



# Q1 2024 Earnings Presentation

May 2024



# Disclaimer



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Statements concerning the Company’s future are forward-looking statements, and are based on management’s current expectations, assumptions and beliefs about the Company’s business, financial performance, operating results, the industry in which we operate and possible future events. These statements include, but are not limited to, statements regarding the Company’s anticipated growth prospects and future operating and financial performance. Forward-looking statements convey the Company’s expectations, intentions, or forecasts about future events, circumstances, results, or aspirations. Forward-looking statements are not guarantees of future results and are subject to risks, uncertainties and assumptions, which may change over time and many of which are beyond the Company’s control, and that could cause the Company’s actual results to materially and adversely differ from those expressed in any forward-looking statement, including our dependence on reimbursement from third-party payors and the impact of changes in the acuity mix of patients in our facilities and changes in payor mix and payment methodologies and new cost containment initiatives; failure to be reimbursed for all services for which each facility bills; increased competition for, or shortage of, nurses, nurse assistants or other skilled personnel; state efforts to regulate or deregulate the healthcare services industry or the construction expansion, or acquisition of healthcare facilities; numerous risks related to the expiration of COVID-19 PHE expiration and surrounding wind-down and uncertainty; failure to attract patients and residents to compete effectively with other healthcare providers; risks associated with our review and audit of the care delivery, recordkeeping and billing processes of our operating subsidiaries; risks associated with litigation; our reliance on information technology; our inability to complete future facility or business acquisitions at attractive prices or at all; risks associated with undertaking acquisitions; risks associated with leased real property; our reliance on payments from third-party payors, including Medicare, Medicaid and other governmental healthcare programs and private

insurance organizations; reforms to the U.S. healthcare system; various government and third-party payor reviews, auditors and investigations; risks associated with being a “controlled company”, and the other risks described in our Quarterly Report on Form 10-Q for the three months ended March 31, 2024 and other SEC filings.

These documents are available in the Investor Relations section of the Company’s website at [www.pacs.com](http://www.pacs.com) (information on the website is not incorporated by reference into this presentation and should not be considered part of this document).

This presentation includes certain financial measures that are not presented in accordance with generally accepted accounting principles in the United States, (“GAAP”) to supplement financial information presented in accordance with GAAP. There are limitations to the use of non-GAAP financial measures and such non-GAAP financial measures should not be construed as alternatives to financial measures determined in accordance with GAAP. The non-GAAP measures as defined by the Company may not be comparable to similar non-GAAP measures presented by other companies. The Company’s presentation of such measures should not be construed as an inference that the Company’s future results will be unaffected by other unusual or non-recurring items. A reconciliation is provided elsewhere in this presentation for each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP. See Appendix.

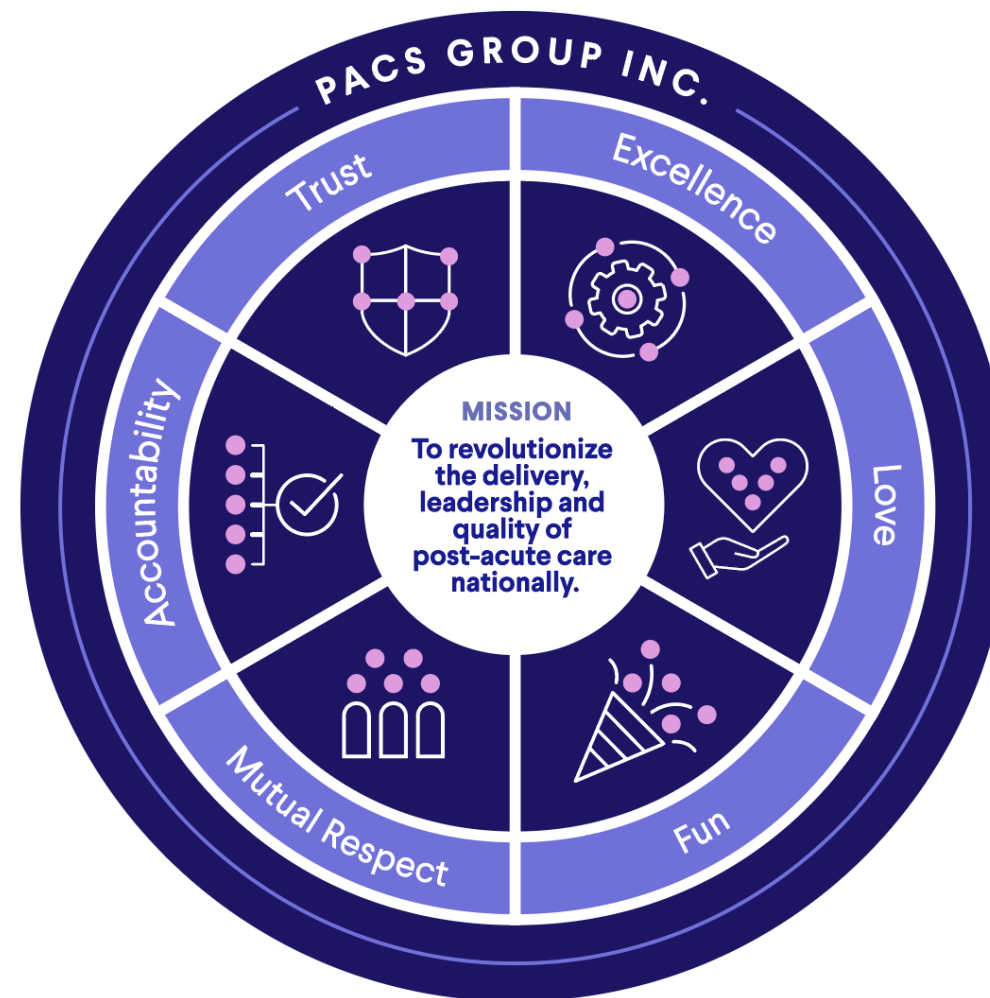
The Company and its subsidiaries that are not licensed healthcare providers do not provide healthcare services to patients, residents or any other person, and do not direct or control the provision of services provided or the operations of those provider subsidiaries. All healthcare services are provided solely by its applicable subsidiaries that are licensed healthcare providers, under the direction and control of licensed healthcare professionals in accordance with applicable law.

