constitute effective execution and delivery of this Agreement and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile or electronic mail in portable document format shall be deemed to be the parties' original signatures for all purposes. This Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the parties hereto. This Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of New York, but without giving effect to principles of conflicts of laws thereof. This Agreement may not be modified, altered or amended except by agreement in writing signed by the Loan Parties, the Required Lenders, the Required Revolving Lenders (as applicable) and the Administrative Agent. The Borrower acknowledges that it has consulted with counsel and with such other expert advisors as it deemed necessary in connection with the negotiation, execution and delivery of this Agreement. This Agreement shall be construed without regard to any presumption or rule requiring that it be construed against the party causing this Agreement or any part hereof to be drafted. Nothing in this Agreement shall be construed to alter the debtor-creditor relationship between the Borrower, on the one hand, and the Lenders and the Administrative Agent, on the other. This Agreement is not intended as, nor shall it be construed to create, a partnership or joint venture relationship between or among any of the parties. This Agreement shall be deemed a Loan Document. This Agreement together with the other Loan Documents embodies the entire understanding and agreement between and among the parties hereto and thereto with respect to the subject matter hereof and thereof and with respect to the subject matter hereof supersedes all prior agreements, understandings and inducements, whether express or implied, oral or written.

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IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed and sealed as of the date first above written by its authorized officer.

HOLDINGS:

PACS GROUP, INC., a Delaware corporation

By: /s/ Derick Apt
Name: Derick Apt
Title: Chief Financial Officer

BORROWER:

PACS HOLDINGS, LLC, a Delaware limited liability company

By: /s/ Derick Apt
Name: Derick Apt
Title: Chief Financial Officer

SUBSIDIARY LOAN
PARTIES:

PROVIDENCE GROUP NH, LLC, a
Delaware limited liability company

**PROVIDENCE GROUP OF
CALIFORNIA, LLC**, a California
limited liability company

**LINDSAY
GARDENSIDENCE OPCO, LLC**, a
California limited liability company

SUN VILLAIDENCE OPCO, LLC, a
California limited liability company

**VALLEY CAREIDENCE
OPCO, LLC**, a California
limited liability company

**MAINSTREETIDENCE
DEVELOPMENTS, LLC**, a Utah
limited liability company

COLUMBIA POST ACUTE, LLC, a
Missouri limited liability company

HOUSTONIDENCE OPCO, LLC, a
Texas limited liability company

WEBSTERIDENCE OPCO, LLC, a
Texas limited liability company

**CENTENNIAL MASTER TENANT,
LLC**, a Colorado
limited liability company

**AMBER WOOD
HEALTHCARE, LLC**, a
Colorado limited liability
company

**BROOKSHIRE
HEALTHCARE, LLC**, a
Colorado limited liability
company

**EAGLE RIDGE HEALTHCARE,
LLC**, a
Colorado limited liability
company

**HEIGHTS COMMUNITY
HEALTHCARE, LLC**, a
Colorado limited liability company

**HIGHLINE HEALTHCARE,
LLC**, a Colorado limited
liability company

**LAKESWOOD
HEALTHCARE, LLC**, a
Colorado limited liability
company

**MESA VISTA HEALTHCARE,
LLC**, a
Colorado limited liability
company

**NORTHSTAR
HEALTHCARE, LLC**, a
Colorado limited liability

company

**RIVERDALE
HEALTHCARE, LLC**, a
Colorado limited liability
company

**WHEAT RIDGE HEALTHCARE,
LLC**, a
Colorado limited liability
company

NEVADA OPCO, LLC, a Delaware
limited liability
company

GRAPE HOLDINGS, LLC, a
Delaware limited liability company

LYCHEE HOLDINGS, LLC, a
Delaware limited liability company

**STARFRUIT HOLDINGS,
LLC**, a Delaware limited
liability company

YATE HOLDINGS, LLC, a Delaware
limited liability company

**CAPITAL SNF HOLDING
COMPANY, LLC**, a California
limited liability company

**NORTH SACRAMENTO
HEALTHCARE, LLC**, a
California limited liability
company

SHADOWBROOK HEALTHCARE, LLC , a California limited liability company	OPCO, LLC , a Kentucky limited liability company	9000 LARKIN ROAD, LLC , a California limited liability company
ROSEVILLE HEALTHCARE, LLC , a California limited liability company	RICHWOODIDENCE OPCO, LLC , a Kentucky limited liability company	501 GULLIVER PROPERTY, LLC , a South Carolina limited liability company
CITRUS HEIGHTS COMMUNITY HEALTHCARE, LLC , a California limited liability company	PROVIDENCE GROUP WINE COUNTRY, LLC , a California limited liability company	ZENZOO SANTA CLARITA, LLC , a California limited liability company
QUEEN ANN'S LACE HOLDINGS, LLC , a California limited liability company	KERN VALLEYIDENCE OPCO, LLC , a California limited liability company	JURUPA PROPERTY LLC , a California limited liability company
ARDEN GLEN HEALTHCARE, LLC , a California limited liability company	NAPAIDENCE OPCO, LLC , a California limited liability company	TIBURON HEALTHCARE PROPERTY LLC , a California limited liability company
PROVIDENCE GROUP OF KENTUCKY, LLC , a Kentucky limited liability company	PETALUMAIDENCE OPCO, LLC , a California limited liability company	MANGANESE DEVELOPMENT, LLC , a Delaware limited liability company
GALLATINIDENCE OPCO, LLC , a Kentucky limited liability company	SANTA ROSAIDENCE OPCO, LLC , a California limited liability company	PMJV INVESTMENTS, LLC , a Utah limited liability company
HOMESTEADIDENCE OPCO, LLC , a Kentucky limited liability company	SONOMAIDENCE OPCO, LLC , a California limited liability company	901 WILD ROSE, LLC , a Texas limited liability company
NEW CASTLEIDENCE OPCO, LLC , a Kentucky limited liability company	ZOOZEN, LLC , a Utah limited liability company	FAIR OAKS HEALTHCARE PROPERTY, LLC , a California limited liability company
PINE MEADOWSIDENCE	5602 UNIVERSITY AVENUE, LLC , a California limited liability company	
	4006 VISTA ROAD, LLC , a Texas limited liability company	

396 DORSEY DRIVE, LLC, a
California limited liability company

4001 LONE TREE WAY, LLC, a
California limited liability company

**20259 LAKE CHABOT
ROAD, LLC**, a Delaware
limited liability company

107 CATHERINE LANE, LLC, a
California limited liability company

1617 RAMIREZ STREET, LLC, a
Delaware limited liability company

151 PIONEER AVENUE, LLC, a
California limited liability company

1162 SOUTH DORA, LLC, a
California limited liability company

1210 A STREET, LLC, a
California limited liability
company

1050 SAN MIGUEL ROAD, LLC, a
California limited liability company

1391 MADISON AVENUE, LLC, a
California limited
liability company

ROME BOULEVARD, LLC, a
Delaware limited liability company

EASTERN AVENUE SNF, LLC, a
Delaware limited liability company

WEST POST DRIVE, LLC, a
Delaware limited liability company

**ALAMITOS RIDGE
HEALTHCARE, LLC**, a
California limited liability
company
**ANTELOPE VALLEY SNF
HEALTHCARE, LLC**, a California
limited liability company

**ANTIOCH DUNES
HEALTHCARE LLC**, a
California limited liability
company

**ARTESIA COMMUNITY
HEALTHCARE, LLC**, a
California limited liability
company

ASH HOLDINGS, LLC, a California
limited liability company

**BAKERSFIELD SNF
HEALTHCARE, LLC**, a
California limited liability
company

BALBOA HEALTHCARE, INC., a
California corporation

**BANNING SNF
HEALTHCARE, LLC**, a
California limited liability
company

**BAY AREA CNA
TRAINING, LLC**, a California limited
liability company

**BEAUMONT SNF
HEALTHCARE, LLC**, a
California limited liability
company

**BILBERRY HOLDINGS,
LLC**, a Delaware limited
liability company

BIRCH HOLDINGS, LLC, a
California limited liability company

BLUEBELL HOLDINGS, LLC, a
California limited liability company

BROWNSVILLE SNF, LLC, a Texas
limited liability company

**CAMPUS COMMUNITY
HEALTHCARE, LLC**, a
California limited liability
company

CEDAR HOLDINGS, LLC, a
California limited liability company

**CHERRY VALLEY SNF
HEALTHCARE, LLC**, a

California limited liability company	California limited liability company	
CINCINNATI RIVERVIEW HEALTHCARE, LLC , an Ohio limited liability company	EL MONTE SNF, LLC , a California limited liability company	FREMONT SNF HEALTHCARE, LLC , a California limited liability company
COLORADO SPRINGS ILF, LLC , a Colorado limited liability company	ELM HOLDINGS, LLC , a California limited liability company	FRESNO VALLEY SNF, LLC , a California limited liability company
CONCORD SNF HEALTHCARE, LLC , a California limited liability company	ENCANTO PALMS HEALTHCARE, LLC , an Arizona limited liability company	GREENVILLE POST ACUTE, LLC , a South Carolina limited liability company
CONTRA LOMA HEALTHCARE LLC , a California limited liability company	ESCONDIDO HEAL TH CARE, LLC , a California limited liability company	GREER POST ACUTE, LLC , a South Carolina limited liability company
CORKTREE HOLDINGS, LLC , a Delaware limited liability company	FAIRFAX HEALTHCARE, LLC , a California limited liability company	GREY PINE HOLDINGS, LLC , a Delaware limited liability company
CUCUMBER HOLDINGS, LLC , a Delaware limited liability company	FLAX HOLDINGS, LLC , a California limited liability company	HAYWARD SNF HEALTHCARE, LLC , a California limited liability company
DOUGLAS FIR HOLDINGS, LLC , a California limited liability company	FLORISSANT SKILLED NURSING, LLC , a Missouri limited liability company	HEMET COMMUNITY HEALTHCARE, LLC , a California limited liability Company
EDELWEISS HOLDINGS, LLC , a California limited liability company	FOUNTAIN INN HEALTHCARE, LLC , a South Carolina limited liability company	HEMET SNF HEALTHCARE, LLC , a California limited liability company
EL CAJON POST ACUTE, LLC , a	FOUNTAIN VALLEY COMMUNITY HEALTHCARE, LLC , a California limited liability company	IONE ROAD SNF, LLC , a Delaware limited liability company
		ITALIAN MAPLE

HOLDINGS, LLC , a California limited liability company	LONG BEACH HEALTHCARE, LLC , a California limited liability company	HEALTHCARE, LLC , an Ohio limited liability company
IXIA HOLDINGS, LLC , a California limited liability company		NORWOOD TOWERS HEALTHCARE, LLC , an Ohio limited liability company
JEFFREY PINE HOLDINGS, LLC , a California limited liability company	MARTINEZ SNF HEALTHCARE, LLC , a California limited liability company	ONTARIOIDENCE OPCO, LLC , a California limited liability company
JOHNS ISLAND POST ACUTE, LLC , a South Carolina limited liability company	MARYLAND GARDENS SNF, LLC , an Arizona limited liability company	ORANGE TREEIDENCE OPCO, LLC , a California limited liability company
JUJUBE HOLDINGS, LLC , a Delaware limited liability company	MAUBERTIDENCE OPCO, LLC , a California limited liability company	ORANGEBURG POST ACUTE, LLC , a South Carolina limited liability company
KOA HOLDINGS, LLC , a California limited liability company	MELON HOLDINGS, LLC , a Delaware limited liability company	PALM DESERT COMMUNITY HEALTHCARE, LLC , a California limited liability company
KUMQUAT HOLDINGS, LLC , a Delaware limited liability company	MIDDLETOWN POST ACUTE, LLC , an Ohio limited liability company	PALM VALLEY HEALTHCARE, LLC , an Arizona limited liability company
LAKEPORT POST ACUTE, LLC , a California limited liability company	MIRAVILLA SNF HEALTHCARE, LLC , a California limited liability company	PALOMAR HEIGHTS HEALTHCARE, LLC , a California limited liability company
LANCASTER SNF HEALTHCARE, LLC , a California limited liability company	NIGHTSHADE HOLDINGS, LLC , a California limited liability company	PASADENA CARE CENTER, LLC , a Texas limited liability company
LIME RIDGE HEALTHCARE LLC , a California limited liability company	NORWAY MAPLE HOLDINGS, LLC , a California limited liability company	
	NORWOOD HIGHLANDS	

PEAR HOLDINGS, LLC , a Delaware limited liability company	SANTA CRUZIDENCE OPCO, LLC , a California limited liability company	HEALTHCARE, LLC , a California limited liability Company
PEPPERBUSH HOLDINGS, LLC , a Delaware limited liability company	SIERRA NEVADA SNF, LLC , a California limited liability company	VILLA DE LA MAR, INC. , a California corporation
PETALUMA SNF HEALTHCARE, LLC , a California limited liability company	SNOWDROP HOLDINGS, LLC , a California limited liability company	WALNUT CREEK COMMUNITY HEALTHCARE, LLC , a California limited liability company
POMEGRANATE MASTER TENANT, LLC , a Delaware limited liability company	SOUTHWEST MASTER TENANT, LLC , a California limited liability company	WATERMANIDENCE OPCO, LLC , a California limited liability company
PROVIDENCE GROUP MANAGEMENT COMPANY, LLC , a Kentucky limited liability company	STERLING CARE, INC. , a California corporation	WILLARD COMMUNITY HEALTHCARE, LLC , an Arizona limited liability company
RGV COMMUNITY HEALTHCARE, LLC , a Texas limited liability company	SUNNYVALE COMMUNITY HEALTHCARE, LLC , a California limited liability company	CHEYENNE SNF HEALTHCARE, LLC , a Colorado limited liability company
RIDGECREST COMMUNITY HEALTHCARE, LLC , an Arizona limited liability company	SUNSET MASTER TENANT, LLC , a California limited liability company	COLORADO SPRINGS ILF, LLC , a Colorado limited liability company
SALINAS COMMUNITY HEALTHCARE, LLC , a California limited liability company	THYME HOLDINGS, LLC , a California limited liability company	MESA SNF HEALTHCARE, LLC , a Colorado limited liability company
SANTA CLARITA SNF LLC , a California limited liability company	TIBURON COMMUNITY SNF LLC , a California limited liability company	PIKES PEAK SNF HEALTHCARE, LLC , a Colorado limited liability company
	TICE VALLEY COMMUNITY	PUEBLO SNF HEALTHCARE, LLC , a Colorado limited liability

Company		Company
LA ESTANCIA SNF HEALTHCARE, LLC , an Arizona limited liability company	COMMUNITY HEALTHCARE, LLC , an Arizona limited liability company	LOMA LINDA ALF, LLC , a California limited liability company
MESA ARIZONA SNF HEALTHCARE, LLC , an Arizona limited liability company	EASTMAN COMMUNITY HEALTHCARE, LLC , a Colorado limited liability company	500 JESSIE AVENUE PROPERTY, LLC , a California limited liability company
SUN CITY SNF HEALTHCARE, LLC , an Arizona limited liability company	LAFAYETTE COMMUNITY HEALTHCARE, LLC , a Colorado limited liability company	TIBURON PROPCO, LLC , a California limited liability company
BEREA COMMUNITY HEALTHCARE, LLC , a South Carolina limited liability company	MONACO COMMUNITY HEALTHCARE, LLC , a Colorado limited liability company	SC MASTER TENANT, LLC , a South Carolina limited liability company
FOREST ACRES COMMUNITY HEALTHCARE, LLC , a South Carolina limited liability company	PALO COMMUNITY HEALTHCARE, LLC , a Colorado limited liability company	ORANGEBURG COMMUNITY HEALTHCARE, LLC , a South Carolina limited liability company
REEDY RIVER COMMUNITY HEALTHCARE, LLC , a South Carolina limited liability company	12080 BELLAIRE WAY, LLC , a Colorado limited liability company	MCCORMICK SKILLED NURSING, LLC , a South Carolina limited liability company
UNION COMMUNITY HEALTHCARE, LLC , a South Carolina limited liability company	PANTHER MASTER TENANT, LLC , a Colorado limited liability company	GREENVILLE SKILLED NURSING, LLC , a South Carolina limited liability company
THORNTON COMMUNITY HEALTHCARE, LLC , a Colorado limited liability company	LOMA LINDA MASTER TENANT, LLC , a California limited liability company	204 HOLIDAY ROAD, LLC , a South Carolina limited liability company
APACHE JUNCTION	LOMA LINDA SNF HEALTHCARE, LLC , a California limited liability company	8 NORTH TEXAS AVENUE, LLC , a South Carolina limited liability company
		PARADISE VALLEY

HEALTH CARE CENTER, INC., a California corporation	Washington limited liability company	SUNNYSIDE SNF HEALTHCARE, LLC, a Washington limited liability company
BRIDGE CREST SNF HEALTHCARE, LLC, a Washington limited liability company	MOUNTAIN VIEW SNF HEALTHCARE, LLC, a Washington limited liability company	WHITE RIVER COMMUNITY HEALTHCARE, LLC, a Washington limited liability company
COLONIAL VISTA COMMUNITY HEALTHCARE, LLC, a Washington limited liability company	PINE RIDGE SNF HEALTHCARE, LLC, a Washington limited liability company	WHITE RIVER MC HEALTHCARE, LLC, a Washington limited liability company
COLONIAL VISTA SNF HEALTHCARE, LLC, a Washington limited liability company	RICHLAND COMMUNITY HEALTHCARE, LLC, a Washington limited liability company	KALISPELL COMMUNITY HEALTH CARE, LLC, a Montana limited liability company
EAST WENATCHEE COMMUNITY HEALTHCARE, LLC, a Washington limited liability company	RICHLAND SNF HEALTHCARE, LLC, a Washington limited liability company	MANTECA COMMUNITY HEALTHCARE, LLC, a California limited liability company
HAZEL DELL COMMUNITY HEALTHCARE, LLC, a Washington limited liability company	SOUTH CREEK SNF HEALTHCARE, LLC, a Washington limited liability company	CARSON SNF HEALTHCARE, LLC, a Nevada limited liability company
HEARTHSTONE COMMUNITY HEALTHCARE, LLC, a Washington limited liability company	SULLIVAN ALF COMMUNITY HEALTHCARE, LLC, a Washington limited liability company	CARSON TAHOE MC HEALTHCARE, LLC, a Nevada limited liability company
LACAMAS CREEK SNF HEALTHCARE, LLC, a Washington limited liability company	SULLIVAN ILF COMMUNITY HEALTHCARE, LLC, a Washington limited liability company	CENTENNIAL SNF HEALTHCARE, LLC, an Alaska limited liability company
LINDEN SNF HEALTHCARE, LLC, a	SULLIVAN SNF HEALTHCARE, LLC, a Washington limited liability company	CLAREMONT COMMUNITY

HEALTHCARE, LLC , an Arizona limited liability company	an Oregon limited liability company	an Oregon limited liability company
SADDLE MASTER TENANT, LLC , a Utah limited liability company	CASCADE TERRACE SNF HEALTHCARE, LLC , an Oregon limited liability company	HOMEWOOD COMMUNITY HEALTHCARE, LLC , an Oregon limited liability company
AUTUMN WIND COMMUNITY HEALTHCARE, LLC , an Idaho limited liability company	CHEHALEM SNF HEALTHCARE, LLC , an Oregon limited liability company	HOOD RIVER SNF HEALTHCARE, LLC , an Oregon limited liability company
KARCHER COMMUNITY HEALTHCARE, LLC , an Idaho limited liability company	COTTAGE GROVE SNF HEALTHCARE, LLC , an Oregon limited liability company	MCKAY CREEK COMMUNITY HEALTHCARE, LLC , an Oregon limited liability company
KARCHER SNF HEALTHCARE, LLC , an Idaho limited liability company	CRESTON SNF HEALTHCARE, LLC , an Oregon limited liability company	MENLO PARK SNF HEALTHCARE, LLC , an Oregon limited liability company
LEGENDS PARK COMMUNITY HEALTHCARE, LLC , an Idaho limited liability company	CRESWELL SNF HEALTHCARE, LLC , an Oregon limited liability company	RIVERCREST SNF HEALTHCARE, LLC , an Oregon limited liability company
ORCHARD VIEW SNF HEALTHCARE, LLC , an Idaho limited liability company	EVAN TERRACE SNF HEALTHCARE, LLC , an Oregon limited liability company	STANLEY SNF HEALTHCARE, LLC , an Oregon limited liability company
PARKWOOD MEADOWS COMMUNITY HEALTHCARE, LLC , an Idaho limited liability company	EVERGREEN SNF HEALTHCARE, LLC , an Oregon limited liability company	SUMMERPLACE COMMUNITY HEALTHCARE, LLC , an Oregon limited liability company
ASHLAND SNF HEALTHCARE, LLC ,	FOREST GROVE SNF HEALTHCARE, LLC , an Oregon limited liability company	TIMBERLINE SNF HEALTH CARE, LLC , an Oregon limited liability company
	GLISAN SNF HEALTHCARE, LLC ,	