The information in this presentation is provided as of today’s date only, and, except as required by federal securities law, we not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changing circumstances or for any other reason after the date of this presentation.



# Healthcare Elevated

PACS is elevating healthcare in the post-acute care space by delivering on our mission and values to create real change. By striving for the best while staying true to who we are, we're forging a bright future for post-acute care delivery and support across the nation.



## MISSION

To revolutionize the delivery, leadership and quality of post-acute care nationally.

## VALUES



**Love.** We recognize that love is the foundation for providing care to the vulnerable. We support our clients as they build a culture of loving care within and beyond their communities.



**Trust.** We act with integrity and expect the same of others.



**Mutual respect.** We treat others the way they want to be treated.



**Excellence.** We look for and act on opportunities to improve every day.



**Accountability.** We seek responsibility for our actions, attitudes and mistakes.



**Fun.** We create and instill fun and enjoyment in everything we do.

# Our Story

## Founded in 2013

Founded by Jason Murray and Mark Hancock in 2013 with two facilities in Southern California

The company has grown through **transforming long-term care facilities** into high-value transitional care facilities



## Strategic Scale and Density <sup>(1)</sup>

Today, the company operates **218 facilities across 9 states**

We operate in 14 regions, serving over 22,000 patients daily and we are supported by our ~34,000 employees



## Decentralized Operating Model

Facility administrators and local leadership teams have operating authority

**Strategic support** from PACS Services' regional teams through tech-enabled support tools



## Leading Post-Acute Company

Owner and operator of post-acute facilities focused on delivering **high quality skilled nursing care** including short-term, high-acuity transitional care and long-term, custodial care



(1) Numbers presented as of 3/31/2024

# Executive Team



**Jason Murray**, *Chief Executive Officer*

- 10+ years at PACS
- 20+ years of experience as a healthcare executive
- Licensed nursing home administrator, MHA



**Mark Hancock**, *Executive Vice Chairman*

- 10+ years at PACS
- 20+ years of experience as a finance professional
- Licensed nursing home administrator, MBA, CTP



**Derick Apt**, *Chief Financial Officer*

- 6+ years at PACS
- 13+ years of experience as a finance professional
- MBA, Certified Treasury Professional (CTP)



**Josh Jergensen**, *COO*

- 10+ years at PACS
- 10+ years of experience in skilled nursing
- Licensed nursing home administrator, MHA



**PJ Sanford**, *President, PACS Services*

- 10+ years at PACS
- 10+ years of professional experience
- Licensed Nursing Home Administrator, MBA



**Michelle Lewis**, *Chief Accounting Officer*

- 6+ years at PACS
- 20+ years of experience as an accounting professional
- Certified Public Accountant (CPA)



**John Mitchell**, *Chief Legal Officer*

- 7+ years at PACS
- 20+ years of experience as a legal professional
- Juris Doctor (JD)



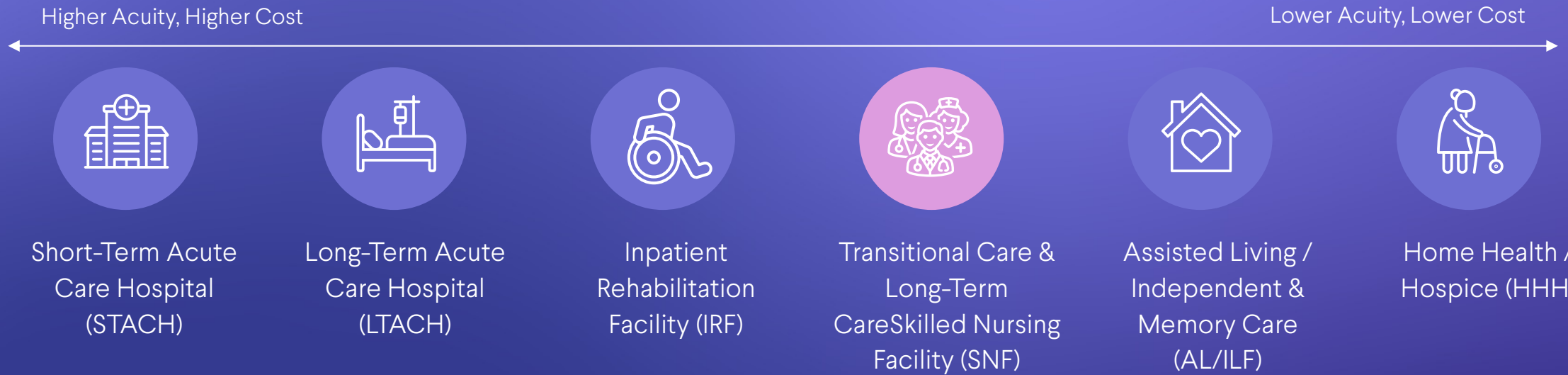
**Joseph Lee**, *Chief Compliance Officer*

- 6+ years at PACS
- 16+ years of experience in skilled nursing
- Licensed nursing home administrator, JD