**WILLOWBROOK SNF
HEALTHCARE, LLC**, an Oregon
limited liability company

**WOODSIDE SNF HEALTHCARE,
LLC**, an Oregon limited liability
company

**PARKWAY COMMUNITY
HEALTHCARE, LLC**, a Nevada
limited liability company

**BEDFORD SNF
HEALTH CARE, LLC**, a
Pennsylvania limited liability company
**BETHEL PARK SNF
HEALTH CARE, LLC**, a
Pennsylvania limited liability company

**GREENTREE SNF HEALTHCARE,
LLC**, a Pennsylvania limited liability
company

**MCMURRAY SNF HEALTHCARE,
LLC**, a Pennsylvania limited liability
company
**MONROEVILLE SNF
HEALTHCARE, LLC**, a
Pennsylvania limited liability company

PERRY SNF HEALTHCARE, LLC,
a

Pennsylvania limited liability company

**SHADYSIDE SNF HEALTHCARE,
LLC**, a
Pennsylvania limited liability company

**WEYMAN SNF
HEALTHCARE, LLC**, a
Pennsylvania limited liability company

**RENTON SNF HEALTHCARE,
LLC**, a Washington limited liability
company

**CLARKSVILLE SNF
HEALTHCARE, LLC**, a Tennessee
limited liability company

**COOKEVILLE SNF
HEALTHCARE, LLC**, a Tennessee
limited liability company

**DUPREE SNF
HEALTHCARE, LLC**, a Tennessee
limited liability company

**GOODLETTSVILLE SNF
HEALTHCARE, LLC**, a Tennessee
limited liability company

**HOHENWALD SNF
HEALTHCARE, LLC**, a Tennessee
limited liability company

**LEXINGTON SNF HEALTHCARE,
LLC**, a

Tennessee limited liability company

**MCKENZIE SNF
HEALTHCARE, LLC**, a Tennessee
limited liability company

**MOUNT JULIET SNF
HEALTHCARE, LLC**, a
Tennessee limited Liability company

**MURFREESBORO SNF
HEALTHCARE, LLC**, a Tennessee
limited liability company

**NASHVILLE SNF HEALTHCARE,
LLC**, a Tennessee limited liability
company

**SELMER SNF HEALTHCARE,
LLC**, a Tennessee limited liability
company

**WAVERLY SNF HEALTHCARE,
LLC**, a Tennessee limited liability
company

**KEYSTONE PROPERTY
INVESTMENTS, LLC**, a Utah limited
liability company

**1848 GREENTREE ROAD PA
OWNER LLC**, a Delaware limited
liability company

**136 DONAHOE MANOR ROAD PA
OWNER LLC**, a Delaware limited
liability company

**1105 PERRY HIGHWAY PA
OWNER LLC**, a Delaware limited
liability company

**5609 FIFTH AVENUE PA OWNER
LLC**, a Delaware limited liability
company

**WELLSPRINGS SNF OWNER
LLC**, a Delaware limited liability
company

**ANTELOPE VALLEY SNF
OWNER LLC**, a Delaware limited
liability company

By: /s/ Derick Apt
Name: Derick Apt
Title: Treasurer / Assistant Treasurer

ADMINISTRATIVE AGENT AND A LENDER:

TRUIST BANK, as the Administrative Agent and a Lender

By: /s/ Ron Caldwell

Name: Ron Caldwell

Title: Managing Director

LENDERS:

Citibank, N.A., as a Lender

By: /s/ Matthew Cataldi

Name: Matthew Cataldi

Title: Authorized Signer

LENDERS:

UBS AG, STAMFORD BRANCH, as a Lender

By: /s/ Joselin Fernandes_____

Name: Joselin Fernandes

Title: Director

By: /s/ Massimo Ippolito_____

Name: Massimo Ippolito

Title: Associate Director

LENDERS:

Regions Bank, as a Lender

By: /s/ Allen Riley

Name: Allen Riley

Title: Director

ROYAL BANK OF CANADA, as a Lender

By: /s/ Sean Young

Name: Sean Young

Title: Authorized Signatory

KEYBANK NATIONAL ASSOCIATION,
as a Lender

By: ____/s/ Patrick Gilbreath_____
Name: Patrick Gilbreath
Title: Vice President

LENDERS:

BOKF NA, DBA BOK FINANCIAL, as a Lender

By: /s/ Rett E. Deinlein

Name: Rett E. Deinlein

Title: Senior Vice President

LENDERS:

Bank of Hope, as a Lender

By: ____/s/ Keri Svancara_____

Name: Keri Svancara

Title: SVP, Head PM, Healthcare

LENDERS:

**Zions Bancorporation, N.A. dba California Bank
& Trust**, as a Lender

By: /s/ Peter Drees

Name: Peter Drees

Title: Senior Vice President

FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT (this “Agreement”) is made and entered into as of the 21st day of October, 2025, by and among **PACS GROUP, INC.**, a Delaware corporation (“Holdings”), **PACS HOLDINGS, LLC**, a Delaware limited liability company (the “Borrower”), the other Loan Parties party hereto, the Lenders party hereto, and **TRUIST BANK**, as Administrative Agent.

WITNESSETH:

WHEREAS, Holdings, the Borrower, the Lenders, and the Administrative Agent are party to that certain Amended and Restated Credit Agreement dated as of December 7, 2023 (as amended, restated, amended and restated, supplemented, or otherwise modified from time to time, the “Credit Agreement”; capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed thereto in the Credit Agreement);

WHEREAS, the Borrower has notified the Administrative Agent that:

(a) certain Events of Default have occurred under Sections 8.1(c), 8.1(d) and 8.1(e) of the Credit Agreement as a result of (i) the Borrower’s failure to designate the Subsidiaries listed on Schedules II, III and VI hereto (collectively, the “Specified Immaterial Subsidiaries”), each of which would otherwise qualify as Immaterial Subsidiaries under the Credit Agreement notwithstanding such failure, as Immaterial Subsidiaries in connection with the formation thereof (the “Immaterial Subsidiary Non-Designation”), (ii) PGI’s failure to comply with Section 7.15 of the Credit Agreement as a result of its ownership of the Specified Immaterial Subsidiaries listed on Schedule III hereto, (iii) the Borrower’s failure to include the Specified Immaterial Subsidiaries in Compliance Certificates delivered after the formation thereof and (iv) the Borrower’s failure to comply with the requirements of Section 5.12 of the Credit Agreement with respect to the Specified Immaterial Subsidiaries given the Immaterial Subsidiary Non-Designation (collectively, the “Immaterial Subsidiary Events of Default”);

(b) certain Events of Default have occurred under Sections 8.1(c), 8.1(d) and 8.1(e) of the Credit Agreement as a result of (i) the Borrower’s failure to comply with Section 5.18 of the Credit Agreement in failing to designate the Subsidiaries listed on Schedule IV hereto (the “Non-Designated Specified Conflicted Subsidiaries”) as Specified Conflicted Subsidiaries upon the Specified Conflicted Subsidiary Designation Events applicable thereto (the “Specified Conflicted Subsidiary Non-Designation”), (ii) the incurrence of Indebtedness by, the granting of Liens (to secure such Indebtedness) by, and/or the making of Investments in the Non-Designated Specified Conflicted Subsidiaries in violation of Sections 7.1, 7.2 and/or 7.4 of the Credit Agreement, as applicable, given the Specified Conflicted Subsidiary Non-Designation, (iii) PGI’s failure to comply with Section 7.15 of the Credit Agreement as a result of its ownership of the Non-Designated Specified Conflicted Subsidiaries, (iv) the Borrower’s failure to include the Non-Designated Specified Conflicted Subsidiaries in Compliance Certificates delivered after the formation thereof and (v) the Borrower’s failure to comply with the requirements of Section 5.12 of the Credit Agreement with respect to the Non-Designated Specified Conflicted Subsidiaries

given the Specified Conflicted Subsidiary Non-Designation (collectively, the “Specified Conflicted Subsidiary Non-Designation Events of Default”);

(c) certain Events of Default have occurred under Section 8.1(d) of the Credit Agreement as a result of the Borrower’s failure to comply with Section 5.18 of the Credit Agreement in failing to properly designate each Investment in the Subsidiaries listed on Schedule V hereto (the “Acquired Specified Conflicted Subsidiaries”) as a Permitted Specified Conflicted Subsidiary Acquisition upon the Specified Conflicted Subsidiary Designation Events applicable thereto (the “Incorrect Specified Conflicted Subsidiary Designation Events of Default”);

(d) certain Events of Default have occurred under Sections 8.1(c) and 8.1(e) of the Credit Agreement as a result of (i) the Borrower’s failure to comply with the requirements of Sections 5.12 and 5.13 of the Credit Agreement with respect to the Subsidiaries of IntermediateCo listed on Schedule I hereto (the “Specified Joinder Subsidiaries”) and (ii) the Borrower’s failure to include the Specified Joinder Subsidiaries in Compliance Certificates delivered after the formation thereof (collectively, the “Joinder Events of Default”);

(e) certain Events of Default have occurred under Section 8.1(c) of the Credit Agreement as a result of certain representations and warranties made or deemed to have been made by or on behalf of the Borrower in the Compliance Certificates delivered in connection with the financial statements for the Fiscal Quarters ended March 31, 2024, June 30, 2024, September 30, 2024, December 31, 2024, and March 31, 2025 proving to be incorrect in certain material respects when made or deemed made (the “Representation and Warranty Events of Default”);

(f) certain Events of Default have occurred under Section 8.1(d) of the Credit Agreement as a result of the Loan Parties’ failure to maintain all cash management and treasury business (other than in respect of Excluded Accounts and Government Receivables Accounts) with Truist Bank or a Permitted Third Party Bank and to ensure that all deposit accounts, disbursement accounts, investment accounts and lockbox accounts (other than Excluded Accounts and Government Receivables Accounts) be subject to a Control Account Agreement as required by Section 5.11 of the Credit Agreement (the “Cash Management Events of Default”);

(g) certain Events of Default have occurred under Section 8.1(d) of the Credit Agreement as a result of the Loan Parties’ consummation, on or about August 1, 2025, of the taking over of operations of three health care facilities previously operated by affiliates of Covenant Care California, LLC and related transactions, including, without limitation, the entering into of certain leases, certain Specified Conflicted Subsidiary Designations, the assumption of certain Indebtedness by such Specified Conflicted Subsidiaries, the joinder of a new Subsidiary Loan Party, and the granting of liens to certain landlords (subject, as applicable, to intercreditor agreements) (collectively, the “Covenant Care Transaction”) notwithstanding the other Existing Events of Default at such time (the “Covenant Care Transaction Events of Default”);

(h) certain Events of Default have occurred under Section 8.1(d) of the Credit Agreement as a result of the Loan Parties’ consummation, on or about September 16, 2025, of

the acquisition of the membership interests of certain special purposes real estate holding companies and certain leasehold interests, in each case, pursuant to that certain Membership Interest and Leasehold Interests Purchase Agreement, dated as of May 24, 2024, among Eagle UC SNF Owner LLC, Eagle UC Master Tenant LLC and Zoozen, LLC, and related transactions (collectively, the “Unified Transaction”) notwithstanding the other Existing Events of Default and/or the termination of the Forbearance Period under and as defined in that certain Forbearance Agreement and Fifth Amendment to Credit Agreement, dated as of August 13, 2025, by and among, *inter alios*, Holdings, the Borrower, the Lenders party thereto and the Administrative Agent as a result of the Immaterial Subsidiary Events of Default, the Specified Conflicted Subsidiary Non-Designation Events of Default, the Incorrect Specified Conflicted Subsidiary Designation Events of Default, the Joinder Events of Default and the Cash Management Events of Default (the “Unified Transaction Events of Default”);

(i) certain events of default have occurred under that certain Third Consolidated Master Lease, dated June 30, 2023 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Omega Master Lease”), among the landlords and tenants listed on Schedule 1 thereto (as amended, restated, amended and restated, supplemented or otherwise modified from time to time) (such landlords, the “Landlords”), which is a Material Lease, as a result of the Immaterial Subsidiary Events of Default, the Specified Conflicted Subsidiary Non-Designation Events of Default, the Incorrect Specified Conflicted Subsidiary Designation Events of Default, the Joinder Events of Default, the Representation and Warranty Events of Default, the Cash Management Events of Default, the Covenant Care Transaction Events of Default and the Unified Transaction Events of Default (the “Omega Master Lease Cross Defaults”);

(j) certain Events of Default have occurred under Section 8.1(q) of the Credit Agreement as a result of the Omega Master Lease Cross Defaults (the “Omega Master Lease Events of Default”); and

(k) certain Events of Default have occurred under the Credit Agreement as a result of the breach or violation of any term, provision, or condition of the Credit Agreement or any other Loan Document arising solely as a result of the Immaterial Subsidiary Events of Default, the Specified Conflicted Subsidiary Non-Designation Events of Default, the Incorrect Specified Conflicted Subsidiary Designation Events of Default, the Joinder Events of Default, the Representation and Warranty Events of Default, the Cash Management Events of Default, the Covenant Care Transaction Events of Default, the Unified Transaction Events of Default and the Omega Master Lease Events of Default, including with respect to any representation and warranty given or deemed given as if such Immaterial Subsidiary Events of Default, Specified Conflicted Subsidiary Non-Designation Events of Default, Incorrect Specified Conflicted Subsidiary Designation Events of Default, Joinder Events of Default, Representation and Warranty Events of Default, Cash Management Events of Default, Covenant Care Transaction Events of Default, Unified Transaction Events of Default and/or Omega Master Lease Events of Default were not in existence and any failure to comply with any notice requirement relating to any of the foregoing (together with the Immaterial Subsidiary Events of Default, the Specified Conflicted Subsidiary Non-Designation Events of Default, the Incorrect Specified Conflicted Subsidiary Designation Events of Default, the Joinder Events of Default, the Representation and

Warranty Events of Default, the Cash Management Events of Default, the Covenant Care Transaction Events of Default, the Unified Transaction Events of Default and the Omega Master Lease Events of Default, collectively, the “Existing Events of Default”);

WHEREAS, by reason of the Existing Events of Default, the Administrative Agent, on behalf of the Lenders, is permitted to exercise all rights and remedies available to the Administrative Agent under the Loan Documents and applicable law;

WHEREAS, despite the Existing Events of Default, the Borrower desires that the Administrative Agent and the Lenders temporarily forbear from exercising the rights and remedies otherwise available to the Administrative Agent, on behalf of the Lenders, under the Loan Documents in respect of the Existing Events of Default;

WHEREAS, the Administrative Agent and the Lenders, on and subject to the conditions contained in this Agreement, are willing to temporarily forbear from pursuing their remedies in connection with the Existing Events of Default during the Forbearance Period (hereinafter defined) (the “Borrower’s Benefits”), all on the terms and conditions contained herein and in the Credit Agreement, each of which terms and conditions, individually and in the aggregate, and including the performance thereof by the Borrower, constitute the consideration to the Administrative Agent and the Lenders for entering into this Agreement, and in the absence of any of which the Administrative Agent and the Lenders would not have entered into this Agreement or otherwise extended to the Borrower the Borrower’s Benefits; and

WHEREAS, the Borrower acknowledges and agrees that the Borrower’s Benefits hereunder are of immediate and material benefit, financial and otherwise, to the Borrower, and that neither the Administrative Agent nor any of the Lenders were or are under any obligation to extend to the Borrower any of the Borrower’s Benefits provided hereunder.

NOW, THEREFORE, in consideration of the foregoing premises, and other good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Acknowledgments by the Borrower.

(a) The Borrower hereby acknowledges and agrees that (i) as of the close of business on October 9, 2025, (A) the outstanding aggregate respective principal balances of the Loans totaled \$100,000,000 and (B) the maximum aggregate amount available to be drawn under outstanding Letters of Credit totaled \$13,922,942, in each case, exclusive of accrued interest, costs and attorney’s fees chargeable to the Borrower under the Loan Documents, (ii) the Existing Events of Default have occurred and the Borrower has received adequate and sufficient notice thereof to the extent, if any, required, (iii) as of the date hereof, the Existing Events of Default are continuing and the Existing Events of Default have not been cured by the Borrower or waived, released, extinguished or compromised by the Administrative Agent or the Lenders, and (iv) as a result of the Existing Events of Default, at the election of the Administrative Agent or at the direction of the Required Lenders, all of the Obligations under the Loan Documents may be declared immediately due and owing by the Borrower, and the Administrative Agent, on behalf of the Lenders, has the full legal right to exercise any and all of the rights and remedies under the Loan Documents or otherwise available at law and in equity with respect thereto.

(b) The Borrower acknowledges and agrees that, notwithstanding the agreement of the Administrative Agent and the Lenders herein to provide the Borrower's Benefits and, for a limited period, conditionally to forbear from exercising their remedies under the Loan Documents or pursuant to this Agreement in respect of the Existing Events of Default, (i) in no event shall such actions by the Administrative Agent or the Lenders be deemed to be a waiver, release, extinguishment, compromise or cure of the Existing Events of Default or any other current or future Default or Event of Default, and (ii) because of the existence of the Existing Events of Default, the Lenders (A) are not obligated to make Revolving Loans or Swingline Loans or to provide Letters of Credit under the Credit Agreement, and (B) have advised the Borrower that the Lenders do not have any present intention to make any such financial accommodations to the Borrower during the Forbearance Period (except with respect to renewals or extensions of existing Letters of Credit as expressly set forth in Section 3 of this Agreement).

2. Forbearance.

(a) Forbearance. Subject to compliance by the Borrower with each of the Forbearance Conditions (as defined below), during the period commencing on the date hereof, and ending on the earliest to occur of (w) 5:00 p.m. (Charlotte, North Carolina time) on October 31, 2025 (or such later date as may be agreed to in writing (which may be by e-mail) from time to time by the Administrative Agent in its sole discretion (which later date may not be later than November 30, 2025 unless agreed to in writing (which may be by e-mail) by the Required Lenders)), (x) the occurrence of an Event of Default, other than the Existing Events of Default, under the Credit Agreement, immediately and without notice, (y) the date that any default with respect to, breach of, or other failure of the Loan Parties to comply with, any of the Forbearance Conditions as defined in and set forth in Section 2(b) hereof occurs, and (z) the date that any default with respect to, breach of, or other failure of the Loan Parties to comply with, any of the agreements set forth in Section 3 hereof occurs (the "Forbearance Period"), the Administrative Agent and the Lenders agree that they will not (and the Lenders agree that they will not instruct the Administrative Agent to), but only in respect of the Existing Events of Default:

(i) exercise any remedy available to the Administrative Agent or the Lenders under the Loan Documents or under any applicable law or in equity, including, without limitation, any remedy to accelerate the Loans, enforce collection from the Borrower or any other Loan Party of any Obligations or foreclose upon or exercise any remedies in respect of any of the Collateral; or

(ii) institute suit against the Borrower or any other Loan Party or any of their respective assets.