# Post-Acute Continuum of Care

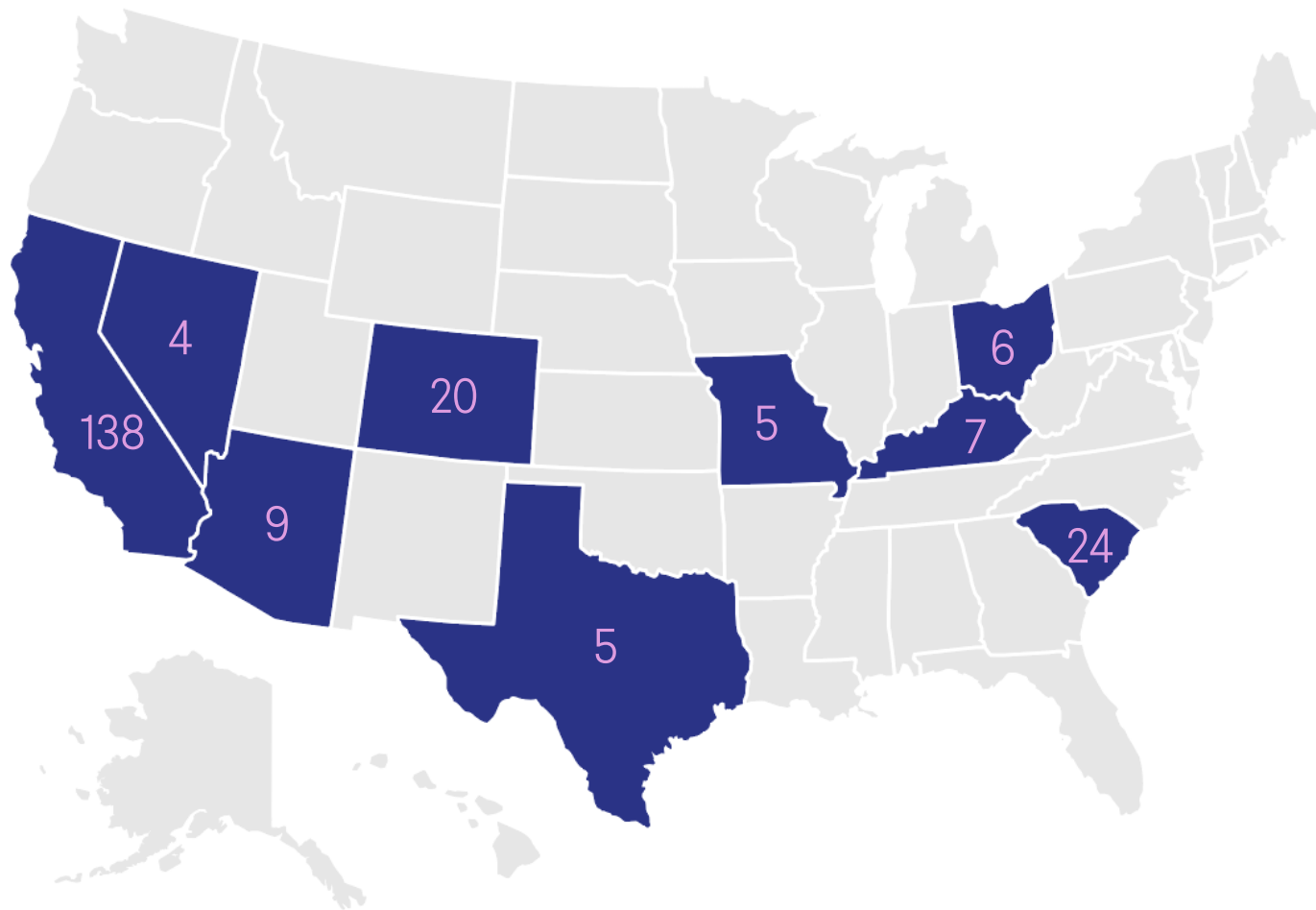
Skilled Nursing Facilities represent 43% of spend at 1/3 the cost



## Cost of Care by facility type per day:



# PACS at a Glance<sup>(1)</sup>



(1) All numbers as of 3/31/2024.