(b) Conditions to Forbearance. Each of the following conditions shall constitute a forbearance condition ("Forbearance Condition"), the continuing satisfaction of each and every one of which shall be a continuing condition to the agreement of the Administrative Agent and the Lenders to forbear as set forth above in Section 2(a) hereof:

(i) Except with respect to the Existing Events of Default, the Borrower shall duly observe and perform each and every obligation and covenant on its part to be performed under the Loan Documents, this Agreement and any agreement, instrument or document executed in connection with this Agreement; and

(ii) No Default or Event of Default under, or other breach of or failure of the Loan Parties to comply with, any of the terms, conditions, provisions or covenants of the Loan Documents, including this Agreement, shall exist or shall have occurred, except the Existing Events of Default; and

(iii) Except in respect of the Existing Events of Default, the representations and warranties contained in the Loan Documents, including this Agreement and any agreement, instrument or document executed in connection herewith or pursuant hereto, shall be true and correct in all material respects (other than those representations and warranties that are expressly qualified by a Material Adverse Effect or other materiality, in which case such representations and warranties shall be true and correct in all respects) as of the date of this Agreement and shall continue to be true and correct in all material respects (other than those representations and warranties that are expressly qualified by a Material Adverse Effect or other materiality, in which case such representations and warranties shall continue to be true and correct in all respects) at all times hereafter; provided that, to the extent that such representations and warranties refer to an earlier date, they shall be true and correct in all material respects (other than those representations and warranties that are expressly qualified by a Material Adverse Effect or other materiality, in which case such representations and warranties shall be true and correct in all respects) as of such earlier date; and

(iv) No suit or written claim shall have been filed or made against the Administrative Agent or any Lender by any Person, which suit or claim is in any manner related to the Borrower, any of its Subsidiaries or Affiliates, or any of the Loan Documents; and

(v) No suit shall have been commenced against the Borrower or any of its Subsidiaries or Affiliates by any direct or indirect creditor (other than any Lender or Administrative Agent or any Person claiming by, through or under any Lender or Administrative Agent) of the Borrower or any of its Subsidiaries or Affiliates seeking to collect or enforce rights with respect to any liability in excess of \$10,000,000; and

(vi) No case under any Debtor Relief Laws shall have been filed by or against the Borrower or any of its Subsidiaries or Affiliates; and

(vii) Since the date of this Agreement, there shall have been no change which has or could reasonably be expected to have a Material Adverse Effect; and

(viii) The Second Amended and Restated Omega Master Lease Forbearance Agreement (as defined below) shall not have terminated, and the forbearance thereunder and other terms thereof shall remain in full force and effect; and

(ix) No Landlord shall have delivered an Enforcement Notice, a Lease Payment Default Notice or a Possession Date Notice (in each case, under and as defined in that certain Intercreditor Agreement, dated as of June 30, 2023 (as amended, restated, amended and restated, supplemented or otherwise modified), among the Landlords, the tenants listed on the Schedule of Tenants thereto and the Administrative Agent) to the Administrative Agent.

(c) Effect and Construction of Agreement. Except as otherwise expressly provided herein, the Credit Agreement and the other Loan Documents shall remain in full force and effect in accordance with their respective terms, and this Agreement shall not be construed to: (i) impair the validity, perfection or priority of any lien or security interest securing the Obligations; (ii) waive or impair any rights, powers or remedies of the Administrative Agent or the Lenders under the Credit Agreement and the other Loan Documents upon expiration or termination of the Forbearance Period, with respect to the Existing Events of Default or otherwise; (iii) constitute an agreement by the Administrative Agent or the Lenders, or require the Administrative Agent or the Lenders, to extend the Forbearance Period or grant additional forbearance periods, extend the term of the Credit Agreement or the time for payment of any of

the Obligations; (iv) require the Administrative Agent or the Lenders to make any Loans or other extensions of credit to the Borrower (except with respect to renewals or extensions of existing Letters of Credit as expressly set forth in Section 3 of this Agreement); or (v) constitute a waiver of any right of the Administrative Agent or the Lenders to insist on strict compliance by the Borrower with each and every term, condition and covenant of this Agreement and the Loan Documents, except as expressly otherwise provided herein. This Agreement does not constitute an amendment of the Credit Agreement, but rather, constitutes a temporary supplement thereto.

(d) No Course of Dealing or Performance. The Borrower acknowledges and agrees that the agreement of the Administrative Agent and the Lenders to forbear from exercising their rights and remedies under the Loan Documents with respect to the Existing Events of Default, and to agree to the temporary supplements set forth in Section 3 below, in each case, pursuant to and as reflected in this Agreement does not and shall not create (nor shall the Borrower rely upon the existence of or claim or assert that there exists) any obligation of the Administrative Agent or the Lenders to consider or agree to any waiver, any further supplement or amendment, or any further forbearance and, in the event that the Administrative Agent or the Lenders subsequently agree to consider any waiver, any further supplement or amendment, or any further forbearance, neither the existence of any prior forbearance, nor this Agreement, nor any other conduct of the Administrative Agent or the Lenders, or any of them, shall be of any force or effect on the consideration or any decision with respect to any such requested waiver, supplement, amendment, or forbearance, and neither Administrative Agent nor any Lender shall have any obligation whatsoever to consider or agree to further forbear or to waive any Default or Event of Default. In addition, neither (w) the execution and delivery of this Agreement, (x) the actions of the Administrative Agent or the Lenders in obtaining or analyzing any information from the Borrower or any advisor to the Borrower, whether or not related to consideration of any waiver, modification, forbearance or alteration of the Credit Agreement, any Default or Event of Default thereunder, or otherwise, including, without limitation, any discussions or negotiations (heretofore or, if any, hereafter) between the Administrative Agent or the Lenders and the Borrower regarding any potential waiver, modification, forbearance, supplement or amendment related to the Credit Agreement, (y) any failure of the Administrative Agent or the Lenders to exercise any of their rights under, pursuant or with respect to the Credit Agreement, nor (z) any action, inaction, waiver, forbearance, supplement, amendment or other modification of or with respect to the Credit Agreement, shall, except to the extent otherwise expressly provided herein or unless evidenced by a subsequent written agreement (and then only to the extent provided by the express provisions thereof):

(i) constitute a waiver by the Administrative Agent or any Lender of, or an agreement by the Administrative Agent or any Lender to forbear from the exercise of remedies with respect to, any Default or Event of Default under the Credit Agreement;

(ii) constitute a waiver by or estoppel of the Administrative Agent or any Lender as to the satisfaction or lack of satisfaction of any covenant, term or condition set forth in the Credit Agreement; or

(iii) constitute a supplement or amendment to or modification of, or an agreement on the part of the Administrative Agent or any Lender to enter into any supplement or amendment to or modification of, or an agreement to negotiate or continue to negotiate with respect to, the Credit Agreement.

3. Temporary Supplements to Credit Agreement. The parties hereto agree that during the Forbearance Period the following provisions, to the extent of any conflict with any provision of the Credit Agreement, will control, but that such provisions shall not constitute amendments to the Credit Agreement but rather temporary supplements thereto:

(a) Without limitation of clause (g) below, no new Revolving Loans, Swingline Loans or Letters of Credit (or, for the avoidance of doubt, new Term Loans) will be available to the Borrower;

(b) Solely for purposes of satisfying the conditions set forth in Sections 3.2(a) and (b) of the Credit Agreement in connection with the renewal or extension of any Letter of Credit that is in existence as of the date hereof, the Existing Events of Default shall be disregarded (including to the extent that any representation and warranty is untrue solely as a result of one or more of the Existing Events of Default);

(c) [Reserved];

(d) Section 6.3 of the Credit Agreement shall be temporarily amended so that it reads, in its entirety, as follows:

(e) **Section 6.3 Minimum Liquidity.** Holdings and its Subsidiaries, on a consolidated basis, will maintain, at all times, unrestricted cash and Permitted Investments of at least \$100,000,000.

(f) Without limitation of clause (g) below, (i) no Loan Party will make any Investment in any Subsidiary of the Borrower that is not a Loan Party (including, without limitation, any Specified Conflicted Subsidiary) pursuant to Section 7.4(e), (ii) each of Holdings and the Borrower will not, and will not permit any of its Subsidiaries to, make any Investments pursuant to Sections 7.4(h), (i), (l) or (m) or otherwise enter into or consummate any Acquisition (including, without limitation, any Permitted Acquisition or Permitted Specified Conflicted Subsidiary Acquisition), (iii) no Specified Conflicted Subsidiary Designation shall occur and (iv) each of Holdings and the Borrower will not, and will not permit any of its Subsidiaries to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment under Sections 7.5(iii), (v), (ix) or (x), other than, in each case (to the extent applicable), in connection with the Specified Transactions (as defined below);

(g) Section 7.4(j) of the Credit Agreement shall be temporarily amended so that it reads, in its entirety, as follows:

(h) (j) other Investments that in the aggregate do not exceed at any time outstanding the greater of \$37,500,000;

(i) For the avoidance of doubt, except to the extent expressly provided otherwise in this Agreement, all references in the Credit Agreement to a Default or Event of Default shall be deemed to include each and all of the Existing Events of Default; provided that (i) the joinder of the Specified Joinder Subsidiaries and the Subsidiaries listed on Schedule VII hereto, (ii) the designation of the Specified Immaterial Subsidiaries listed on Schedule II hereto as Immaterial Subsidiaries, (iii) the contribution or other transfer of the Capital Stock of the Specified Immaterial Subsidiaries listed on Schedule III hereto from PGI to IntermediateCo and the subsequent designation of such Subsidiaries as Immaterial Subsidiaries, (iv) the designation of the Non-Designated Specified Conflicted Subsidiaries as Specified Conflicted Subsidiaries and (v) the dissolution of the Specified Immaterial Subsidiaries listed on Schedule VI hereto (collectively, the “Specified Transactions”), may, in each case, be consummated as if the Existing Events of Default were not in existence (so long as such transactions are otherwise in compliance with the terms of this Agreement, the Credit Agreement and each of the other Loan Documents).

4. [Reserved].

5. Representations, Warranties, Covenants and Acknowledgments; Release. To induce the Lenders and the Administrative Agent to enter into this Agreement:

(a) Each Loan Party represents and warrants that, upon and after giving effect to this Agreement, (i) except for the Existing Events of Default, the representations and warranties of each Loan Party contained in the Loan Documents are true and correct in all material respects (other than those representations and warranties that are expressly qualified by a Material Adverse Effect or other materiality, in which case such representations and warranties are true and correct in all respects) as of the date of this Agreement (provided that, to the extent that such representations and warranties refer to an earlier date, they are true and correct in all material respects (other than those representations and warranties that are expressly qualified by a Material Adverse Effect or other materiality, in which case such representations and warranties are true and correct in all respects) as of such earlier date), (ii) it has the power and authority, and is duly authorized, to enter into, deliver and perform this Agreement, (iii) this Agreement, the Credit Agreement and each of the other Loan Documents to which it is a party is the legal, valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in equity or in law) and (iv) the execution, delivery and performance of this Agreement by each Loan Party in accordance with its terms do not and will not, with the passage of time, the giving of notice or otherwise: (A) require approval of any Governmental Authority or violate any applicable law relating to such Loan Party; (B) conflict with, result in a breach of or constitute a default under any Contractual Obligations of such Loan Party; or (C) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by such Loan Party;

(b) The Borrower agrees that this Agreement is not intended to be, and is not, a novation of any of the Loan Documents or any of the Obligations thereunder and does hereby reaffirm each of the agreements, covenants, and undertakings made by it under the Credit Agreement and each and every other Loan Document executed by it in connection therewith or pursuant thereto, in each case, as modified by this Agreement, as if the Borrower were making said agreements, covenants and undertakings on the effective date hereof, except with respect to such agreements, covenants and undertakings which, by their express terms, are applicable only to the Closing Date or another prior specified date;

(c) The Borrower does hereby acknowledge and agree that, as of the date hereof, no known right of offset, defense, counterclaim, claim, causes of action or objection in favor of the Borrower against the Lenders or the Administrative Agent exists arising out of or with respect to (i) the Obligations, this Agreement, the Credit Agreement or any of the other Loan Documents, (ii) any other documents evidencing, securing or in any way relating to the foregoing, or (iii) the administration or funding of the Loans or the Obligations; and

(d) As a material inducement to the Administrative Agent and the Lenders to enter into this Agreement and to forbear from the exercise of remedies in respect of the Existing Events of Default during the Forbearance Period, all in accordance with and subject to the terms and conditions of this Agreement and the Credit Agreement, and all of which is to the direct advantage and benefit of the Loan Parties, each of the Loan Parties, for itself and its respective successors and assigns, (i) does hereby remise, release, waive, relinquish, acquit, satisfy and forever discharge the Administrative Agent and each Lender, and all of the respective past, present and future officers, directors, employees, agents, attorneys, representatives, participants, heirs, affiliates, successors and assigns of the Administrative Agent and each Lender (together with the Administrative Agent and the Lenders, each a "Discharged Party"), from any and all manner of debts, accountings, bonds, warranties, representations, covenants, promises, contracts,

controversies, agreements, liabilities, obligations, expenses, damages, judgments, executions, actions, suits, claims, counterclaims, demands, defenses, setoffs, objections and causes of action of any nature whatsoever, whether at law or in equity, either now accrued or hereafter maturing and whether known or unknown, including, but not limited to, any and all claims which may be based on allegations of breach of contract, failure to lend, fraud, promissory estoppel, libel, slander, usury, negligence, misrepresentation, breach of fiduciary duty, bad faith, lender malpractice, undue influence, duress, tortious interference with contractual relations, interference with management, or misuse of control which any Loan Party now has or hereafter can, shall or may have by reason of any matter, cause, thing or event occurring on or prior the date of this Agreement arising out of, in connection with or relating to (x) the Obligations, including, but not limited to, the administration or funding thereof, (y) any of the Loan Documents or the indebtedness evidenced and secured thereby, and (z) any other agreement or transaction between any Loan Party and any Discharged Party relating to or in connection with the Loan Documents or the transactions contemplated therein; and (ii) does hereby covenant and agree never to institute or cause to be instituted or continue prosecution of any suit or other form of action or proceeding of any kind or nature whatsoever against any Discharged Party, by reason of or in connection with any of the foregoing matters, claims or causes of action, provided, however, that the foregoing release and covenant not to sue shall not apply to any claims first arising after the date of this Agreement with respect to acts, occurrences or events after the date of this Agreement.

6. Closing; Conditions Precedent. The effectiveness of this Agreement is subject to the following conditions precedent:

- (a) the Administrative Agent shall have received executed counterparts of this Agreement by each of (i) the Loan Parties, (ii) the Required Lenders, (iii) the Required Revolving Lenders and (iv) the Administrative Agent;
- (b) the Administrative Agent shall have received a duly executed copy of a second amended and restated forbearance agreement with respect to the Omega Master Lease in form and substance satisfactory to the Administrative Agent (the “Second Amended and Restated Omega Master Lease Forbearance Agreement”);
- (c) the Loan Parties shall have caused all cash management and treasury business (other than in respect of Excluded Accounts and Government Receivables Accounts) to be with Truist Bank (and subject to a Control Account Agreement) or a Permitted Third Party Bank;
- (d) the Administrative Agent shall have received payment of a forbearance fee (the “Forbearance Fee”) in an amount equal to 0.05% of the aggregate amount of the Revolving Commitments of the Lenders signing this Agreement as of the date hereof, which Forbearance Fee shall be (i) distributed by the Administrative Agent to the Lenders signing this Agreement based on their respective pro rata shares of the Revolving Commitments of the Lenders signing this Agreement, (ii) deemed fully earned and due and payable upon the satisfaction of all of the other conditions to effectiveness set forth in this Section 6, and (iii) nonrefundable; and
- (e) the Administrative Agent shall have received payment of all other fees, expenses and other amounts due and payable on or prior to the date hereof, including, without limitation, and solely to the extent invoiced prior to the date hereof, reimbursement or payment of all out-of-pocket costs and expenses of the Administrative Agent (including reasonable fees, charges and disbursements of outside counsel to the Administrative Agent) required to be reimbursed or paid by the Borrower hereunder or under any other Loan Document.

7. Additional Acknowledgments. The Borrower expressly acknowledges and agrees that the waivers, estoppels and releases in favor of the Administrative Agent and each Lender contained in this Agreement shall not be construed as an admission of any wrongdoing, liability or culpability on the part of the Administrative Agent or any such Lender, or as an admission by the Administrative Agent or any such Lender of the existence of any claims by the Borrower against the Administrative Agent or any such Lender. The Borrower further acknowledges and agrees that, to the extent that any such claims exist, they are of a speculative nature so as to be incapable of objective valuation and that, to the extent that any such claims may exist and may have value, such value would constitute primarily “nuisance” value or “leverage” value in adversarial proceedings between the Borrower and the Administrative Agent or any such Lender. In any event, the Borrower acknowledges and agrees that the value to the Borrower of the covenants and agreements on the part of the Administrative Agent and each Lender contained in this Agreement substantially and materially exceeds any and all value of any kind or nature whatsoever of any claims or other liabilities waived or released by the Borrower hereunder.

8. Forbearance Expenses. In addition to and not in limitation of the obligations of the Loan Parties under the Loan Documents in respect of indemnification of the Administrative Agent and the reimbursement of the Administrative Agent’s expenses, the Borrower agrees to pay on demand all documented out-of-pocket costs and expenses incurred by the Administrative Agent (including, without limitation, fees and out-of-pocket expenses of advisors and consultants) in connection with the preparation, execution, delivery and enforcement of this Agreement and all other documents, instruments and agreements entered into in connection herewith and hereafter in connection with the monitoring of the performance of the Borrower hereunder or pursuant to any of the Loan Documents or any projections provided by the Borrower or its advisors, or the evaluation or enforcement of rights and remedies of the Administrative Agent or any Lender, including, without limitation, the reasonable fees, charges and disbursements of outside counsel.

9. Consent and Reaffirmation of Loan Parties. Each Loan Party (other than the Borrower) (a) gives its respective consent to this Agreement, and to the execution, delivery and performance hereof by the Borrower, (b) waives any right (to notice or otherwise) owed, or defense otherwise available, to the undersigned in respect of this Agreement or the execution, delivery or performance thereof by the Borrower, (c) reaffirms all of its obligations and covenants under the Loan Documents to which it is a party, and (d) agrees that none of its respective obligations and covenants under the Loan Documents to which it is a party shall be reduced or limited by the execution and delivery of this Agreement.

10. Miscellaneous. The Borrower agrees to take such further action as the Administrative Agent shall reasonably request in connection herewith to evidence the agreement and consent herein contained. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same instrument. The exchange of copies of this Agreement and of signature pages hereto by facsimile or electronic mail in portable document format shall constitute effective execution and delivery of this Agreement and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile or electronic mail in portable document format shall be deemed to be the parties’ original signatures for all purposes. This Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the parties hereto. This Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of New York, but without giving effect to principles of conflicts of laws thereof. This Agreement may not be modified, altered or amended except by agreement in writing signed by the Loan Parties, the Required Lenders, the Required Revolving Lenders (as applicable) and the Administrative Agent. The Borrower acknowledges that it has consulted with counsel and with such other expert advisors as it deemed

necessary in connection with the negotiation, execution and delivery of this Agreement. This Agreement shall be construed without regard to any presumption or rule requiring that it be construed against the party causing this Agreement or any part hereof to be drafted. Nothing in this Agreement shall be construed to alter the debtor-creditor relationship between the Borrower, on the one hand, and the Lenders and the Administrative Agent, on the other. This Agreement is not intended as, nor shall it be construed to create, a partnership or joint venture relationship between or among any of the parties. This Agreement shall be deemed a Loan Document. This Agreement together with the other Loan Documents embodies the entire understanding and agreement between and among the parties hereto and thereto with respect to the subject matter hereof and thereof and with respect to the subject matter hereof supersedes all prior agreements, understandings and inducements, whether express or implied, oral or written.

11. Immaterial Subsidiary Designation. In accordance with the terms of the Credit Agreement, the Borrower hereby notifies the Administrative Agent that each of the Specified Immaterial Subsidiaries listed on Schedules II and III hereof is hereby designated as an Immaterial Subsidiary for all purposes under the Credit Agreement and the other Loan Documents.