# 218

Facilities

47 Owned/JV Facilities 171 Leased Facilities



# 22,000+

Patients



# ~34,000

Employees



# 94.6%

Occupancy Rate for Mature Facilities



# 32.5%

Avg. Skilled Mix for Mature Facilities



# 4.2

Avg. QM Rating for Mature Facilities



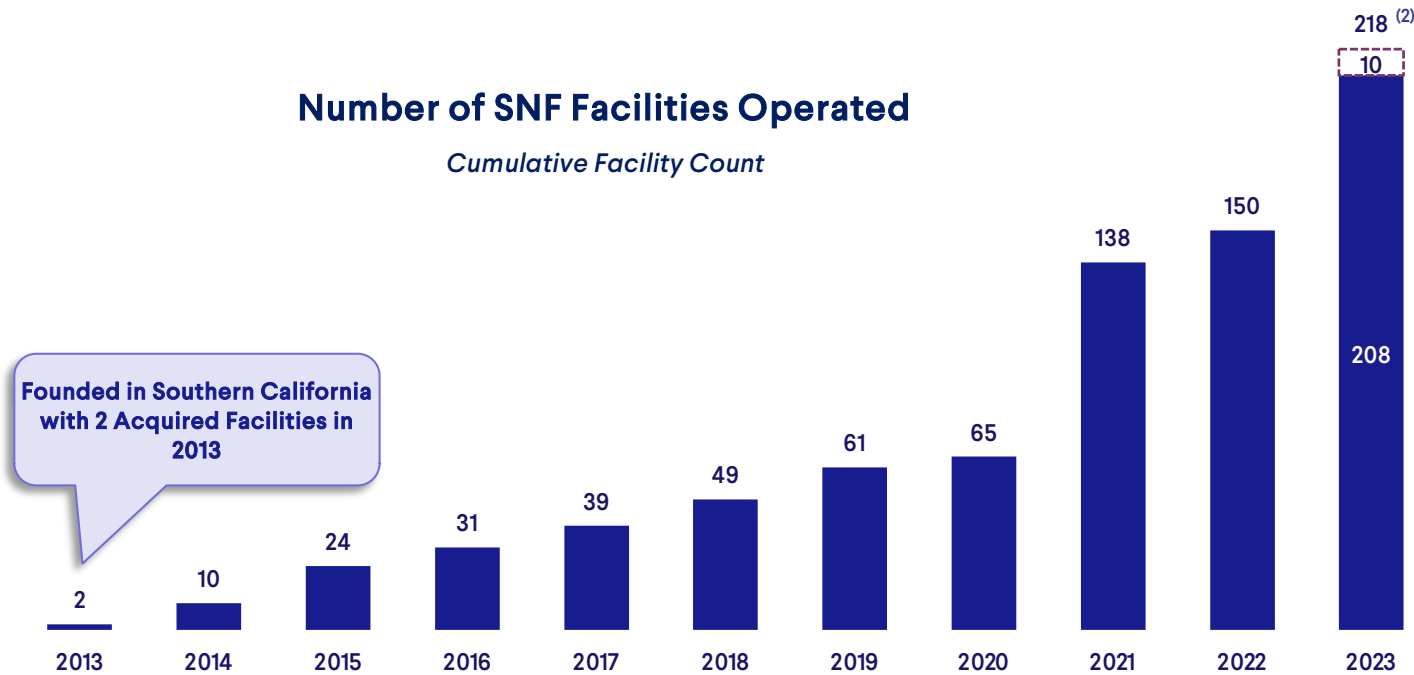
# PACS Growth Over Time

Poised to Continue Leading Industry Consolidation



## Number of SNF Facilities Operated

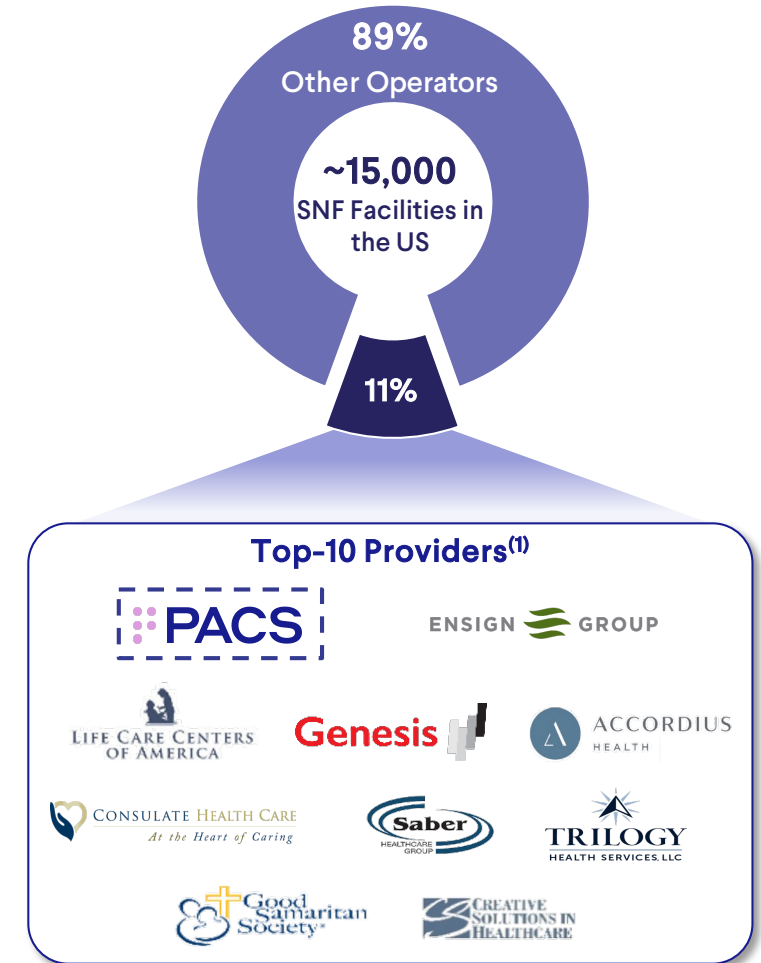
Cumulative Facility Count



# of States	1	2	2	2	3	5	6	6	7	7	9
# Acquired / Opened	2	8	14	7	8	10	12	4	73	12	58
# SNF Beds	267	1,082	2,506	3,106	3,984	5,137	6,506	6,959	14,841	16,345	22,950

24,284<sup>(3)</sup>

## Significant Potential for Consolidation



Source: ASPE Ownership of Skilled Nursing Facilities, 2022; SNF Provider Detail, October 2023 – data.cms.gov.