12. Specified Conflicted Subsidiary Designation. The Borrower hereby designates each of the Non-Designated Specified Conflicted Subsidiaries as a Specified Conflicted Subsidiary and certifies, in lieu of delivery of a certificate pursuant to Section 5.18(d) of the Credit Agreement (and, solely for the purposes of this designation on the date hereof, the Administrative Agent and the Lenders hereby agree to accept such certification in lieu of such certificate), compliance with Section 5.18(a) of the Credit Agreement, subject to Section 3(g) hereof, in connection with such designation.

13. Post-Closing Covenant. The Borrower hereby agrees, with respect to each Specified Joinder Subsidiary and each Subsidiary listed on Schedule VII hereto, that, (x) no later than November 4, 2025 (or such later date as the Administrative Agent may agree, in its sole discretion), it shall deliver to the Administrative Agent all documentation required to satisfy the requirements of Section 5.12 of the Credit Agreement, and (y) no later than January 19, 2026 (or such later date as the Administrative Agent may agree, in its sole discretion), its shall deliver to the Administrative Agent all documentation required to satisfy the requirements of Section 5.13 of the Credit Agreement, in each case, solely to the extent applicable; provided, that the failure to comply with this Section 13 within the timeframes set forth above will result in the immediate termination of the Forbearance Period and an Event of Default under the Credit Agreement.

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IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed and sealed as of the date first above written by its authorized officer.

HOLDINGS:

PACS GROUP, INC., a Delaware corporation

By: /s/ John Mitchell

Name: John Mitchell

Title: Secretary

BORROWER:

PACS HOLDINGS, LLC, a Delaware limited liability company

By: /s/ John Mitchell

Name: John Mitchell

Title: Secretary

ADMINISTRATIVE AGENT AND A LENDER:

TRUIST BANK, as the Administrative Agent and a Lender

By: /s/ Ron Caldwell

Name: Ron Caldwell

Title: Managing Director

LENDERS:

Bank of Hope, as a Lender

By: /s/ Paul Wolitarsky

Name: Paul Wolitarsky

Title: FVP, Healthcare

LENDERS:

BOKF NA, DBA BOK FINANCIAL, as a Lender

By: /s/ Rett E. Deinlein

Name: Rett E. Deinlein

Title: Senior Vice President

LENDERS:

Citibank, N.A., as a Lender

By: /s/ Sharon Chien

Name: Sharon Chien

Title: VP

LENDERS:

Key Bank NA, as a Lender

By: /s/ John Marousek

Name: John Marousek

Title: Assistant Vice President

LENDERS:

ROYAL BANK OF CANADA, as a Lender

By: /s/ Sean Young

Name: Sean Young

Title: Authorized Signatory

LENDERS:

REGIONS BANK, as a Lender

By: /s/ Brian Walsh

Name: Brian Walsh

Title: Managing Director

LENDERS:

Zions Bancorporation, N.A. dba California Bank & Trust, as a Lender

By: /s/ Peter M. Drees

Name: Peter M. Drees

Title: Senior Vice President

LENDERS:

UBS AG, STAMFORD BRANCH, as a Lender

By: /s/ Muhammad Afzal

Name: Muhammad Afzal

Title: Director

By: /s/ Danielle Calo

Name: Danielle Calo

Title: Director

Schedule I

Entities to be Joined

1. Wichita SNF Healthcare, LLC
 2. Overland Park SNF Healthcare, LLC
 3. Montecito Community Healthcare, LLC
 4. 21820 Craggy View Street, LLC
 5. 6650 Grand Montecito Parkway, LLC
 6. 7534 Palm Avenue, LLC
 7. Saddle JV Investments, LLC
-

Schedule II

Entities to be Designated as Immaterial Subsidiaries

1. North Pointe Propco, LLC
 2. Topeka SNF Healthcare, LLC
 3. Anchorage ALF, LLC
 4. Caldwell Senior Living, LLC
 5. Kenai Senior Living, LLC
 6. Las Vegas Valley Healthcare, LLC
 7. Soldotna Senior Living, LLC
 8. PG Ancillary Holdings, LLC
 9. Curatus Home Health and Hospice, LLC
 10. Curatus Hospice Arizona, LLC
 11. Curatus Hospice California, LLC
 12. Curatus Hospice Colorado, LLC
 13. Curatus Hospice Texas, LLC
 14. Curatus Hospice Washington, LLC
 15. Curatus Hospice, LLC
 16. PACS Investments, LLC
 17. PACS Ventures, LLC
 18. Renovo Dialysis CA, LLC
 19. Renovo Dialysis TX, LLC
 20. Renovo Dialysis, LLC
 21. Antelope Parking Lot Owner LLC
 22. 390 Lovers Lane, LLC
 23. 5650 Rainbow Boulevard, LLC
 24. 5915 Petersburg Street, LLC
 25. 701 North Forest Drive, LLC
-

Schedule III

**Entities to be Contributed from PGI to IntermediateCo
and Designated as Immaterial Subsidiaries**

1. Solaris International, LLC
 2. Meadows SNF Healthcare, LLC
 3. Springdale SNF Healthcare, LLC
 4. Tucson Gables Healthcare, LLC
-

Schedule IV

Entities to be Designated as Specified Conflicted Subsidiaries

Investments Under Section 7.4(m) of the Credit Agreement (Permitted Specified Conflicted Subsidiary Acquisitions)

1. 3980 South Jackson Drive, LLC
2. 5400 Executive Centre Parkway, LLC
3. 19400 East 40th Street, LLC

Investments Under Section 7.4(h) of the Credit Agreement (other Specified Conflicted Subsidiary Designations)

1. 3220 Thunder Drive, LLC
 2. Mt. Pleasant Community Healthcare, LLC
 3. Mt. Pleasant Villages, LLC
 4. NV HUD Master Tenant, LLC
 5. Palmetto Master Tenant, LLC
 6. CSVJV Investments, LLC
 7. 4120 Waring Road, LLC
-

Schedule V

Acquired Specified Conflicted Subsidiaries

1. Las Vegas Hills Healthcare, LLC
 2. Las Vegas Ridge Healthcare, LLC
-

Schedule VI

Entities to be Dissolved

1. Casa Vegas SNF Healthcare, LLC
 2. Centralia SNF Healthcare, LLC
 3. Dalke Community Healthcare, LLC
 4. Juniper SNF Healthcare, LLC
 5. Kingsland SNF Healthcare, LLC
 6. Lidgerwood SNF Healthcare, LLC
 7. Marion SNF Healthcare, LLC
 8. Morrison SNF Healthcare, LLC
 9. Olympia SNF Healthcare, LLC
 10. Pelham Community Healthcare, LLC
 11. Raymond SNF Healthcare, LLC
 12. Shelton SNF Healthcare, LLC
 13. St. Helens SNF Healthcare, LLC
 14. Stockton SNF Healthcare, LLC
 15. Tucson Foothills Healthcare, LLC
 16. University SNF Healthcare, LLC
 17. Augustus SNF Healthcare, LLC
 18. 2945 Casa Vegas Street, LLC
 19. 537 Fulton Street, LLC
 20. 6352 Medical Center Street, LLC
 21. 3525 Augustus Road, LLC
-

Schedule VII

Other Entities to be Joined

1. San Pablo Community Healthcare, LLC
2. Banning SNF Owner LLC
3. Oak Glen SNF Owner LLC
4. San Jacinto SNF Owner LLC
5. Sundance SNF Owner LLC
6. Vista Real SNF Owner LLC

CONFIDENTIAL SEPARATION AND RELEASE AGREEMENT

This Confidential Separation and Release Agreement (the “**Agreement**”) is made and entered into by and among Peter (PJ) Sanford (“**Employee**”), PACS Group, Inc. (“**PubCo**”) and Providence Administrative Consulting Services, Inc. (together with PubCo, the “**Company**”). This Agreement shall be effective on the date on which Employee executes this Agreement (the “**Effective Date**”). The purpose of this Agreement is to settle and resolve any and all disputes and controversies of any nature existing between Employee and the Company, including, but not limited to, any claims arising out of Employee’s employment with, and separation from, the Company.

1. Separation of Employment.

(a) *Separation Date.* Employee’s last day of employment with the Company shall be August 15, 2025 or such earlier date on which Employee’s employment terminates for any reason (the “**Separation Date**”).

(b) *Transition Period.* On the Effective Date, Employee will resign from any and all titles, positions, or directorships Employee may hold with the Company (and any of its affiliates and subsidiaries), including, without limitation, Employee’s position as President, Providence Administrative Consulting Services, Inc., other than his continuing position as a non-executive employee of the Company pursuant to the terms of this Agreement. Employee shall execute any additional documentation necessary to effectuate such resignations. During the period commencing on the Effective Date and ending on the Separation Date, Employee shall serve as a non-executive employee of the Company and shall use his reasonable best efforts to facilitate the successful transition of his responsibilities to the individual who succeeds him as President, Providence Administrative Consulting Services, Inc. For the avoidance of doubt, effective as of the Separation Date, Employee shall automatically be deemed to have resigned or been removed from all positions he holds, including without limitation as an officer, employee, or director of the Company or any affiliate thereof.

(c) *Termination of Employment.* Effective as of the Separation Date, Employee’s employment with the Company and all of its affiliates and subsidiaries shall terminate and Employee shall cease to be an employee of all of the foregoing.

(d) *Return of Company Property.* Employee shall, prior to the Separation Date, return to the Company any and all property and equipment of the Company of which Employee is aware is in his possession after a reasonable search, including (i) all keys, files, lists, books and records (and copies thereof) of, or in connection with, the Company’s business, equipment (including, but not limited to, computer hardware, software and printers, wireless handheld devices, cellular phones and pagers, together with any passwords to those devices), access or credit cards, Company identification, and all other property belonging to the Company in Employee’s possession or control, and (ii) all documents and copies, including hard and electronic copies, of documents in Employee’s possession relating to any Confidential Information (as defined below), including without limitation, internal and external business forms, manuals, correspondence, notes and computer programs (unless otherwise agreed by the Chief Executive Officer of the Company with respect to property necessary to be retained by Employee in connection with his services under the Consulting Agreement (as defined below)), and that Employee has not knowingly made or retained, and shall not knowingly make or retain, any copy or extract of any of the foregoing; provided, however, that Employee may retain Employee’s telephone and address book and copies of Employee’s own personnel, payroll and benefit documents.

2. Accrued Obligations. Upon the Separation Date, the Company will pay to Employee (i) all accrued salary and all accrued, unused vacation / paid time off through the Separation Date, and (ii) any unreimbursed business expenses incurred by Employee, in accordance with Company policy, prior to the Separation Date (collectively, the “**Accrued Obligations**”). The parties acknowledge and agree that Employee’s aggregate accrued, unused vacation / paid time off through the Separation Date is \$16,330.40. In addition, Employee shall be entitled to receive his earned bonus payments as of the Separation Date under the Executive Bonus Program (the “**Executive Bonus**”), the estimated payments of which are set forth on Exhibit A attached hereto and will be paid to Employee as and when such bonuses are paid to the Company’s executive officers generally. Notwithstanding Employee’s termination of employment on the Separation Date or anything contained in this Agreement, the Executive Bonus shall continue to be subject to the terms and conditions of the Clawback Policy, as set forth (and as defined) in Section 14.

3. Separation Benefits.

(a) Separation Benefits. Subject to Section 4 below, in consideration of, subject to and conditioned upon (i) Employee’s timely execution of the release of claims attached hereto as Exhibit B (the “**Release**”) on or within 21 days after the Separation Date (the “**Release Deadline**”), **but in no event prior to the Separation Date**, and Employee’s non-revocation of the Release in accordance with its terms, and (ii) Employee’s continued compliance with the Restrictive Covenants (as defined below), subject to the requirements of the Internal Revenue Code of 1986, as amended (the “**Code**”), the Company agrees to provide Employee with:

(1) If Employee properly elects healthcare continuation coverage under the Company’s group health plans pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (“**COBRA**”), then the Company shall subsidize the COBRA premiums for Employee and Employee’s covered dependents until the date that is 12 months from the Separation Date (the “**COBRA Premium Payment**”); provided, however, that the Company shall not subsidize COBRA premiums for any health flexible savings accounts or health reimbursement arrangements. Such subsidy shall be made by direct payment, and shall equal an amount determined based on the same benefit levels and cost to Employee as would have applied based on Employee’s elections in effect on the Separation Date if Employee’s employment had not been terminated. Notwithstanding the foregoing, (A) if any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the period of continuation coverage to be, exempt from the application of Code Section 409A under Treasury Regulation Section 1.409A-1(a)(5), or (B) the Company is otherwise unable to continue to cover Employee under its group health plans without penalty under applicable law (including without limitation, Section 2716 of the Public Health Service Act), then, in either case, an amount equal to each remaining Company reimbursement shall thereafter be paid to Employee in substantially equal monthly installments over the 12 months following the Separation Date (or the remaining portion thereof); and

(2) Following the Separation Date, the opportunity for Employee to provide continued services to the Company pursuant to that certain Consulting Agreement attached hereto as Exhibit C (the “**Consulting Agreement**”), which Consulting Agreement must be executed by Employee prior to the Release Deadline. For the avoidance of doubt, in the event that Employee does not execute the Release on or prior to the Release Deadline, or if he revokes the Release after executing it as specified therein, the Consulting Agreement shall be null and void and Employee shall not be eligible for any of the compensation or benefits thereunder (together with the COBRA Premium Payment, the “**Severance Benefits**”).

(b) *Exclusive Separation Benefits.* The Separation Benefits set forth in Section 3(a) shall be the exclusive separation benefit to which Employee is entitled, unless Employee has breached the provisions of this Agreement, in which case Section 12 shall apply. For clarity, Employee hereby acknowledges and agrees that he is not, and shall not be, entitled to any severance payments or benefits under PubCo's Executive Severance Plan (the "**Severance Plan**") or any accelerated vesting of his outstanding restricted stock units granted to him under PubCo's 2024 Incentive Award Plan and pursuant to a Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement, dated April 11, 2024, entered into between Employee and PubCo (the "**RSU Agreement**"). Employee's remaining PubCo restricted stock units held by him that are unvested as of the date of the Separation Date will continue to be eligible to vest during the Consulting Period (as defined in the Consulting Agreement) pursuant to the terms of the Consulting Agreement and the terms of the RSU Agreement (except as otherwise amended with respect to the accelerated vesting as set forth in this Section 3(b)). If Employee does not execute the Release and the Consulting Agreement on or prior to the Release Deadline, or if he revokes the Release after executing it as specified therein, all of Employee's remaining PubCo restricted stock units held by him that are unvested as of the date of the Separation Date shall be cancelled and forfeited with retroactive effect as of the Separation Date.

4. Withholdings and Other Deductions. All compensation payable to Employee hereunder shall be subject to such withholdings and deductions as the Company is from time to time required to make pursuant to law, governmental regulation or order.

5. Warranty. Employee acknowledges that the Separation Benefits under Section 3(a) of this Agreement constitute additional compensation to which Employee would not be entitled except for Employee's decision to sign this Agreement and to abide by the terms of this Agreement. Employee acknowledges that, upon receipt of the Accrued Obligations, Employee has (i) received all monies and other benefits due to Employee as a result of his employment with and separation from the Company, other than the Separation Benefits and the Executive Bonus, and (ii) no right, title, or interest in or entitlement to any other payments or benefits other than as set forth in this Agreement. Employee further represents that Employee has not sustained a work-related injury or illness which Employee has not previously reported to the Company.

6. Other Protections. Notwithstanding anything in this Agreement or the Release to the contrary, nothing contained in this Agreement or the Release shall prohibit Employee from (i) filing a charge with, reporting possible violations of federal or state law or regulation to, participating in any investigation by, or cooperating with any governmental agency or regulatory entity (including self-regulatory) or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation and/or (ii) communicating directly with, cooperating with, or providing information (including trade secrets) in confidence to, any federal, state or local government regulator (including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice) for the purpose of reporting or investigating a suspected violation of law, or from providing such information to Employee's attorney or in a sealed complaint or other document filed in a lawsuit or other governmental proceeding. Pursuant to 18 USC Section 1833(b), Employee acknowledges that (1) Employee will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (y) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal, and (2) if Employee files a lawsuit for retaliation by the Releasees (as defined in the Release) for reporting a suspected violation of law, Employee may disclose the trade secret to Employee's attorney and use the

trade secret information in the court proceeding, if Employee files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order. Further, nothing in this Agreement (including in the Restrictive Covenant) prevents Employee from (A) exercising any rights Employee may have under Section 7 of the U.S. National Labor Relations Act (the “*NLRA*”), such as the right to engage in concerted activity, including collective action or discussion concerning wages or working conditions, or (B) discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful.

7. Confirmation of Continuing Obligations. Employee hereby expressly reaffirms Employee’s obligations under Exhibit B to the RSU Agreement (the “*Restrictive Covenants*”), which exhibit is hereby incorporated by reference, and agrees that such Restrictive Covenants shall survive the Separation Date and any termination of Employee’s services to the Company. The Company shall be entitled to cease all separation benefits to Employee in the event of Employee’s non-compliance with this Section 7.

8. Cooperation. Subject to Section 6, Employee agrees to cooperate with the Company and/or its subsidiaries and affiliates concerning reasonable requests for information: (a) about the business of the Company or its subsidiaries or affiliates during Employee’s employment by the Company or during Employee’s service with the Company under the Consulting Agreement; (b) the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company and/or its subsidiaries or affiliates which relate to events or occurrences during Employee’s employment by the Company or during Employee’s service with the Company under the Consulting Agreement; and (c) in connection with any criminal or civil action, prosecution, investigation, or review by any federal, state or local regulatory, quasi- or self-regulatory or self-governing authority or organization as any such investigation or review relates to events or occurrences during Employee’s employment by the Company or during Employee’s service with the Company under the Consulting Agreement. Employee’s cooperation shall include, but not be limited to, being available to meet and speak with officers or employees of the Company and/or its subsidiaries or affiliates and/or their counsel at reasonable times and locations, executing accurate and truthful documents, appearing at the Company’s request as a witness at depositions, trials or other proceedings without the necessity of a subpoena, and taking such other actions as may reasonably be requested by the Company and/or its counsel to effectuate the foregoing. In requesting such services, the Company will consider other commitments that Employee may have at the time of the request. The Company shall reimburse Employee for any reasonable expenses actually incurred and pre-approved by the Company in connection with cooperation pursuant to this Section 8. If cooperation pursuant to this Section 8 requires more than 20 hours of Employee’s time in any month, the Company shall pay Employee on an hourly basis for such excess time at a rate equal to Employee’s final hourly rate while employed by the Company. If employee was salaried, the rate will be determined by dividing the final annual base salary rate by 2080. Nothing in this Agreement is intended to or shall preclude Employee from providing truthful testimony in response to a valid subpoena, court order, regulatory request or other judicial, administrative or legal process or otherwise as required by law. If Employee is required to provide testimony, subject to Section 6, Employee shall notify the Company in writing as promptly as practicable after receiving any such request of the anticipated testimony and at least ten (10) days prior to providing such testimony (or, if such notice is not possible under the circumstances, with as much prior notice as is possible) to afford the Company a reasonable opportunity to challenge the subpoena, court order or similar legal process. Notwithstanding the foregoing, Employee is not required to provide such notice if any law enforcement, regulatory or self-regulatory organization requests or directs Employee not to provide notice.

9. Arbitration.

(a) Employee and the Company agree that any dispute, controversy or claim, however significant, arising out of or in any way relating to Employee's employment with or termination of employment from the Company, including without limitation any dispute, controversy or claim arising out of or in any way relating to any provision of this Agreement (including the validity, scope and enforceability of this arbitration clause), to the fullest extent authorized by applicable law, shall be submitted to final and binding arbitration before a single neutral arbitrator in accordance with the rules of JAMS pursuant to its Employment Arbitration Rules and Procedures, which are available at <http://www.jamsadr.com/rules-employment-arbitration/>, and the Company will provide a copy upon Employee's request, as the exclusive remedy for resolving any and all such disputes.