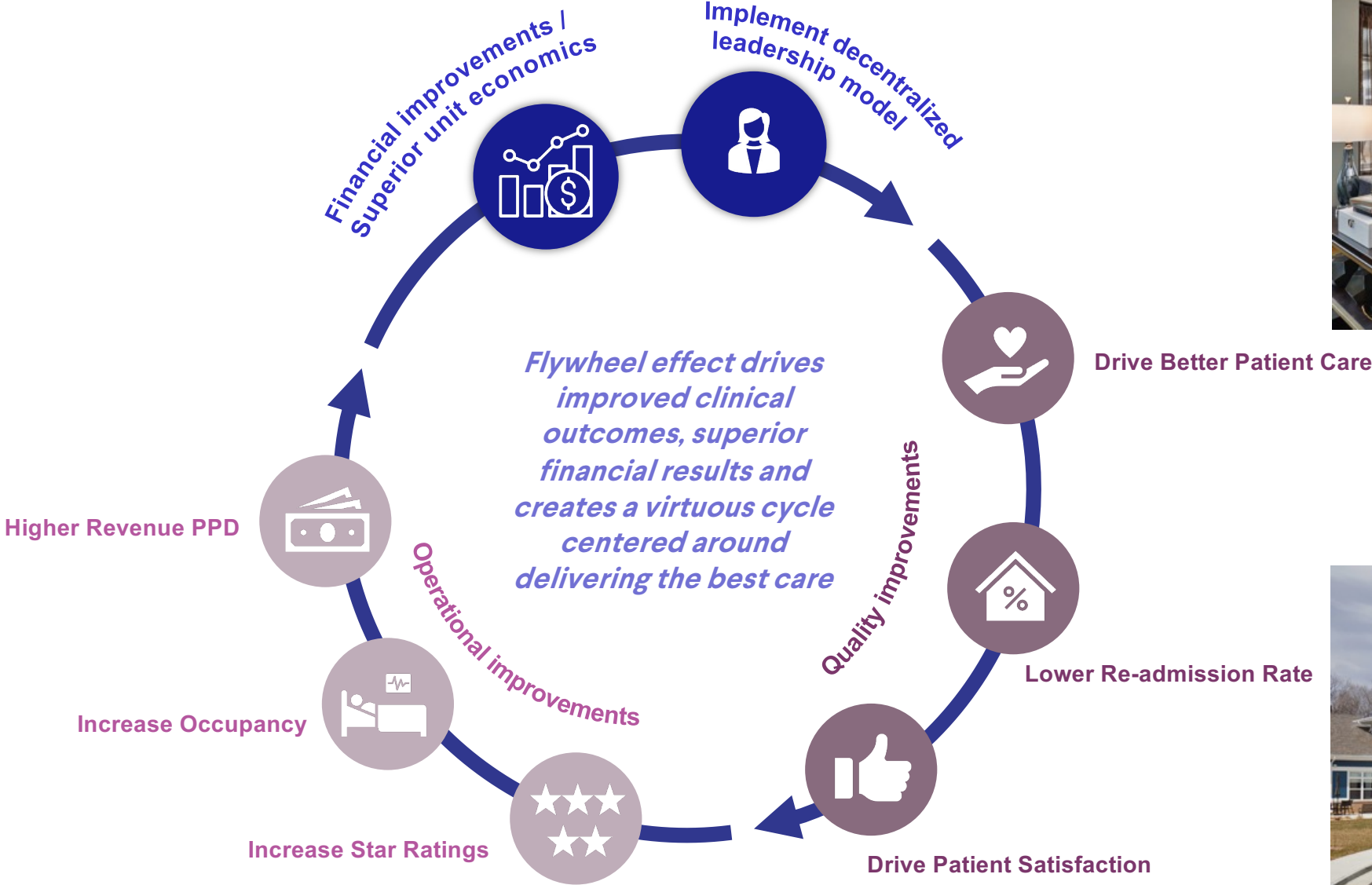
(1) Greater than 100 facilities.

(2) Includes 208 facilities as of 12/31/2023 and 10 acquisitions completed as of 3/1/2024.

(3) Represents SNF beds as of 3/1/2024; includes 1,334 SNF beds from 10 acquisitions completed as of 3/1/2024.



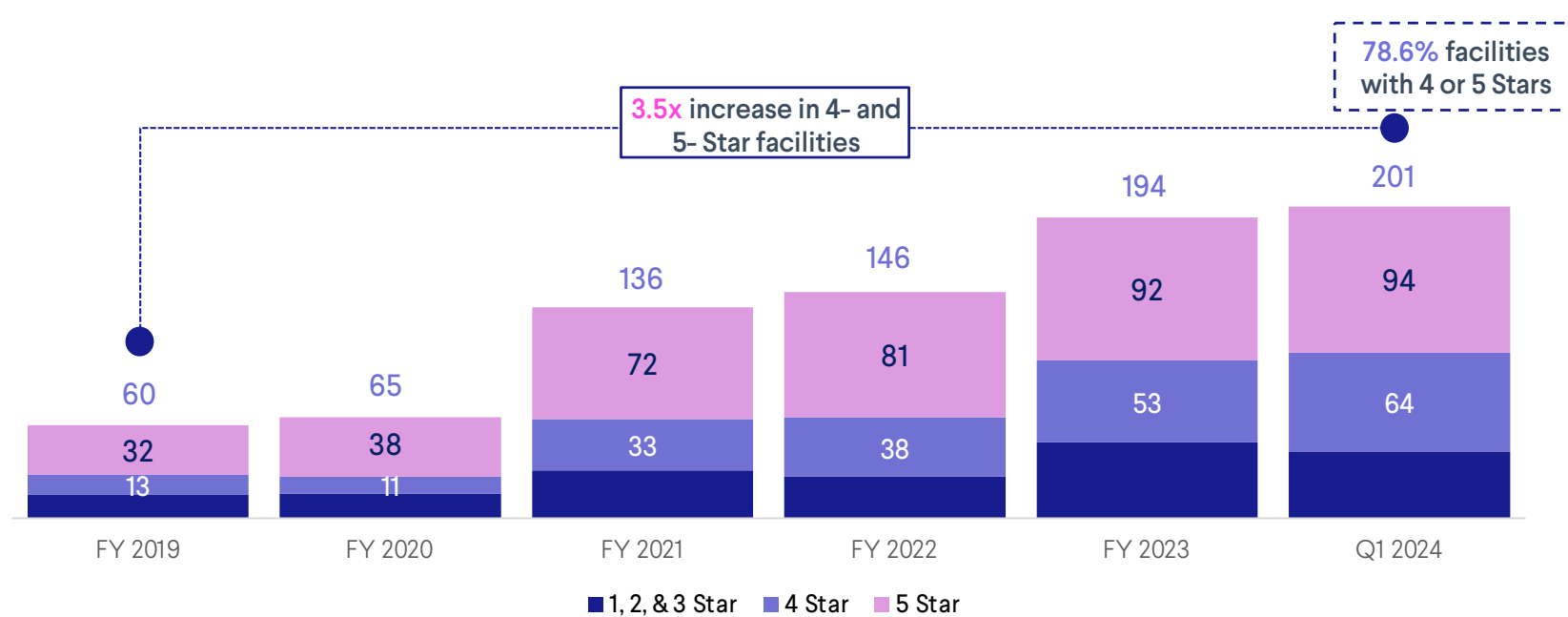
# PACS Flywheel: Focus on continuous improvement of best practices drives patient mix and occupancy