(b) The tribunal will consist of a sole neutral arbitrator selected by mutual agreement of the parties (or, absent such mutual agreement, in accordance with the rules of JAMS) and the place of arbitration will be in Salt Lake City, Utah. Each party shall be entitled to all types of remedies and relief otherwise available in court (subject to the limitations set forth herein). The parties agree that any arbitration pursuant to this Agreement shall be brought on an individual, rather than class, collective, or representative basis, and waive the right to pursue any claim subject to arbitration on a class, collective, or representative basis.

(c) The parties to this Agreement hereby expressly and irrevocably submit themselves to the personal jurisdiction of the District Court of the State of Utah (the "***District Court***") for the purpose of compelling arbitration pursuant to this Agreement and for the purpose of any judicial proceedings seeking to confirm, modify or vacate any arbitration award.

(d) To the extent required by applicable law, the fees of the arbitrator and all other costs that are unique to arbitration shall be paid by the Company initially, but if Employee initiates a claim subject to arbitration, Employee shall pay any filing fee up to the amount that Employee would be required to pay if Employee initiated such claim in the District Court. Each party shall be solely responsible for paying its own further costs for the arbitration, including, but not limited to, its own attorneys' fees and/or its own witnesses' fees. The arbitrator may award fees and costs (including attorneys' fees) to the prevailing party where authorized by applicable law.

(e) WAIVER OF TRIAL BY JURY OR COURT. EMPLOYEE AND THE COMPANY UNDERSTAND THAT BY AGREEING TO ARBITRATE ANY ARBITRATION CLAIM, THEY WILL NOT HAVE THE RIGHT TO HAVE ANY ARBITRATION CLAIM DECIDED BY A JURY OR A COURT, BUT SHALL INSTEAD HAVE ANY ARBITRATION CLAIM DECIDED THROUGH ARBITRATION.

(f) WAIVER OF OTHER RIGHTS. EMPLOYEE AND THE COMPANY WAIVE ANY CONSTITUTIONAL OR OTHER RIGHT TO BRING CLAIMS COVERED BY THIS AGREEMENT OTHER THAN IN THEIR INDIVIDUAL CAPACITIES. EXCEPT AS MAY BE PROHIBITED BY LAW, THIS WAIVER INCLUDES THE ABILITY TO ASSERT CLAIMS AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING.

(g) The parties acknowledge that they are entering into this arbitration provision voluntarily, and are represented by counsel. If any part of this arbitration provision is deemed

unenforceable, it is entirely severable from the rest and shall not affect or limit the validity or enforceability of the remainder of the provision, or the Agreement.

10. Code Section 409A.

(a) To the extent applicable, this Agreement shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other such guidance that may be issued after the Effective Date (collectively, “**Section 409A**”). Notwithstanding any provision of this Agreement to the contrary, in the event that following the Effective Date, the Company determines that any compensation or benefits payable under this Agreement may be subject to Section 409A, the Company may adopt such amendments to this Agreement or adopt other policies or procedures (including amendments, policies and procedures with retroactive effect), or take any other actions that the Company determines are necessary or appropriate to preserve the intended tax treatment of the compensation and benefits payable hereunder, including without limitation actions intended to (i) exempt the compensation and benefits payable under this Agreement from Section 409A, and/or (ii) comply with the requirements of Section 409A, provided, however, that this Section 10 does not, and shall not be construed so as to, create any obligation on the part of the Company to adopt any such amendments, policies or procedures or to take any other such actions. In no event shall the Company, its affiliates or any of their respective officers, directors or advisors be liable for any taxes, interest or penalties imposed under Section 409A or any corresponding provision of state or local law.

(b) Any right under this Agreement to a series of installment payments shall be treated as a right to a series of separate payments. Notwithstanding anything to the contrary in this Agreement, no compensation or benefits shall be paid to Employee during the six-month period following Employee’s “separation from service” with the Company (within the meaning of Section 409A) if the Company determines that paying such amounts at the time or times indicated in this Agreement would be a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code. If the payment of any such amounts is delayed as a result of the previous sentence, then on the first business day following the end of such six-month period (or such earlier date upon which such amount can be paid under Section 409A without resulting in a prohibited distribution, including as a result of Employee’s death), the Company shall pay Employee a lump-sum amount equal to the cumulative amount that would have otherwise been payable to Employee during such period (without interest).

(c) To the extent any reimbursements or in-kind benefits due to Employee under this Agreement constitute “deferred compensation” to which Treasury Regulation Section 1.409A-3(i)(1)(iv) would apply, any such reimbursements or in-kind benefits shall be paid or reimbursed reasonably promptly, but in no event later than December 31st of the year following the year in which the expense was incurred. The amount of any such payments eligible for reimbursement in one year shall not affect the payments or expenses that are eligible for payment or reimbursement in any other taxable year, and Employee’s right to such payments or reimbursements of any such expenses shall not be subject to liquidation or exchange for any other benefit.

11. Confidentiality of Separation Agreement. Employee has agreed that, except as may be required by law and the applicable rules of any stock exchange or quotation system on which the PubCo’s shares are listed or quoted, neither Employee nor any member of Employee’s family, nor anyone employed by Employee or under Employee’s authority or control, shall disclose to any individual or entity the terms of this Agreement or the circumstances of Employee’s separation from the Company; provided, however, that the foregoing shall not prohibit Employee from (i) disclosing the terms and

conditions of this Agreement to Employee's attorneys, tax advisors, accountants and/or immediate family members (collectively, "**Employee's Confidants**"), on a need to know basis only, provided that Employee informs Employee's Confidants of this Section 11 and they agree to keep any such disclosed information strictly confidential, or (ii) disclosing any information to the extent that such a prohibition violates the NLRA or other applicable law.

12. **Breach.** In the event Employee breaches any of Section 7, or any disclosure is made in violation of Section 11, any outstanding obligations of the Company hereunder shall immediately terminate, and the Company's covenants hereunder shall be deemed null and void in their entirety. Employee understands and agrees that Section 11 is a material provision of this Agreement and that any breach of Section 11 by Employee or Employee's Confidants shall be a material breach of this Agreement.

13. **Indemnification.** The parties acknowledge and agree that certain Indemnification and Advancement Agreement, dated April 15, 2024, by and between Employee and PubCo (the "**Indemnification Agreement**") remains in force and effect pursuant to its terms.

14. **Clawback Policy.** Notwithstanding anything in this Agreement or any other agreement between Employee and the Company, Employee agrees that he remains subject to, and any compensation paid to Employee under this Agreement or otherwise, including, without limitation, the Executive Bonus, will be subject to any clawback or recoupment policy adopted by the Company (including solely by PubCo) from time to time that is, by its terms, applicable to Employee, including PubCo's Policy for Recovery of Erroneously Awarded Compensation adopted by the Company (the "**Clawback Policy**"), as may be amended from time to time.

15. **Governing Law.** This Agreement shall be construed under the laws of the State of Utah, both procedural and substantive.

16. **Waiver.** The failure to enforce any provision of this Agreement shall not be construed to be a waiver of such provision or to affect the validity of this Agreement or the right of any party to enforce this Agreement.

17. **Headings.** The headings in this Agreement are provided solely for convenience, and are not intended to be part of, nor to affect or alter the interpretation or meaning of, this Agreement.

18. **Severability.** If any sentence, phrase, section, subsection or portion of this Agreement is found to be illegal or unenforceable, such action shall not affect the validity or enforceability of the remaining sentences, phrases, sections, subsections or portions of this Agreement, which shall remain fully valid and enforceable.

19. **Assignment.** This Agreement is personal to Employee and shall not be assignable by Employee. The rights of the Company under this Agreement may be assigned by the Company, in its sole discretion, including to any of its affiliates or any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly, acquires all or substantially all of the assets or business of the Company. This Agreement shall inure to the benefit of, and be binding on, the Company and its successors and assigns.

20. **Reserved.**

21. Entire Agreement / Amendments. This Agreement, together with the Release, the RSU Agreement (as amended by this Agreement), including the Restrictive Covenants contained in Exhibit B thereto, the Clawback Policy, the Indemnification Agreement and the Consulting Agreement, constitute the entire agreement between Employee and the Company concerning the subject matter hereof. No covenants, agreements, representations, or warranties of any kind, other than those set forth herein, have been made to any party hereto with respect to this Agreement. All prior discussions and negotiations have been and are merged and integrated into, and are superseded by, this Agreement, including, but not limited to, the RSU Agreement (other than the Restrictive Covenants contained in Exhibit B therein), the Severance Plan participation notice between the Company and Employee, and the Indemnification Agreement. No amendments to this Agreement will be valid unless written and signed by Employee and an authorized representative of the Company.

22. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement.

23. Consultation with Counsel. Employee acknowledges that (i) Employee has thoroughly read and considered all aspects of this Agreement, Employee understands all its provisions, is fully aware of its legal effect and Employee is voluntarily entering into this Agreement based on Employee's own judgement and (ii) Employee has been represented by, or had the opportunity to be represented by independent counsel of his/her own choice in connection with the negotiation and execution of this Agreement and has been advised to do so by the Company. Without limiting the generality of the foregoing, Employee acknowledges that Employee has had the opportunity to consult with Employee's own independent tax advisors with respect to the tax consequences to him of this Agreement, and that Employee is relying solely on the advice of Employee's independent advisors for such purposes. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement.

24. Notices. All notices, requests and other communications hereunder shall be in writing and shall be delivered by courier or other means of personal service (including by means of a nationally recognized courier service or professional messenger service), or sent by email or facsimile and also mailed first class, postage prepaid, by certified mail, return receipt requested, in all cases addressed to:

If to Employee:

At Employee's last known address evidenced on the Company's payroll records.

If to the Company:

c/o PACS Group, Inc.
262 N. University Avenue
Farmington, UT 84025
Attention: John Mitchell
email: john.mitchell@pacs.com

Copy to:

Latham & Watkins LLP

330 N Wabash Ave. #2800
Chicago, IL
Attention: Terra Reynolds
email: terra.reynolds@lw.com

All notices, requests and other communications shall be deemed given on the date of actual receipt or delivery as evidenced by written receipt, acknowledgement or other evidence of actual receipt or delivery to the address. In case of service by telecopy, a copy of such notice shall be personally delivered or sent by registered or certified mail, in the manner set forth above, within three business days thereafter. Any party hereto may from time to time by notice in writing served as set forth above designate a different address or a different or additional person to which all such notices or communications thereafter are to be given.

(Signature page follows)

PLEASE READ CAREFULLY. EMPLOYEE AGREES TO THE TERMS OF THIS AGREEMENT AND VOLUNTARILY ENTERS INTO IT WITH THE INTENT TO BE BOUND HEREBY.

If the above accurately reflects Employee's understanding, please date and sign the enclosed copy of this Agreement in the places indicated below and return that copy by 5:00 p.m. Pacific Time on August 15, 2025 via email to john.mitchell@pacs.com for countersignature. The parties may alternatively execute and deliver this Agreement via DocuSign or similar electronic signature/delivery system as permitted by applicable law.

Dated: August 15, 2025 /s/ Peter (PJ) Sanford
Peter (PJ) Sanford

Dated: Aug 15, 2025 /s/ John Mitchell
PACS Group, Inc.
Name: John Mitchell
Title: Chief Legal Officer

Dated: Aug 15, 2025 /s/ John Mitchell
Providence Administrative Consulting Services, Inc.
Name: John Mitchell
Title: Chief Legal Officer

EXHIBIT A

EXECUTIVE BONUS

Estimated Net Bonus: \$3,206,537.89*

* The amount above is an estimate and is inclusive of amounts previously deferred into (or that will be deferred into) the Nonqualified Deferred Compensation Plan for compensation earned with respect to the 2024 fiscal year, and is subject to further adjustment pursuant to the Clawback Policy. The application of the Clawback Policy to (i) the net bonus and (ii) compensation deferred into the Nonqualified Deferred Compensation Plan for the 2024 fiscal year, is, in each case, subject to compliance with Internal Revenue Code Section 409A.

EXHIBIT B

RELEASE OF CLAIMS

This Release of Claims ("***Release***") is entered into as of August 15, 2025, by and among Peter (PJ) Sanford ("***Employee***"), PACS Group, Inc. ("***PubCo***") and Providence Administrative Consulting Services, Inc. (together with PubCo, the "***Company***").

WHEREAS, Employee and the Company are parties to that certain Confidential Separation and Release Agreement, dated August 15, 2025 (the "***Separation Agreement***");

WHEREAS, the Employee and the Company agree that Employee is entitled to the Separation Benefits (as defined in Section 3(a) of the Separation Agreement), subject to Employee's execution of this Release;

WHEREAS, the Company and Employee now wish to fully and finally resolve all matters between them; and

WHEREAS, capitalized terms used in this Release without definition shall have the meaning given to such terms in the Separation Agreement.

NOW, THEREFORE, in consideration of, and subject to, the Separation Benefits payable to Employee pursuant to the Separation Agreement, the adequacy of which is hereby acknowledged by Employee, and which Employee acknowledges that Employee would not otherwise be entitled to receive, Employee and the Company hereby agree as follows:

1. **Release of Known and Unknown Claims.**

(a) ***General Release.*** In exchange for the consideration set forth in this Release (including the payment to Employee of the Separation Benefits set forth in Section 3(a) of the Separation Agreement), and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Employee does hereby release and forever discharge the "***Releasees***" hereunder, consisting of the Company (including PubCo) and each of its parents, subsidiaries, affiliates, successors, partners, associates, heirs, assigns, agents, directors, officers, employees, representatives, lawyers, insurers, and all persons acting by, through, under or in concert with them, or any of them, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, losses, costs, attorneys' fees or expenses, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter called "***Claims***"), which Employee now has or may hereafter have against the Releasees, or any of them, by reasons of any matter, cause, or thing whatsoever from the beginning of time to the date hereof which arise from or are related to Employee's employment or service (or termination thereof) with the Company. The Claims released herein include, without limiting the generality of the foregoing, any Claims in any way arising out of, based upon, or related to the employment or termination of employment of Employee by the Releasees, or any of them; any alleged breach of any express or implied contract of employment; any alleged torts or other alleged legal restrictions on Releasee's right to terminate the employment of Employee; and any alleged violation of any federal, state or local statute or ordinance including, without limitation, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Utah Antidiscrimination Act, the Employment Relations and Collective Bargaining Act, the Utah Right to Work Act, the Utah Drug and Alcohol Testing

Act, the Utah Minimum Wage Act, the Utah Protection of Activities in Private Vehicles Act, the Utah Employment Selection Procedures Act, the Utah Occupational Safety and Health Act, and the Utah Internet Employment Privacy Act, and any federal, state or local laws of similar effect.

(b) *Claims Not Released.* Notwithstanding the foregoing, this Release shall not operate to release any Claims or rights which Employee may have (i) to payments or benefits under this Release, the Separation Agreement, or the RSU Agreement, (ii) to any vested and unpaid benefits under any employee benefit plan, including but not limited to any vested and undistributed deferred compensation, (iii) to vested equity compensation awards that remain unpaid or unsettled, (iv) to any Claims, including claims for indemnification and/or advancement of expenses arising under the Indemnification Agreement (as amended by the Agreement) or under the bylaws, certificate of incorporation or other similar governing document of the Company, (vii) to any claim or right under COBRA or under the Fair Labor Standards Act, (viii) to any claim or right for unemployment insurance or workers' compensation benefits, (ix) any claim that cannot be waived as a matter of law or (x) with respect to Employee's right to communicate directly with, cooperate with, or provide information to, any federal, state or local government regulator (collectively, the "*Unreleased Claims*").

EMPLOYEE ACKNOWLEDGES THAT HE/SHE HAS BEEN ADVISED BY LEGAL COUNSEL AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

EMPLOYEE, BEING AWARE OF SAID CODE SECTION, HEREBY EXPRESSLY WAIVES ANY RIGHTS HE/SHE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

(c) *Older Worker's Benefit Protection Act.* Employee agrees and acknowledges that this Release constitutes a knowing and voluntary waiver and release of all Claims Employee has or may have against the Company and/or any of the Releasees as set forth herein, including, but not limited to, all Claims arising under the Older Worker's Benefit Protection Act and the Age Discrimination in Employment Act. In accordance with the Older Worker's Benefit Protection Act, Employee is hereby advised as follows:

IN ACCORDANCE WITH THE OLDER WORKERS BENEFIT PROTECTION ACT OF 1990, THE UNDERSIGNED IS HEREBY ADVISED AS FOLLOWS:

(i) TO CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS RELEASE;

(ii) EMPLOYEE HAS TWENTY-ONE (21) DAYS TO CONSIDER THIS RELEASE BEFORE SIGNING IT, AND IF EMPLOYEE SIGNS THIS RELEASE BEFORE THE EXPIRATION OF THE TWENTY-ONE (21) DAY PERIOD, EMPLOYEE KNOWINGLY AND VOLUNTARILY WAIVES THE BALANCE OF THAT PERIOD;

(iii) BY ENTERING INTO THIS RELEASE, EMPLOYEE DOES NOT WAIVE ANY CLAIMS THAT MAY ARISE AFTER THE DATE OF EMPLOYEE EXECUTION OF THIS RELEASE, INCLUDING WITHOUT LIMITATION ANY RIGHTS OR CLAIMS THAT EMPLOYEE MAY HAVE TO SECURE ENFORCEMENT OF THE TERMS AND CONDITIONS OF THIS RELEASE; AND

(iv) EMPLOYEE HAS SEVEN (7) DAYS AFTER SIGNING THIS RELEASE TO REVOKE THIS RELEASE, AND THIS RELEASE WILL BECOME EFFECTIVE UPON THE EXPIRATION OF THAT REVOCATION PERIOD (SUCH DATE, THE “ **RELEASE EFFECTIVE DATE**”).

If Employee wishes to revoke this Release, Employee shall deliver written notice stating his intent to revoke this Release via email to John Mitchell, Chief Legal Officer, at John.Mitchell@pacs.com, with a copy to Terra.Reynolds@lw.com, on or before 5:00 p.m. Pacific Time on the seventh day after the date on which Employee signs this Release.

(d) *Representations.* Employee represents and warrants that there has been no assignment or other transfer of any interest in any Claim (other than Unreleased Claims) which Employee may have against Releasees, or any of them.

(e) *No Actions.* Employee represents and warrants to the Company that Employee has no pending actions, Claims or charges of any kind. Employee agrees that if Employee hereafter commences any suit arising out of, based upon, or relating to any of the Claims released hereunder or in any manner asserts against Releasees, or any of them, any of the Claims released hereunder, then Employee agrees to pay to Releasees, and each of them, in addition to any other damages caused to Releasees thereby, all attorneys’ fees incurred by Releasees in defending or otherwise responding to said suit or Claim.

(f) *No Admission.* Each party understands and agrees that neither such Party’s agreement to enter into this Release shall constitute or be construed as an admission of any liability whatsoever by such party or, in the case of the Company, any of the Releasees, with respect to the other party.

(g) *Exceptions.* Notwithstanding anything in this Release to the contrary, nothing contained in this Release shall prohibit Employee from (i) filing a charge with, reporting possible violations of federal law or regulation to, participating in any investigation by, or cooperating with any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation and/or (ii) communicating directly with, cooperating with, or providing information (including trade secrets) in confidence to, any federal, state or local government regulator (including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice) for the purpose of reporting or investigating a suspected violation of law, or from providing such information to Employee’s attorney or in a sealed complaint or other document filed in a lawsuit or other governmental proceeding. Pursuant to 18 USC Section 1833(b), Employee acknowledges that (1) Employee will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (y) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal, and (2) if Employee files a lawsuit for retaliation by the Releasees for reporting a suspected violation of law,

Employee may disclose the trade secret to Employee's attorney and use the trade secret information in the court proceeding, if Employee files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order. Further, nothing in this Release (including in the Restrictive Covenant) prevents Employee from (A) exercising any rights Employee may have under Section 7 of the NLRA, such as the right to engage in concerted activity, including collective action or discussion concerning wages or working conditions, or (B) discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful.