# Our Focus on Quality Drives Consistent and Differentiated Results



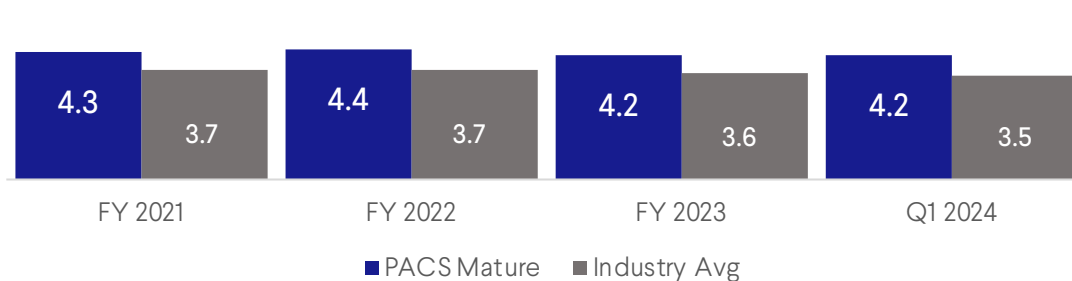
PACS Has a Proven Track Record in Improving Facility QM Rating to 4 or 5 Stars <sup>(1,2)</sup>



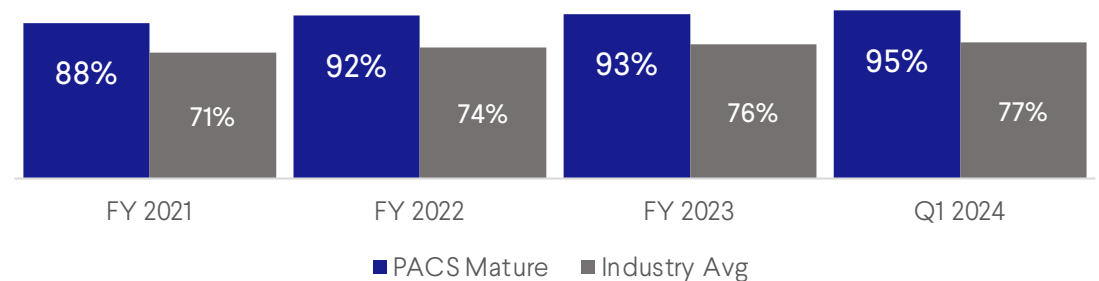
### Discrete Levers Aimed at Improving Quality

- 1 Highly coordinated care
- 2 Personalized care plans
- 3 Tech / data-enabled real time insights and care
- 4 Leaders' incentives aligned with quality and facility outcomes

PACS Mature Facility QM Star Rating vs. Industry Average

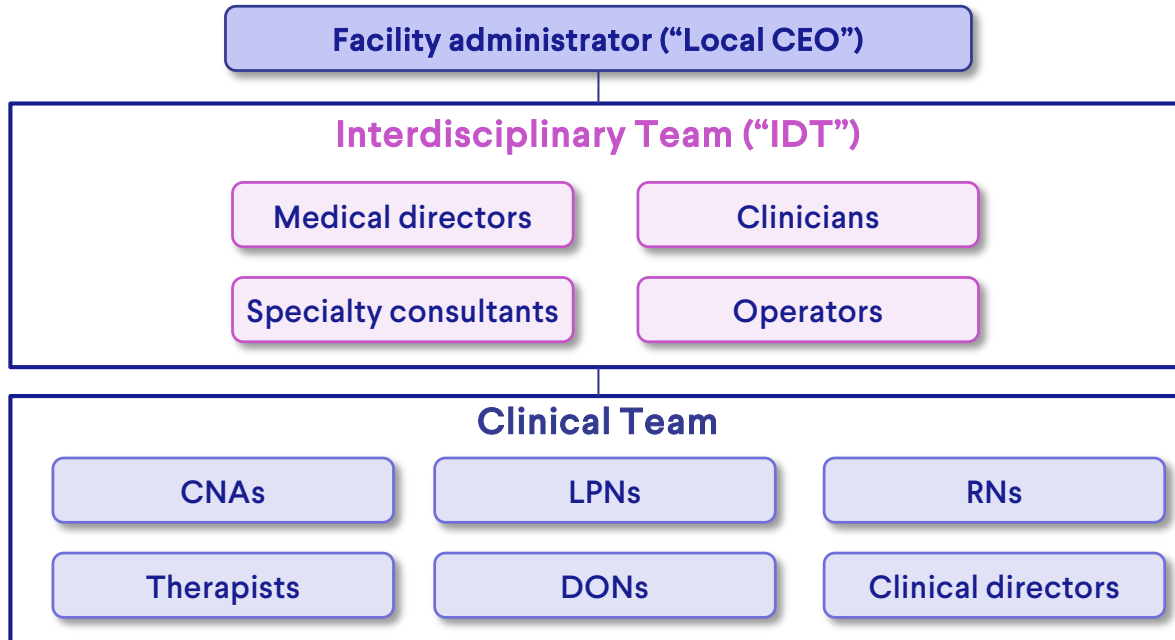


PACS Mature Facility Occupancy Rate vs. Industry Average



(1) Reflects Medicare certified PACS facilities with QM Star rating available at end of time period; data.CMS.gov SNF Provider Information file.  
 (2) Facility count shown excludes facilities with unreported QM star rating for period and excludes ALF facilities with no QM Star ratings.

# Our Local CEOs and Their Teams Run our Facilities Autonomously with Full Support from Regional Teams



## Our Regional Teams

- ✓ Each region has a PACS Services **Regional Vice President** ("RVP") and cross-functional support team
  - **Clinical support** personnel including directors of therapy, quality assurance, medical and clinical services
  - **Non-clinical support** personnel include regional directors of recruitment, accounts receivable and payable, reimbursement, and risk / compliance
- ✓ Teams have **intimate understanding** of the intricacies and challenges of post-acute industry

**14**  
RVPs and Regional  
Teams

**10-15**  
Facilities on average in  
each region



Placing decision-making power at the local level with teams who best understand the needs of their communities enables heightened responsiveness to local realities, improving decisions that impact our patients, referral partners, and clinicians



Our commitment to modernizing facilities and investing in technology ensures that clinicians have the time and resources to develop and implement personalized care plans



Model prioritizes **local operational autonomy**, leveraging **robust technology and support services** for responsive **decision-making based on community needs**, enhancing patient care and facility operations



Operating model is highly **adaptable to new markets**, demonstrated over a decade, **facilitating continued growth and expansion**

CNA = Certified Nursing Aide; LPN = Licensed Practical Nurse; RN = Registered Nurse; DON = Director of Nursing.

# We Attract, Train and Retain Highly Capable Clinicians, Administrators and Leadership



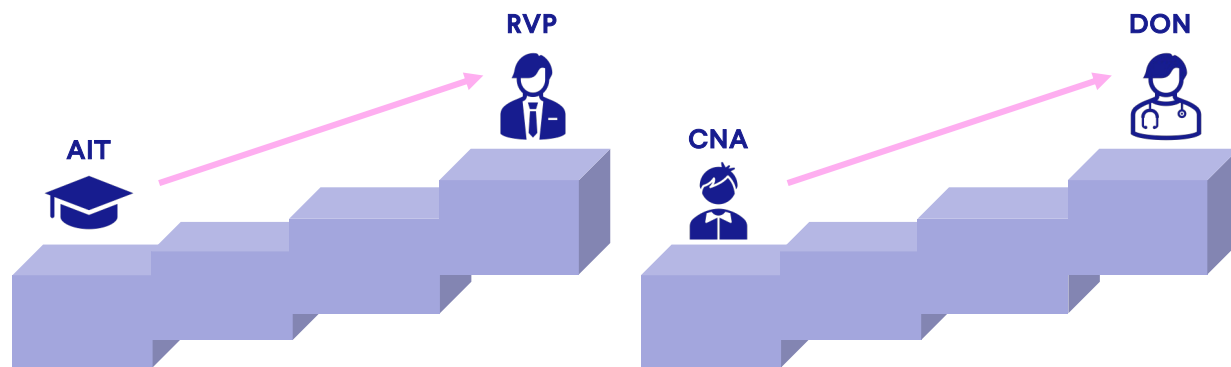
## Our Leaders Are Highly Motivated and Entrepreneurial

### Administrators

- Recent college graduates and experienced professionals
- Mentorship and administrator-in-training program
- Comprehensive regulatory, legislative, operational & clinical training

### Clinicians

- Training & tuition support for clinicians to “uplicense”
- Fully funded continuing education
- Opportunities to advance to clinical leadership positions