2. Arbitration. To aid in the rapid and economical resolution of any disputes that may arise from this Release and the terms of it, Employee and the Company agree that any and all disputes, claims or demands in any way arising out of or relating to the terms of this Release, Company equity held by Employee, or the termination of Employee's employment or service relationship with the Company, shall be resolved in accordance with Section 9 of the Separation Agreement

3. Confidentiality of the Release. Employee has agreed that, except as may be required by law and the applicable rules of any stock exchange or quotation system on which the PubCo's shares are listed or quoted, neither Employee nor any member of Employee's family, nor anyone employed by Employee or under Employee's authority or control, shall disclose to any individual or entity the terms of this Release or the circumstances of Employee's separation from the Company; provided, however, that the foregoing shall not prohibit Employee from (i) disclosing the terms and conditions of this Release to Employee's attorneys, tax advisors, accountants and/or immediate family members (collectively, "**Employee's Confidants**"), on a need to know basis only, provided that Employee informs Employee's Confidants of this Section 3 and they agree to keep any such disclosed information strictly confidential, or (ii) disclosing any information to the extent that such a prohibition violates the NLRA or other applicable law.

4. Governing Law. This Release shall be construed under the laws of the State of Utah, both procedural and substantive.

5. Headings. The headings in this Release are provided solely for convenience, and are not intended to be part of, nor to affect or alter the interpretation or meaning of, this Release.

6. Severability. If any sentence, phrase, section, subsection or portion of this Release is found to be illegal or unenforceable, such action shall not affect the validity or enforceability of the remaining sentences, phrases, sections, subsections or portions of this Release, which shall remain fully valid and enforceable.

7. Assignment. This Release is personal to Employee and shall not be assignable by Employee. The rights of the Company under this Release may be assigned by the Company, in its sole discretion, including to any of its affiliates or any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly, acquires all or substantially all of the assets or business of the Company. This Release shall inure to the benefit of, and be binding on, the Company and its successors and assigns.

8. Reserved.

9. Counterparts. This Release may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Release.

10. Consultation with Counsel. Employee acknowledges that (i) Employee has thoroughly read and considered all aspects of this Release, Employee understands all its provisions, is fully aware of its legal effect and Employee is voluntarily entering into this Release based on Employee's own judgement and (ii) Employee has been represented by, or had the opportunity to be represented by independent counsel of his own choice in connection with the negotiation and execution of this Release and has been advised to do so by the Company. Without limiting the generality of the foregoing, Employee acknowledges that Employee has had the opportunity to consult with Employee's own independent tax advisors with respect to the tax consequences to him of this Release, and that Employee is relying solely on the advice of Employee's independent advisors for such purposes. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Release.

(Signature page follows)

PLEASE READ CAREFULLY. THIS RELEASE CONTAINS A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS. EMPLOYEE AGREES TO THE TERMS OF THIS RELEASE AND VOLUNTARILY ENTERS INTO IT WITH THE INTENT TO BE BOUND HEREBY.

If the above accurately reflects Employee's understanding, please date and sign the enclosed copy of this Agreement in the places indicated below and return that copy to John Mitchell, Chief Legal Officer, at John.Mitchell@pacs.com, with a copy to Terra.Reynolds@lw.com by the deadline set forth herein.

Dated: August 15, 2025 /s/ Peter (PJ) Sanford
Peter (PJ) Sanford

Dated: Aug 15, 2025 /s/ John Mitchell
PACS Group, Inc.
Name: John Mitchell
Title: Chief Legal Officer

Dated: Aug 15, 2025 /s/ John Mitchell
Providence Administrative Consulting Services, Inc.
Name: John Mitchell
Title: Chief Legal Officer

EXHIBIT C

CONSULTING AGREEMENT

This Consulting Agreement (the “**Agreement**”) is entered into by and between Peter (PJ) Sanford (“**Consultant**”), PACS Group, Inc. (the “**PubCo**”) and Providence Administrative Consulting Services, Inc. (together with PubCo, the “**Company**”). The purpose of this Agreement is to engage the Consultant as an independent contractor, effective as of August 16, 2025 (the “**Consulting Agreement Effective Date**”).

RECITALS

WHEREAS, Consultant’s employment with the Company shall terminate effective August 15, 2025 (the “**Employment Termination Date**”);

WHEREAS, in connection with Consultant’s termination of employment, Consultant and the Company entered into a Confidential Separation and Release Agreement (the “**Separation Agreement**”); and

WHEREAS, the Company desires to retain Consultant as an independent contractor to perform consulting services for the Company, and Consultant is willing to perform such services, on the terms described below.

NOW, THEREFORE, in consideration of the mutual promises contained herein, the Parties agree as follows:

AGREEMENT

1. Consulting Services.

(a) Subject to the provisions for earlier termination hereinafter provided, for a period commencing as of the Consulting Agreement Effective Date and ending on (i) the first anniversary of the Consulting Agreement Effective Date, or (ii) such earlier date as provided for under Section 3 (such period, the “**Consulting Period**”), Consultant shall provide consulting services with regard to the business and operations of the Company, its subsidiaries and its affiliates as requested by the Company, and may include all or some of the services set forth on Annex A attached hereto (collectively, the “**Services**”).

(b) During the Consulting Period, Consultant shall devote such time as is necessary for the proper performance of the Services, but in no event shall Consultant be required to perform more than 40 hours of Services per month, and is not expected to perform such Services at the Company’s principal location in Farmington, Utah, and may travel to other locations as may be necessary to fulfill the Consultant’s duties and responsibilities hereunder.

2. Compensation for Services.

(a) During the Consulting Period, the Company shall pay Consultant a fee (the “**Consulting Fee**”) of \$16,666 per month as consideration for the Services, pro-rated for any partial month of Services. The monthly Consulting Fee shall be paid to Consultant in arrears within 10 business days following the end of the calendar month in which such monthly Consulting Fee was earned.

(b) Consultant's remaining PubCo restricted stock units held by him that are unvested as of the date of the Employment Termination Date will continue to be eligible to vest during the Consulting Period pursuant to the terms of this Agreement, the Separation Agreement, and the terms of the RSU Agreement (as defined in the Separation Agreement) (except as otherwise amended with respect to the accelerated vesting as set forth in Section 3(b) of the Separation Agreement).

(c) During the Consulting Period, the Company shall reimburse Consultant for reasonable expenses incurred and submitted in accordance with the Company's applicable expense reimbursement policies, as in effect from time to time (written copies of which the Company agrees to timely provide to Consultant), provided that such expenses are approved in advance by the Company's Chief Executive Officer in writing.

3. Termination of Consulting Relationship.

(a) This Agreement and the consulting relationship established hereby may be terminated by (i) Consultant at any time and for any reason upon the delivery of at least 30 days' written notice to the Company and (ii) the Company with or without cause, at any time and for any reason without notice (such date of termination, the "***Consulting Termination Date***"); provided, however, that this Agreement and the consulting relationship established hereby will terminate automatically upon Consultant's death. Notwithstanding the foregoing, this Agreement shall terminate immediately, and the Company shall have no obligations to provide any of the compensation and benefits described herein for any portion of the Consulting Period, in the event that the Release Effective Date (as defined in the Release) does not occur within the required timeframe as set forth in the Release and Consultant shall forfeit any compensation or benefits received hereunder prior to such date (including any continued vesting of any PubCo restricted stock units after the Employment Termination Date) and all of Consultant's unvested PubCo restricted stock units as of the Employment Termination Date will be automatically forfeited with retroactive effect to the Employment Termination Date.

(b) Upon the termination of this Agreement and consulting relationship established hereby for any reason, all compensation payable to Consultant under Section 2 shall cease as of the Consulting Termination Date, the Company shall pay to Consultant, following such termination, a lump sum equal to any Consulting Fee earned and unpaid through the Consulting Termination Date and Consultant's unvested PubCo restricted stock units as of the Consulting Termination Date will be automatically forfeited. Except as expressly provided in this Section 3(b), Consultant shall not be entitled to any further payments in connection with or following the termination of this Agreement and the consulting relationship established hereby.

4. Return of Company Property. Consultant represents and warrants that Consultant shall, prior to the Consulting Termination Date in the event that Consultant terminates this Agreement or, promptly following the Consulting Termination Date in the event the Company terminates this Agreement with less than seven calendar days' notice, return to the Company any and all property and equipment of the Company of which the Consultant is aware is in his possession after a reasonable search, including (i) all keys, files, lists, books and records (and copies thereof) of, or in connection with, the Company's business, equipment (including, but not limited to, computer hardware, software and printers, wireless handheld devices, cellular phones and pagers, together with any passwords to those devices), access or credit cards, Company identification, and all other property belonging to the Company in Consultant's possession or control, and (ii) all documents and copies, including hard and electronic copies, of documents in Consultant's possession relating to any Confidential Information (as defined

below), including without limitation, internal and external business forms, manuals, correspondence, notes and computer programs, and that Consultant shall not knowingly make or retain any copy or extract of any of the foregoing; provided, however, that Consultant may retain Consultant's cellular phone and address book and copies of Consultant's own personnel, payroll and benefit documents (provided that such documents do not contain any Confidential Information and that the Company has the prior opportunity to review, redact and/or retain, in its sole discretion, any such documents containing Confidential Information).

5. Confirmation of Continuing Obligations. Consultant hereby expressly reaffirms Consultant's obligations under Exhibit B to the RSU Agreement (the "**Restrictive Covenants**"), which exhibit is hereby incorporated by reference, and agrees that such Restrictive Covenants shall survive the termination of this Agreement and any termination of Consultant's services to the Company. The Company shall be entitled to cease all separation benefits to Consultant in the event of Consultant's non-compliance with this Section 5.

6. Protection of Confidential Information. Consultant acknowledges that during Consultant's previous employment and engagement of services with the Company, Consultant had access to, received and had been entrusted with Confidential Information (as defined below), which is considered secret and/or proprietary and has great value to the Company and that except for Consultant's engagement by the Company, Consultant would not otherwise have access to such Confidential Information. Consultant recognizes that all such Confidential Information is the property of the Company. Subject to Section 7, during and at all times after Consultant's engagement by the Company, Consultant shall keep all of the Confidential Information in confidence and shall not disclose any of the same to any other person, except in the proper course and scope of Consultant's duties or with the prior written consent of the Company. Consultant shall use commercially reasonable efforts to prevent publication or disclosure of any Confidential Information and shall not, directly or indirectly, intentionally cause the Confidential Information to be used for the gain or benefit of any party outside of the Company or for Consultant's personal gain or benefit outside the scope of Consultant's engagement by the Company.

(a) Definition of "Confidential Information". The term "**Confidential Information**", as used herein, means all confidential or proprietary information or material (i) which gives the Company a competitive business advantage or the opportunity of obtaining such advantage, (ii) the disclosure of which could be detrimental to the interests of the Company and/or its affiliates, (iii) which is owned by the Company and/or its affiliates, in which the Company and/or its affiliates has an interest, or which is valuable or unique, (iv) which is developed or used by the Company or any of its affiliates and which relates to the business, operations, employees, customers and/or clients of the Company or any of its affiliates, or (v) which is either (A) marked "Confidential Information", "Proprietary Information" or with another similar marking, or (B) from all the relevant circumstances should reasonably be assumed by Consultant to be confidential and proprietary to the Company. Confidential Information may include, but is not limited to, trade secrets, inventions, drawings, file data, documentation, diagrams, specifications, know-how, ideas, processes, formulas, models, flow charts, software in various stages of development, source codes, object codes, research and development procedures, research or development and test results, marketing techniques and materials, marketing and development plans, price lists, pricing policies, business plans, information relating to the Company and its customers and/or producers or other suppliers' identities, characteristics and agreements, financial information and projections, and employee files, in each case, whether disclosed or made available to Consultant in writing, orally or by drawings or observation, or whether intangible or embodied in documentation, software, hardware or other tangible form. Confidential Information also includes any information described above which the Company obtains from another party and which the Company

treats as proprietary or designates as Confidential Information, whether or not owned or developed by the Company. Notwithstanding the foregoing, Confidential Information shall not include any information which is (w) known by Consultant as a result of Consultant's extensive experience in the Company's industry generally and not specific to the Company, (x) known to the public or becomes known to the public through no fault of Consultant, (y) received by Consultant on a non-confidential basis from a person that is not bound by an obligation of confidentiality to the Company or its affiliates, or (z) in Consultant's possession prior to receipt from the Company or its affiliates, as evidenced by Consultant's written records.

7. Exceptions. Notwithstanding anything in this Agreement, the Separation Agreement or the Release to the contrary, nothing contained in this Agreement, the Separation Agreement or the Release shall prohibit Consultant from (a) filing a charge with, reporting possible violations of federal or state law or regulation to, participating in any investigation by, or cooperating with any governmental agency or regulatory entity (including self-regulatory) or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation and/or (b) communicating directly with, cooperating with, or providing information (including trade secrets) in confidence to, any federal, state or local government regulator (including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice) for the purpose of reporting or investigating a suspected violation of law, or from providing such information to Consultant's attorney or in a sealed complaint or other document filed in a lawsuit or other governmental proceeding. Pursuant to 18 USC Section 1833(b), Consultant acknowledges that (i) Consultant will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (2) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal, and (ii) if Consultant files a lawsuit for retaliation by the Releasees (as defined in the Release) for reporting a suspected violation of law, Consultant may disclose the trade secret to Consultant's attorney and use the trade secret information in the court proceeding, if Consultant files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order. Further, nothing in this Agreement (including in the Restrictive Covenant) prevents Consultant from (A) exercising any rights Consultant may have under Section 7 of the U.S. National Labor Relations Act (the "**NLRA**"), such as the right to engage in concerted activity, including collective action or discussion concerning wages or working conditions, or (B) discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Consultant has reason to believe is unlawful.

8. Arbitration. To aid in the rapid and economical resolution of any disputes that may arise from this Consulting Agreement and the terms of it, Consultant and the Company agree that any and all disputes, claims or demands in any way arising out of or relating to the terms of this Agreement, Company equity held by Consultant, or the termination of Consultant's service relationship with the Company, shall be resolved in accordance with Section 9 of the Separation Agreement.

9. Independent Contractor. Consultant expressly acknowledges and agrees that Consultant is solely an independent contractor and shall not be construed to be an employee of the Company in any matter under any circumstances or for any purposes whatsoever. Except as expressly contemplated by this Agreement, as of the Consulting Agreement Effective Date the Company shall not be obligated to (a) pay on the account of Consultant any unemployment tax or other taxes required under the law to be paid with respect to employees, (b) withhold any monies from the fees of Consultant for income tax purposes or (c) provide Consultant with any benefits, including without limitation health,

welfare, pension, retirement, or any kind of insurance benefits, including workers' compensation insurance (provided, however, that nothing herein limits the Company's obligations to provide any COBRA Premium Payment under the Separation Agreement). Consultant acknowledges and agrees that Consultant is obligated to report as income all compensation received by Consultant under Section 2 of this Agreement, and to pay any applicable income, self-employment and other taxes thereon. Consultant and the Company hereby acknowledge and agree that this Agreement does not impose any obligation on the Company to offer employment to Consultant at any time.

10. Code Section 409A.

(a) To the extent applicable, this Agreement shall be interpreted in accordance with Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**") and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other such guidance that may be issued after the Consulting Agreement Effective Date (collectively, "**Section 409A**"). Notwithstanding any provision of this Agreement to the contrary, in the event that following the Consulting Agreement Effective Date, the Company determines that any compensation or benefits payable under this Agreement may be subject to Section 409A, the Company may adopt such amendments to this Agreement or adopt other policies or procedures (including amendments, policies and procedures with retroactive effect), or take any other actions that the Company determines are necessary or appropriate to preserve the intended tax treatment of the compensation and benefits payable hereunder, including without limitation actions intended to (i) exempt the compensation and benefits payable under this Agreement from Section 409A, and/or (ii) comply with the requirements of Section 409A, provided, however, that this Section 10 does not, and shall not be construed so as to, create any obligation on the part of the Company to adopt any such amendments, policies or procedures or to take any other such actions. In no event shall the Company, its affiliates or any of their respective officers, directors or advisors be liable for any taxes, interest or penalties imposed under Section 409A or any corresponding provision of state or local law.

(b) Any right under this Agreement to a series of installment payments shall be treated as a right to a series of separate payments.

11. Confidentiality of Consulting Agreement. Consultant has agreed that, except as may be required by law and the applicable rules of any stock exchange or quotation system on which the PubCo's shares are listed or quoted, neither Consultant nor any member of Consultant's family, nor anyone employed by Consultant or under Consultant's authority or control, shall disclose to any individual or entity the terms of this Agreement or the circumstances of Consultant's separation from the Company; provided, however, that the foregoing shall not prohibit Consultant from (i) disclosing the terms and conditions of this Agreement to Consultant's attorneys, tax advisors, accountants, and/or immediate family members (collectively, "**Consultant's Confidants**"), on a need-to-know basis only, provided that Consultant informs Consultant's Confidants of this Section 11 and they agree to keep any such disclosed information strictly confidential, or (ii) disclosing any information to the extent that such a prohibition violates the NLRA or other applicable law. In the event any such disclosure is made in violation of this Section 11, any outstanding obligations of the Company hereunder shall immediately terminate, and any payments previously made by the Company hereunder shall be returned to the Company. Consultant understands and agrees that this Section 11 is a material provision of this Agreement and that any breach of this Section 11 by Consultant or Consultant's Confidants shall be a material breach of this Agreement.

12. Survival. Section 5 (*Confirmation of Continuing Obligations*), Section 6 (*Protection of Confidential Information*), Section 7 (*Exceptions*), Section 8 (*Arbitration*), Section 9 (*Independent Contractor*) and Section 11 (*Confidentiality of Consulting Agreement*) hereof shall survive any termination of this Agreement and shall continue in effect.

13. Governing Law. This Agreement shall be construed under the laws of the State of Utah, both procedural and substantive.

14. Waiver. The failure to enforce any provision of this Agreement shall not be construed to be a waiver of such provision or to affect the validity of this Agreement or the right of any party to enforce this Agreement.

15. Headings. The headings in this Agreement are provided solely for convenience, and are not intended to be part of, nor to affect or alter the interpretation or meaning of, this Agreement.

16. Severability. If any sentence, phrase, section, subsection or portion of this Agreement is found to be illegal or unenforceable, such action shall not affect the validity or enforceability of the remaining sentences, phrases, sections, subsections or portions of this Agreement, which shall remain fully valid and enforceable.

17. Assignment. This Agreement is personal to Consultant and shall not be assignable by Consultant. The rights of the Company under this Agreement may be assigned by the Company, in its sole discretion, including to any of its affiliates or any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly, acquires all or substantially all of the assets or business of the Company. This Agreement shall inure to the benefit of, and be binding on, the Company and its successors and assigns.

18. Reserved.

19. Entire Agreement / Amendments. This Agreement, together with the Separation Agreement, the Release, the RSU Agreement (as amended by the Separation Agreement), including the Restrictive Covenants contained in Exhibit B thereto, the Clawback Policy (as defined in the Separation Agreement), and the Indemnification Agreement (as defined in the Separation Agreement), constitutes the entire agreement between Consultant and the Company concerning the subject matter hereof. No covenants, agreements, representations, or warranties of any kind, other than those set forth herein, have been made to any party hereto with respect to this Agreement. All prior discussions and negotiations have been and are merged and integrated into, and are superseded by, this Agreement. No amendments to this Agreement will be valid unless written and signed by Consultant and an authorized representative of the Company.

20. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement.

21. Consultation with Counsel. Consultant acknowledges (i) that Consultant has thoroughly read and considered all aspects of this Agreement, Consultant understands all its provisions, is fully aware of its legal effect and Consultant is voluntarily entering into this Agreement based on Consultant's own judgement and (ii) that Consultant has been represented by, or had the opportunity to be represented by, independent counsel of Consultant's own choice in connection with the negotiation and execution of this Agreement and has been advised to do so by the Company. Without limiting the

generality of the foregoing, Consultant acknowledges that Consultant has had the opportunity to consult with Consultant's own independent tax advisors with respect to the tax consequences to Consultant of this Agreement and the payments hereunder, and that Consultant is relying solely on the advice of Consultant's independent advisors for such purposes. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement.

22. Notices. All notices, requests and other communications hereunder shall be in writing and shall be delivered by courier or other means of personal service (including by means of a nationally recognized courier service or professional messenger service), or sent by email or facsimile and also mailed first class, postage prepaid, by certified mail, return receipt requested, in all cases addressed to:

If to Consultant:

At Consultant's last known address evidenced on the Company's payroll records.

If to the Company:

c/o PACS Group, Inc.
262 N. University Avenue Farmington, UT 84025
Attention: John Mitchell
Email: john.mitchell@pacs.com

Copy to:

Latham & Watkins LLP
330 N Wabash Ave. #2800
Chicago, IL
Attention: Terra Reynolds
Email: terra.reynolds@lw.com

All notices, requests and other communications shall be deemed given on the date of actual receipt or delivery as evidenced by written receipt, acknowledgement or other evidence of actual receipt or delivery to the address. In case of service by telecopy, a copy of such notice shall be personally delivered or sent by registered or certified mail, in the manner set forth above, within three business days thereafter. Any party hereto may from time to time by notice in writing served as set forth above designate a different address or a different or additional person to which all such notices or communications thereafter are to be given.

If the above accurately reflects Consultant's understanding, please date and sign the enclosed copy of this Agreement in the places indicated below and return that copy to John Mitchell prior to August 15, 2025.

Dated: August 15, 2025 /s/ Peter (PJ) Sanford
Peter (PJ) Sanford

Dated: Aug 15, 2025 /s/ John Mitchell
PACS Group, Inc.
Name: John Mitchell
Title: Chief Legal Officer

Dated: Aug 15, 2025 /s/ John Mitchell
Providence Administrative Consulting Services, Inc.
Name: John Mitchell
Title: Chief Legal Officer

ANNEX A

CONSULTING SERVICES

Previous Role

Consultant formerly served as President of Providence Administrative Consulting Services, Inc., overseeing Information Technology, Accounts Receivable, Payroll, Information Systems and Dashboards, and the HRIS/ERP system (Workday). In the interest of ensuring a smooth transition and preserving institutional knowledge, Consultant has agreed to make himself available on a limited, as-requested basis to the Company pursuant to the terms of the Consulting Agreement to which this Annex A is attached.

Scope of Services

During the Consulting Period, Consultant agrees to provide the following services as requested by the Company:

- Share historical context and institutional knowledge related to back-office systems and functions;
- Provide insight or clarification regarding past practices or strategic decisions;
- Offer guidance related to systems previously under Consultant's oversight, including IT, payroll, AR, reporting tools, and Workday; and
- Participate in ad hoc meetings or respond to inquiries, as initiated by the Company.

Services will be provided only upon request by the Company and may include email, phone, video conference, or limited in-person attendance, as mutually agreed between Consultant and the Company.

CONFIDENTIAL SEPARATION AND RELEASE AGREEMENT

This Confidential Separation and Release Agreement (the “*Agreement*”) is made and entered into by and among Derick Apt (“*Employee*”), PACS Group, Inc. (“*PubCo*”) and Providence Administrative Consulting Services, Inc. (together with PubCo, the “*Company*”). This Agreement shall be effective on the date on which Employee executes this Agreement (the “*Effective Date*”). The purpose of this Agreement is to settle and resolve any and all disputes and controversies of any nature existing between Employee and the Company, including, but not limited to, any claims arising out of Employee’s employment with, and separation from, the Company.

1. Separation of Employment.

(a) *Separation Date.* Employee’s last day of employment with the Company shall be September 16, 2025 or such earlier date on which Employee’s employment terminates for any reason (the “*Separation Date*”).

(b) *Resignation; Transition Period.* On the Effective Date, Employee will resign from any and all titles, positions, or directorships Employee may hold with the Company (and any of its affiliates and subsidiaries), including, without limitation, Employee’s position as Chief Financial Officer, other than his continuing position as a non-executive employee of the Company pursuant to the terms of this Agreement. Employee shall execute any additional documentation necessary to effectuate such resignations. During the period commencing on the date on which he signs this Agreement and ending on the Separation Date, Employee shall serve as a non-executive employee of the Company and shall use his reasonable best efforts to facilitate the successful transition of his responsibilities to the individual who succeeds him as Chief Financial Officer. For the avoidance of doubt, effective as of the Separation Date, Employee shall automatically be deemed to have resigned or been removed from all positions he holds, including without limitation as an officer, employee or director of the Company or any affiliate thereof.

(c) *Termination of Employment.* Effective as of the Separation Date, Employee’s employment with the Company and all of its affiliates and subsidiaries shall terminate and Employee shall cease to be an employee of all of the foregoing.

(d) *Return of Company Property.* Employee represents and warrants that Employee shall, prior to the Separation Date, return to the Company any and all property and equipment of the Company, including (i) all keys, files, lists, books and records (and copies thereof) of, or in connection with, the Company’s business, equipment (including, but not limited to, computer hardware, software and printers, wireless handheld devices, cellular phones and pagers, together with any passwords to those devices), access or credit cards, Company identification, and all other property belonging to the Company in Employee’s possession or control, and (ii) all documents and copies, including hard and electronic copies, of documents in Employee’s possession relating to any Confidential Information (as defined below), including without limitation, internal and external business forms, manuals, correspondence, notes and computer programs, and that Employee has not made or retained, and shall not make or retain, any copy or extract of any of the foregoing; provided, however, that Employee may retain Employee’s telephone and address book and copies of Employee’s own personnel, payroll and benefit documents (provided that such documents do not contain any Confidential Information and that the Company has the prior opportunity to review, redact and/or retain any such documents containing Confidential Information).

2. Accrued Obligations. Upon the Separation Date, the Company will pay to Employee (i) all accrued salary and all accrued, unused vacation / paid time off through the Separation Date, and (ii) any unreimbursed business expenses incurred by Employee, in accordance with Company policy, prior to the Separation Date (collectively, the “**Accrued Obligations**”). The parties acknowledge and agree that Employee’s aggregate accrued, unused vacation / paid time off through the Separation Date is \$20,176.92. In addition, Employee shall be entitled to receive his earned bonus payments as of the Separation Date under the Executive Bonus Program (the “**Executive Bonus**”), the estimated payments of which are set forth on Exhibit A attached hereto and will be paid to Employee as and when such bonuses are paid to the Company’s executive officers generally. Notwithstanding Employee’s termination of employment on the Separation Date or anything contained in this Agreement, Employee acknowledges that the Executive Bonus shall continue to be subject to the terms and conditions of the Clawback Policy, as set forth (and as defined) in Section 14.

3. Separation Benefits.

(a) Subject to Section 4 below, in consideration of, subject to and conditioned upon (i) Employee’s timely execution of the release of claims attached hereto as Exhibit B (the “**Release**”) on or within 21 days after the Separation Date (the “**Release Deadline**”), **but in no event prior to the Separation Date**, and Employee’s non-revocation of the Release in accordance with its terms, and (ii) Employee’s continued compliance with the Restrictive Covenants (as defined below), subject to the requirements of the Internal Revenue Code of 1986, as amended (the “**Code**”), the Company agrees to provide Employee with the following separation benefits (the “**Separation Benefits**”):

(i) *Accelerated Vesting of RSUs*. Employee was previously granted restricted stock units of PubCo (the “**RSUs**”) pursuant to that certain Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement, dated April 11, 2024 (the “**RSU Agreement**”). Upon the Separation Date, a portion of Employee’s RSUs shall accelerate and vest such that an aggregate of 607,648 RSUs shall be vested and an aggregate of 706,182 RSUs shall be unvested effective as of the Separation Date. Employee’s unvested RSUs as of the Separation Date will immediately and automatically be cancelled and forfeited.

(ii) *Waiver of Non-Compete*. Employee acknowledges that he is subject to certain restrictive covenants pursuant to Exhibit B to the RSU Agreement (the “**Restrictive Covenants**”). The Company hereby waives the post-termination non-competition restrictive covenant set forth in Section 4 of the Exhibit B to the RSU Agreement, such that the non-competition restrictive covenant contained therein shall only apply during Employee’s term of employment with the Company and its subsidiaries and affiliates (such waiver, the “**Non-Compete Waiver**”). Except as modified by this Section 3(a)(ii), all other terms and conditions of the Restrictive Covenants shall remain in full force and effect.

(b) *Exclusive Separation Benefits*. The Separation Benefits set forth in Section 3(a) shall be the exclusive separation benefit to which Employee is entitled, unless Employee has breached the provisions of this Agreement, in which case Section 12 shall apply. For clarity, Employee hereby acknowledges and agrees that (i) he is not, and shall not be, entitled to any severance payments or benefits under PubCo’s Executive Severance Plan (the “**Severance Plan**”) or any accelerated vesting of his outstanding restricted stock units granted to him under PubCo’s 2024 Incentive Award Plan and pursuant to the RSU Agreement, other than as provided in Section 3(a)(i) above, and (ii) on the Separation Date, Employee shall forfeit all PubCo restricted stock units held by him that are unvested as of the date of the Separation Date (after giving effect to the accelerated vesting set forth in Section

3(a)(i)). If Employee does not execute the Release on or prior to the Release Deadline, or if he revokes the Release after executing it as specified therein, the Non-Compete Waiver shall have no force or effect, the Restrictive Covenants shall remain as set forth pursuant to Exhibit B to the RSU Agreement, and all of Employee's remaining RSUs held by him that are unvested as of the date of the Separation Date (without giving effect to the accelerated vesting set forth in Section 3(a)(i)) shall be cancelled and forfeited with retroactive effect as of the Separation Date.

4. Withholdings and Other Deductions. All compensation payable to Employee hereunder shall be subject to such withholdings and deductions as the Company is from time to time required to make pursuant to law, governmental regulation or order.

5. Warranty. Employee acknowledges that the Separation Benefits under Section 3(a) of this Agreement constitute additional compensation to which Employee would not be entitled except for Employee's decision to sign this Agreement and to abide by the terms of this Agreement. Employee acknowledges that, upon receipt of the Accrued Obligations, Employee has (i) received all monies and other benefits due to Employee as a result of his employment with and separation from the Company, other than the Separation Benefits and the Executive Bonus, and (ii) no right, title, or interest in or entitlement to any other payments or benefits other than as set forth in this Agreement. Employee further represents that Employee has not sustained a work-related injury or illness which Employee has not previously reported to the Company.

6. Other Protections. Notwithstanding anything in this Agreement or the Release to the contrary, nothing contained in this Agreement or the Release shall prohibit Employee from (i) filing a charge with, reporting possible violations of federal or state law or regulation to, participating in any investigation by, or cooperating with any governmental agency or regulatory entity (including self-regulatory) or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation and/or (ii) communicating directly with, cooperating with, or providing information (including trade secrets) in confidence to, any federal, state or local government regulator (including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice) for the purpose of reporting or investigating a suspected violation of law, or from providing such information to Employee's attorney or in a sealed complaint or other document filed in a lawsuit or other governmental proceeding. Pursuant to 18 USC Section 1833(b), Employee acknowledges that (1) Employee will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (y) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal, and (2) if Employee files a lawsuit for retaliation by the Releasees (as defined in the Release) for reporting a suspected violation of law, Employee may disclose the trade secret to Employee's attorney and use the trade secret information in the court proceeding, if Employee files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order. Further, nothing in this Agreement (including in the Restrictive Covenant) prevents Employee from (A) exercising any rights Employee may have under Section 7 of the U.S. National Labor Relations Act (the "**NLRA**"), such as the right to engage in concerted activity, including collective action or discussion concerning wages or working conditions, or (B) discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful.

7. Confirmation of Continuing Obligations. Employee hereby expressly reaffirms the Restrictive Covenants under Exhibit B to the RSU Agreement (as modified by Section 3(a)(ii) hereof), which exhibit is hereby incorporated by reference, and agrees that such Restrictive Covenants (as modified by Section 3(a)(ii) hereof) shall survive the Separation Date and any termination of Employee's services to the Company. The Company shall be entitled to cease all Separation Benefits to Employee in the event of Employee's non-compliance with this Section 7.

8. Cooperation. Subject to Section 6, Employee agrees to cooperate with the Company and/or its subsidiaries and affiliates concerning reasonable requests for information: (a) about the business of the Company or its subsidiaries or affiliates during Employee's employment by the Company; (b) the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company and/or its subsidiaries or affiliates which relate to events or occurrences during Employee's employment by the Company; and (c) in connection with any criminal or civil action, prosecution, investigation, or review by any federal, state or local regulatory, quasi- or self-regulatory or self-governing authority or organization as any such investigation or review relates to events or occurrences during Employee's employment by the Company. Employee's cooperation shall include, but not be limited to, being available to meet and speak with officers or employees of the Company and/or its subsidiaries or affiliates and/or their counsel at reasonable times and locations, executing accurate and truthful documents, appearing at the Company's request as a witness at depositions, trials or other proceedings without the necessity of a subpoena, and taking such other actions as may reasonably be requested by the Company and/or its counsel to effectuate the foregoing. In requesting such services, the Company will consider other commitments that Employee may have at the time of the request. The Company shall reimburse Employee for any reasonable expenses actually incurred and pre-approved by the Company in connection with cooperation pursuant to this Section 8. If cooperation pursuant to this Section 8 requires more than 20 hours of Employee's time in any month, the Company shall pay Employee on an hourly basis for such excess time at a rate equal to Employee's final hourly rate while employed by the Company. If employee was salaried, the rate will be determined by dividing the final annual base salary rate by 2080. Nothing in this Agreement is intended to or shall preclude Employee from providing truthful testimony in response to a valid subpoena, court order, regulatory request or other judicial, administrative or legal process or otherwise as required by law. If Employee is required to provide testimony, subject to Section 6, Employee shall notify the Company in writing as promptly as practicable after receiving any such request of the anticipated testimony and at least ten (10) days prior to providing such testimony (or, if such notice is not possible under the circumstances, with as much prior notice as is possible) to afford the Company a reasonable opportunity to challenge the subpoena, court order or similar legal process. Notwithstanding the foregoing, Employee is not required to provide such notice if any law enforcement, regulatory or self-regulatory organization requests or directs Employee not to provide notice.

9. Arbitration.

(a) Employee and the Company agree that any dispute, controversy or claim, however significant, arising out of or in any way relating to Employee's employment with or termination of employment from the Company, including without limitation any dispute, controversy or claim arising out of or in any way relating to any provision of this Agreement (including the validity, scope and enforceability of this arbitration clause), to the fullest extent authorized by applicable law, shall be submitted to final and binding arbitration before a single neutral arbitrator in accordance with the rules of JAMS pursuant to its Employment Arbitration Rules and Procedures, which are available at <http://www.jamsadr.com/rules-employment-arbitration/>, and the Company will provide a copy upon Employee's request, as the exclusive remedy for resolving any and all such disputes.

(b) The tribunal will consist of a sole neutral arbitrator selected by mutual agreement of the parties (or, absent such mutual agreement, in accordance with the rules of JAMS) and the place of arbitration will be in Blaine County, Idaho. Each party shall be entitled to all types of remedies and relief otherwise available in court (subject to the limitations set forth herein). The parties agree that any arbitration pursuant to this Agreement shall be brought on an individual, rather than class, collective, or representative basis, and waive the right to pursue any claim subject to arbitration on a class, collective, or representative basis.

(c) The parties to this Agreement hereby expressly and irrevocably submit themselves to the personal jurisdiction of the District Court of the State of Idaho (the “*District Court*”) for the purpose of compelling arbitration pursuant to this Agreement and for the purpose of any judicial proceedings seeking to confirm, modify or vacate any arbitration award.

(d) To the extent required by applicable law, the fees of the arbitrator and all other costs that are unique to arbitration shall be paid by the Company initially, but if Employee initiates a claim subject to arbitration, Employee shall pay any filing fee up to the amount that Employee would be required to pay if Employee initiated such claim in the District Court. Each party shall be solely responsible for paying its own further costs for the arbitration, including, but not limited to, its own attorneys’ fees and/or its own witnesses’ fees. The arbitrator may award fees and costs (including attorneys’ fees) to the prevailing party where authorized by applicable law.

(e) WAIVER OF TRIAL BY JURY OR COURT. EMPLOYEE AND THE COMPANY UNDERSTAND THAT BY AGREEING TO ARBITRATE ANY ARBITRATION CLAIM, THEY WILL NOT HAVE THE RIGHT TO HAVE ANY ARBITRATION CLAIM DECIDED BY A JURY OR A COURT, BUT SHALL INSTEAD HAVE ANY ARBITRATION CLAIM DECIDED THROUGH ARBITRATION.

(f) WAIVER OF OTHER RIGHTS. EMPLOYEE AND THE COMPANY WAIVE ANY CONSTITUTIONAL OR OTHER RIGHT TO BRING CLAIMS COVERED BY THIS AGREEMENT OTHER THAN IN THEIR INDIVIDUAL CAPACITIES. EXCEPT AS MAY BE PROHIBITED BY LAW, THIS WAIVER INCLUDES THE ABILITY TO ASSERT CLAIMS AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING.

(g) The parties acknowledge that they are entering into this arbitration provision voluntarily, and are represented by counsel. If any part of this arbitration provision is deemed unenforceable, it is entirely severable from the rest and shall not affect or limit the validity or enforceability of the remainder of the provision, or the Agreement.

10. Code Section 409A.

(a) To the extent applicable, this Agreement shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other such guidance that may be issued after the Effective Date (collectively, “*Section 409A*”). Notwithstanding any provision of this Agreement to the contrary, in the event that following the Effective Date, the Company determines that any compensation or benefits payable under this Agreement may be subject to Section 409A, the Company may adopt such amendments to this Agreement or adopt other policies or procedures (including

amendments, policies and procedures with retroactive effect), or take any other actions that the Company determines are necessary or appropriate to preserve the intended tax treatment of the compensation and benefits payable hereunder, including without limitation actions intended to (i) exempt the compensation and benefits payable under this Agreement from Section 409A, and/or (ii) comply with the requirements of Section 409A, provided, however, that this Section 10 does not, and shall not be construed so as to, create any obligation on the part of the Company to adopt any such amendments, policies or procedures or to take any other such actions. In no event shall the Company, its affiliates or any of their respective officers, directors or advisors be liable for any taxes, interest or penalties imposed under Section 409A or any corresponding provision of state or local law.

(b) Any right under this Agreement to a series of installment payments shall be treated as a right to a series of separate payments. Notwithstanding anything to the contrary in this Agreement, no compensation or benefits shall be paid to Employee during the six-month period following Employee's "separation from service" with the Company (within the meaning of Section 409A) if the Company determines that paying such amounts at the time or times indicated in this Agreement would be a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code. If the payment of any such amounts is delayed as a result of the previous sentence, then on the first business day following the end of such six-month period (or such earlier date upon which such amount can be paid under Section 409A without resulting in a prohibited distribution, including as a result of Employee's death), the Company shall pay Employee a lump-sum amount equal to the cumulative amount that would have otherwise been payable to Employee during such period (without interest).

(c) To the extent any reimbursements or in-kind benefits due to Employee under this Agreement constitute "deferred compensation" to which Treasury Regulation Section 1.409A-3(i)(1)(iv) would apply, any such reimbursements or in-kind benefits shall be paid or reimbursed reasonably promptly, but in no event later than December 31st of the year following the year in which the expense was incurred. The amount of any such payments eligible for reimbursement in one year shall not affect the payments or expenses that are eligible for payment or reimbursement in any other taxable year, and Employee's right to such payments or reimbursements of any such expenses shall not be subject to liquidation or exchange for any other benefit.

11. Confidentiality of Separation Agreement. Employee has agreed that, except as may be required by law and the applicable rules of any stock exchange or quotation system on which PubCo's shares are listed or quoted, neither Employee nor any member of Employee's family, nor anyone employed by Employee or under Employee's authority or control, shall disclose to any individual or entity the terms of this Agreement or the circumstances of Employee's separation from the Company; provided, however, that the foregoing shall not prohibit Employee from (i) disclosing the terms and conditions of this Agreement to Employee's attorneys, tax advisors, accountants and/or immediate family members (collectively, "**Employee's Confidants**"), on a need to know basis only, provided that Employee informs Employee's Confidants of this Section 11 and they agree to keep any such disclosed information strictly confidential, or (ii) disclosing any information to the extent that such a prohibition violates the NLRA or other applicable law.

12. Breach. In the event Employee breaches any of Section 7, or any disclosure is made in violation of Section 11, any outstanding obligations of the Company hereunder shall immediately terminate, and the Company's covenants hereunder shall be deemed null and void in their entirety. Employee understands and agrees that Section 11 is a material provision of this Agreement and that any breach of Section 11 by Employee or Employee's Confidants shall be a material breach of this Agreement.

13. Indemnification. The parties acknowledge and agree that certain Indemnification Agreement, dated April 15, 2024, by and between Employee and PubCo (the “**Indemnification Agreement**”) remains in force and effect pursuant to its terms.
14. Clawback Policy. Notwithstanding anything in this Agreement or any other agreement between Employee and the Company, Employee agrees that he remains subject to, and any compensation paid to Employee under this Agreement or otherwise, including, without limitation, the Executive Bonus, will be subject to any clawback or recoupment policy adopted by the Company (including solely by PubCo) from time to time that is, by its terms, applicable to Employee, including the PubCo’s Policy for Recovery of Erroneously Awarded Compensation adopted by the Company (the “**Clawback Policy**”), as may be amended from time to time.
15. Governing Law. This Agreement shall be construed under the laws of the State of Utah, both procedural and substantive.
16. Waiver. The failure to enforce any provision of this Agreement shall not be construed to be a waiver of such provision or to affect the validity of this Agreement or the right of any party to enforce this Agreement.
17. Headings. The headings in this Agreement are provided solely for convenience, and are not intended to be part of, nor to affect or alter the interpretation or meaning of, this Agreement.
18. Severability. If any sentence, phrase, section, subsection or portion of this Agreement is found to be illegal or unenforceable, such action shall not affect the validity or enforceability of the remaining sentences, phrases, sections, subsections or portions of this Agreement, which shall remain fully valid and enforceable.
19. Assignment. This Agreement is personal to Employee and shall not be assignable by Employee. The rights of the Company under this Agreement may be assigned by the Company, in its sole discretion, including to any of its affiliates or any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly, acquires all or substantially all of the assets or business of the Company. This Agreement shall inure to the benefit of, and be binding on, the Company and its successors and assigns.
20. Ambiguities. Both parties have participated in the negotiation of this Agreement and, thus, it is understood and agreed that the general rule that ambiguities are to be construed against the drafter shall not apply to this Agreement. In the event that any language of this Agreement is found to be ambiguous, each party shall have an opportunity to present evidence as to the actual intent of the parties with respect to any such ambiguous language.
21. Entire Agreement / Amendments. This Agreement, together with the Release, the RSU Agreement, including the Restrictive Covenants contained in Exhibit B to the RSU Agreement (as modified by Section 3(a)(ii) hereof), the Clawback Policy and the Indemnification Agreement, constitute the entire agreement between Employee and the Company concerning the subject matter hereof. No covenants, agreements, representations, or warranties of any kind, other than those set forth herein, have been made to any party hereto with respect to this Agreement. All prior discussions and negotiations have been and are merged and integrated into, and are superseded by, this Agreement, including, but not limited to, the RSU Agreement (other than the Restrictive Covenants contained in Exhibit B therein (as modified by Section 3(a)(ii) hereof))), the Severance Plan participation notice between the Company and Employee, and the Indemnification Agreement. No amendments to this
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Agreement will be valid unless written and signed by Employee and an authorized representative of the Company.

22. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement.

23. Consultation with Counsel. Employee acknowledges that (i) Employee has thoroughly read and considered all aspects of this Agreement, Employee understands all its provisions and Employee is voluntarily entering into this Agreement, (ii) Employee has been represented by, or had the opportunity to be represented by independent counsel of his/her own choice in connection with the negotiation and execution of this Agreement and has been advised to do so by the Company, and (iii) Employee has read and understands the Agreement, is fully aware of its legal effect, and has entered into it freely based on Employee's own judgment. Without limiting the generality of the foregoing, Employee acknowledges that Employee has had the opportunity to consult with Employee's own independent tax advisors with respect to the tax consequences to him of this Agreement, and that Employee is relying solely on the advice of Employee's independent advisors for such purposes. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement.

24. Notices. All notices, requests and other communications hereunder shall be in writing and shall be delivered by courier or other means of personal service (including by means of a nationally recognized courier service or professional messenger service), or sent by email or facsimile and also mailed first class, postage prepaid, by certified mail, return receipt requested, in all cases addressed to:

If to Employee:

At Employee's last known address evidenced on the Company's payroll records.

If to the Company:

c/o PACS Group, Inc.
262 N. University Avenue
Farmington, UT 84025
Attention: John Mitchell
email: john.mitchell@pacs.com

Copy to:

Latham & Watkins LLP
330 N Wabash Ave. #2800
Chicago, IL
Attention: Terra Reynolds
email: terra.reynolds@lw.com

All notices, requests and other communications shall be deemed given on the date of actual receipt or delivery as evidenced by written receipt, acknowledgement or other evidence of actual receipt or delivery to the address. In case of service by telecopy, a copy of such notice shall be personally delivered or sent

by registered or certified mail, in the manner set forth above, within three business days thereafter. Any party hereto may from time to time by notice in writing served as set forth above designate a different address or a different or additional person to which all such notices or communications thereafter are to be given.

(Signature page follows)

PLEASE READ CAREFULLY. EMPLOYEE AGREES TO THE TERMS OF THIS AGREEMENT AND VOLUNTARILY ENTERS INTO IT WITH THE INTENT TO BE BOUND HEREBY.

If the above accurately reflects Employee's understanding, please date and sign the enclosed copy of this Agreement in the places indicated below and return that copy by 5:00 p.m. Pacific Time on September 2, 2025 via email to john.mitchell@pacs.com for countersignature. The parties may alternatively execute and deliver this Agreement via DocuSign or similar electronic signature/delivery system as permitted by applicable law.

Dated: 9/2/25 /s/ Derick Apt
Derick Apt

Dated: September 2, 2025 /s/ Jason Murray
PACS Group, Inc.
Name: Jason Murray
Title: Chief Executive Officer

Dated: September 2, 2025 /s/ Jason Murray
Providence Administrative Consulting Services, Inc.
Name: Jason Murray
Title: Chief Executive Officer

EXHIBIT A

EXECUTIVE BONUS*

Estimated Net Bonus: \$3,382,537.89*

* The amount above is an estimate and is inclusive of amounts previously deferred into (or that will be deferred into) the Nonqualified Deferred Compensation Plan for compensation earned with respect to the 2024 and 2025 fiscal years, and is subject to further adjustment pursuant to the Clawback Policy. The application of the Clawback Policy to (i) the net bonus and (ii) compensation deferred into the Nonqualified Deferred Compensation Plan for the 2024 and 2025 fiscal years, is, in each case, subject to compliance with Internal Revenue Code Section 409A.

EXHIBIT B

RELEASE OF CLAIMS

This Release of Claims ("**Release**") is entered into as of September 2, 2025, by and among Derick Apt ("**Employee**"), PACS Group, Inc. ("**PubCo**") and Providence Administrative Consulting Services, Inc. (together with PubCo, the "**Company**").

WHEREAS, Employee and the Company are parties to that certain Confidential Separation and Release Agreement, dated September 2, 2025 (the "**Separation Agreement**");

WHEREAS, the Employee and the Company agree that Employee is entitled to the Separation Benefits (as defined in Section 3(a) of the Separation Agreement), subject to Employee's execution of this Release;

WHEREAS, the Company and Employee now wish to fully and finally resolve all matters between them; and

WHEREAS, capitalized terms used in this Release without definition shall have the meaning given to such terms in the Separation Agreement.

NOW, THEREFORE, in consideration of, and subject to, the Separation Benefits payable to Employee pursuant to the Separation Agreement, the adequacy of which is hereby acknowledged by Employee, and which Employee acknowledges that Employee would not otherwise be entitled to receive, Employee and the Company hereby agree as follows:

1. **Release of Known and Unknown Claims.**

(a) *General Release.* In exchange for the consideration set forth in this Release (including the payment to Employee of the Separation Benefits set forth in Section 3(a) of the Separation Agreement), and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Employee does hereby release and forever discharge the "**Releasees**" hereunder, consisting of the Company (including PubCo) and each of its parents, subsidiaries, affiliates, successors, partners, associates, heirs, assigns, agents, directors, officers, employees, representatives, lawyers, insurers, and all persons acting by, through, under or in concert with them, or any of them, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, losses, costs, attorneys' fees or expenses, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter called "**Claims**"), which Employee now has or may hereafter have against the Releasees, or any of them, by reasons of any matter, cause, or thing whatsoever from the beginning of time to the date hereof which arise from or are related to Employee's employment or service (or termination thereof) with the Company. The Claims released herein include, without limiting the generality of the foregoing, any Claims in any way arising out of, based upon, or related to the employment or termination of employment of Employee by the Releasees, or any of them; any alleged breach of any express or implied contract of employment; any alleged torts or other alleged legal restrictions on Releasee's right to terminate the employment of Employee; and any alleged violation of any federal, state or local statute or ordinance including, without limitation, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, Idaho Claims for Wages Act, the Idaho Human Rights Act, the Utah Antidiscrimination Act, the Employment Relations and Collective Bargaining Act,

the Utah Right to Work Act, the Utah Drug and Alcohol Testing Act, the Utah Minimum Wage Act, the Utah Protection of Activities in Private Vehicles Act, the Utah Employment Selection Procedures Act, the Utah Occupational Safety and Health Act, and the Utah Internet Employment Privacy Act, and any federal, state or local laws of similar effect.

(b) *Claims Not Released.* Notwithstanding the foregoing, this Release shall not operate to release any Claims or rights which Employee may have (i) to payments or benefits under this Release, the Separation Agreement, or the RSU Agreement, (ii) to any vested and unpaid benefits under any employee benefit plan, including but not limited to any vested and undistributed deferred compensation, (iii) to vested equity compensation awards that remain unpaid or unsettled, (iv) to any Claims, including claims for indemnification and/or advancement of expenses arising under the Indemnification Agreement (as amended by the Agreement) or under the bylaws, certificate of incorporation or other similar governing document of the Company, (vii) to any claim or right under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (COBRA) or under the Fair Labor Standards Act, (viii) to any claim or right for unemployment insurance or workers' compensation benefits, (ix) any claim that cannot be waived as a matter of law or (x) with respect to Employee's right to communicate directly with, cooperate with, or provide information to, any federal, state or local government regulator (collectively, the "***Unreleased Claims***").

EMPLOYEE ACKNOWLEDGES THAT HE/SHE HAS BEEN ADVISED BY LEGAL COUNSEL AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

EMPLOYEE, BEING AWARE OF SAID CODE SECTION, HEREBY EXPRESSLY WAIVES ANY RIGHTS HE/SHE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

(c) *Older Worker's Benefit Protection Act.* Employee agrees and acknowledges that this Release constitutes a knowing and voluntary waiver and release of all Claims Employee has or may have against the Company and/or any of the Releasees as set forth herein, including, but not limited to, all Claims arising under the Older Worker's Benefit Protection Act and the Age Discrimination in Employment Act. In accordance with the Older Worker's Benefit Protection Act, Employee is hereby advised as follows:

IN ACCORDANCE WITH THE OLDER WORKERS BENEFIT PROTECTION ACT OF 1990, THE UNDERSIGNED IS HEREBY ADVISED AS FOLLOWS:

(i) TO CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS RELEASE;

(ii) EMPLOYEE HAS TWENTY-ONE (21) DAYS TO CONSIDER THIS RELEASE BEFORE SIGNING IT, AND IF EMPLOYEE SIGNS THIS RELEASE BEFORE THE

EXPIRATION OF THE TWENTY-ONE (21) DAY PERIOD, EMPLOYEE KNOWINGLY AND VOLUNTARILY WAIVES THE BALANCE OF THAT PERIOD;

(iii) BY ENTERING INTO THIS RELEASE, EMPLOYEE DOES NOT WAIVE ANY CLAIMS THAT MAY ARISE AFTER THE DATE OF EMPLOYEE EXECUTION OF THIS RELEASE, INCLUDING WITHOUT LIMITATION ANY RIGHTS OR CLAIMS THAT EMPLOYEE MAY HAVE TO SECURE ENFORCEMENT OF THE TERMS AND CONDITIONS OF THIS RELEASE; AND

(iv) EMPLOYEE HAS SEVEN (7) DAYS AFTER SIGNING THIS RELEASE TO REVOKE THIS RELEASE, AND THIS RELEASE WILL BECOME EFFECTIVE UPON THE EXPIRATION OF THAT REVOCATION PERIOD.

If Employee wishes to revoke this Release, Employee shall deliver written notice stating his intent to revoke this Release via email to John Mitchell, Chief Legal Officer, at John.Mitchell@pacs.com, with a copy to Terra.Reynolds@lw.com, on or before 5:00 p.m. Pacific Time on the seventh day after the date on which Employee signs this Release.

(d) *Representations.* Employee represents and warrants that there has been no assignment or other transfer of any interest in any Claim (other than Unreleased Claims) which Employee may have against Releasees, or any of them, and Employee agrees to indemnify and hold Releasees, and each of them, harmless from any liability, Claims, demands, damages, costs, expenses and attorneys' fees incurred by Releasees, or any of them, as the result of any such assignment or transfer or any rights or Claims under any such assignment or transfer. It is the intention of the parties that this indemnity does not require payment as a condition precedent to recovery by the Releasees against Employee under this indemnity.

(e) *No Actions.* Employee represents and warrants to the Company that Employee has no pending actions, Claims or charges of any kind. Employee agrees that if Employee hereafter commences any suit arising out of, based upon, or relating to any of the Claims released hereunder or in any manner asserts against Releasees, or any of them, any of the Claims released hereunder, then Employee agrees to pay to Releasees, and each of them, in addition to any other damages caused to Releasees thereby, all attorneys' fees incurred by Releasees in defending or otherwise responding to said suit or Claim.

(f) *No Admission.* Employee further understands and agrees that neither the payment of any sum of money nor the execution of this Release shall constitute or be construed as an admission of any liability whatsoever by the Releasees, or any of them.

(g) *Exceptions.* Notwithstanding anything in this Release to the contrary, nothing contained in this Release shall prohibit Employee from (i) filing a charge with, reporting possible violations of federal law or regulation to, participating in any investigation by, or cooperating with any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation and/or (ii) communicating directly with, cooperating with, or providing information (including trade secrets) in confidence to, any federal, state or local government regulator (including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice) for the purpose of reporting or investigating a suspected violation of law, or from providing such information to Employee's attorney or in a sealed complaint or other document filed in a lawsuit or other governmental proceeding. Pursuant

to 18 USC Section 1833(b), Employee acknowledges that (1) Employee will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (y) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal, and (2) if Employee files a lawsuit for retaliation by the Releasees for reporting a suspected violation of law, Employee may disclose the trade secret to Employee's attorney and use the trade secret information in the court proceeding, if Employee files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order. Further, nothing in this Release (including in the Restrictive Covenant) prevents Employee from (A) exercising any rights Employee may have under Section 7 of the NLRA, such as the right to engage in concerted activity, including collective action or discussion concerning wages or working conditions, or (B) discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful.

2. Arbitration. To aid in the rapid and economical resolution of any disputes that may arise from this Release and the terms of it, Employee and the Company agree that any and all disputes, claims or demands in any way arising out of or relating to the terms of this Release, Company equity held by Employee, or the termination of Employee's employment or service relationship with the Company, shall be resolved in accordance with Section 9 of the Separation Agreement

3. Confidentiality of the Release. Employee has agreed that, except as may be required by law and the applicable rules of any stock exchange or quotation system on which the PubCo's shares are listed or quoted, neither Employee nor any member of Employee's family, nor anyone employed by Employee or under Employee's authority or control, shall disclose to any individual or entity the terms of this Release or the circumstances of Employee's separation from the Company; provided, however, that the foregoing shall not prohibit Employee from (i) disclosing the terms and conditions of this Release to Employee's attorneys, tax advisors, accountants and/or immediate family members (collectively, "**Employee's Confidants**"), on a need to know basis only, provided that Employee informs Employee's Confidants of this Section 3 and they agree to keep any such disclosed information strictly confidential, or (ii) disclosing any information to the extent that such a prohibition violates the NLRA or other applicable law.

4. Governing Law. This Release shall be construed under the laws of the State of Utah, both procedural and substantive.

5. Headings. The headings in this Release are provided solely for convenience, and are not intended to be part of, nor to affect or alter the interpretation or meaning of, this Release.

6. Severability. If any sentence, phrase, section, subsection or portion of this Release is found to be illegal or unenforceable, such action shall not affect the validity or enforceability of the remaining sentences, phrases, sections, subsections or portions of this Release, which shall remain fully valid and enforceable.

7. Assignment. This Release is personal to Employee and shall not be assignable by Employee. The rights of the Company under this Release may be assigned by the Company, in its sole discretion, including to any of its affiliates or any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly, acquires all or substantially

all of the assets or business of the Company. This Release shall inure to the benefit of, and be binding on, the Company and its successors and assigns.

8. Ambiguities. Both parties have participated in the negotiation of this Release and, thus, it is understood and agreed that the general rule that ambiguities are to be construed against the drafter shall not apply to this Release. In the event that any language of this Release is found to be ambiguous, each party shall have an opportunity to present evidence as to the actual intent of the parties with respect to any such ambiguous language.

9. Counterparts. This Release may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Release.

10. Consultation with Counsel. Employee acknowledges that (i) Employee has thoroughly read and considered all aspects of this Release, Employee understands all its provisions and Employee is voluntarily entering into this Release, (ii) Employee has been represented by, or had the opportunity to be represented by independent counsel of his own choice in connection with the negotiation and execution of this Release and has been advised to do so by the Company, and (iii) Employee has read and understands the Release, is fully aware of its legal effect, and has entered into it freely based on Employee's own judgment. Without limiting the generality of the foregoing, Employee acknowledges that Employee has had the opportunity to consult with Employee's own independent tax advisors with respect to the tax consequences to him of this Release, and that Employee is relying solely on the advice of Employee's independent advisors for such purposes. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Release.

(Signature page follows)

PLEASE READ CAREFULLY. THIS RELEASE CONTAINS A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS. EMPLOYEE AGREES TO THE TERMS OF THIS RELEASE AND VOLUNTARILY ENTERS INTO IT WITH THE INTENT TO BE BOUND HEREBY.

If the above accurately reflects Employee's understanding, please date and sign the enclosed copy of this Agreement in the places indicated below and return that copy to John Mitchell, Chief Legal Officer, at John.Mitchell@pacs.com, with a copy to Terra.Reynolds@lw.com, by 5:00 p.m. Pacific Time by the deadline set forth herein.

Dated: 9/2/25 /s/ Derick Apt
Derick Apt

Dated: September 2, 2025 /s/ Jason Murray
PACS Group, Inc.
Name: Jason Murray
Title: Chief Executive Officer

Dated: September 2, 2025 /s/ Jason Murray
Providence Administrative Consulting Services, Inc.
Name: Jason Murray
Title: Chief Executive Officer

CERTIFICATION

I, Jason Murray, certify that:

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

Date: November 19, 2025

By: /s/ Jason Murray

Jason Murray
Director, Co-Founder, Chairman and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Mark Hancock, certify that:

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

Date: November 19, 2025

By: /s/ Mark Hancock

Mark Hancock
Director, Executive Vice Chairman, Interim Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of PACS Group, Inc. (the “Company”) for the period ended September 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 19, 2025

By: /s/ Jason Murray

Jason Murray

Director, Chairman and Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of PACS Group, Inc. (the “Company”) for the period ended September 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 19, 2025

By: /s/ Mark Hancock

Mark Hancock
Director, Executive Vice Chairman, Interim Chief Financial Officer
(Principal Financial Officer)