## Our Aligned Incentive Structure is Attractive & Empowering



**Competitive and transparent compensation tied to individual facility outcomes and performance**

**Autonomy to operate locally in individual markets → healthcare is local**

**Significant career potential in regions and in new markets as PACS grows**

**Exceptional Retention**

**Contract Labor as a % of Revenue lower than pre-pandemic**

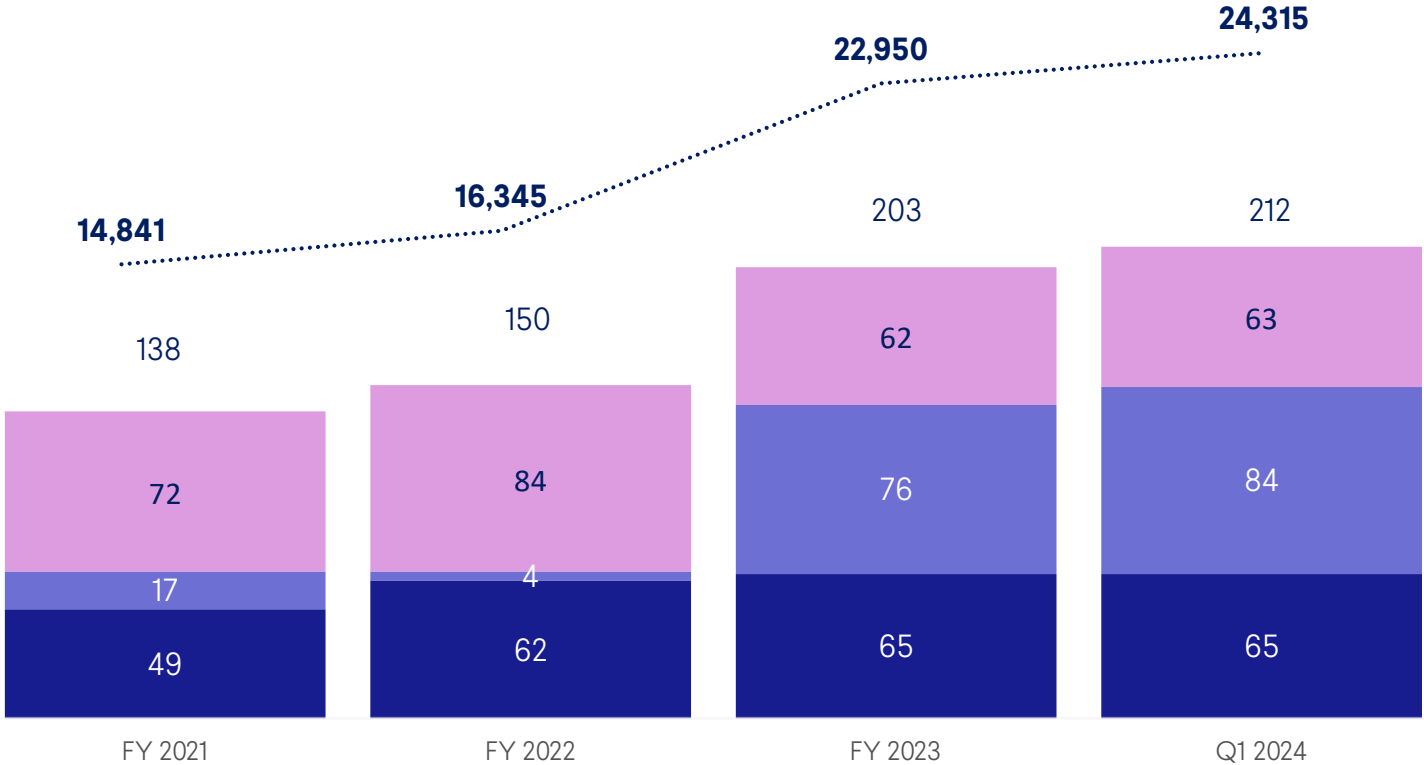
**~4% Administrator turnover**

**Deep bench of AITs to support growth**



# Maturing Cohorts of Facilities

Facilities & Bed Count<sup>(1)</sup>



“New” facilities (0-18 months since acquisition) 
 “Ramping” facilities (18-36 months since acquisition)  
“Mature” facilities (36+ months since acquisition) 
 ..... Total SNF Bed Count

- 19% improvement in Occupancy from New to Mature <sup>(2)</sup>
- 0.4 improvement in QM Star rating from New to Mature <sup>(2)</sup>
- Revenue PPD increase by 15.6% on average as buildings move from New to Mature <sup>(3)</sup>

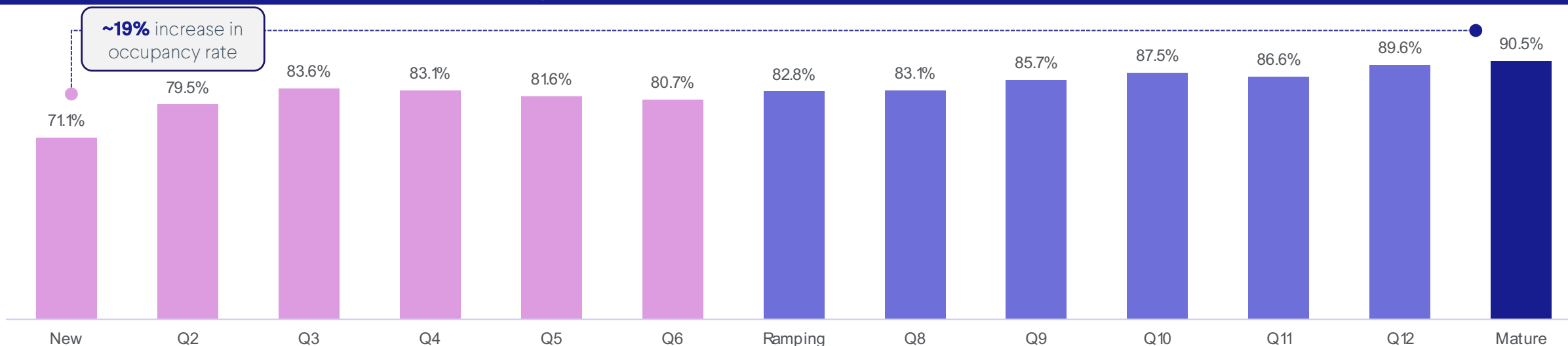
(1) Skilled Nursing Facilities only  
 (2) Based on 24 SNFs acquired since Q1 2018 that have reached mature status (36+ months). Excludes facilities acquired after Q4 2020 which have not yet reached maturity as of 12/31/2023 and excludes new build facilities.  
 (3) Averages from Cohorts as of 3/31/24

# Historical Improvement in Occupancy Rate and QM Star Rating

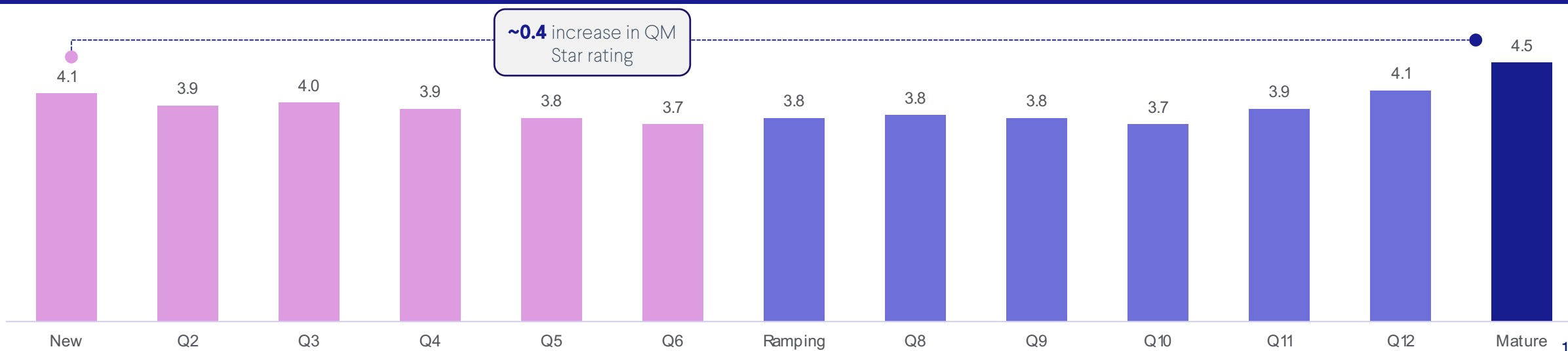
Facilities Acquired and Matured Since 2018



## Average Facility Occupancy Rate from “New” to “Mature”



## Average Facility QM Star Rating from “New” to “Mature”



Note: Data is for 24 SNFs acquired since Q1 2018 and have reached mature status (36+ months). Excludes facilities acquired after Q4 2020 which have not yet reached maturity (as of 12/31/2023) and excludes new build facilities.

# We Strategically Own and Acquire Real Estate



## Roadmap to Unlock Value Through Operational and Financial Improvements



**1** Acquire underperforming long-term custodial care facilities



**2** Improve local leadership, quality & operational performance



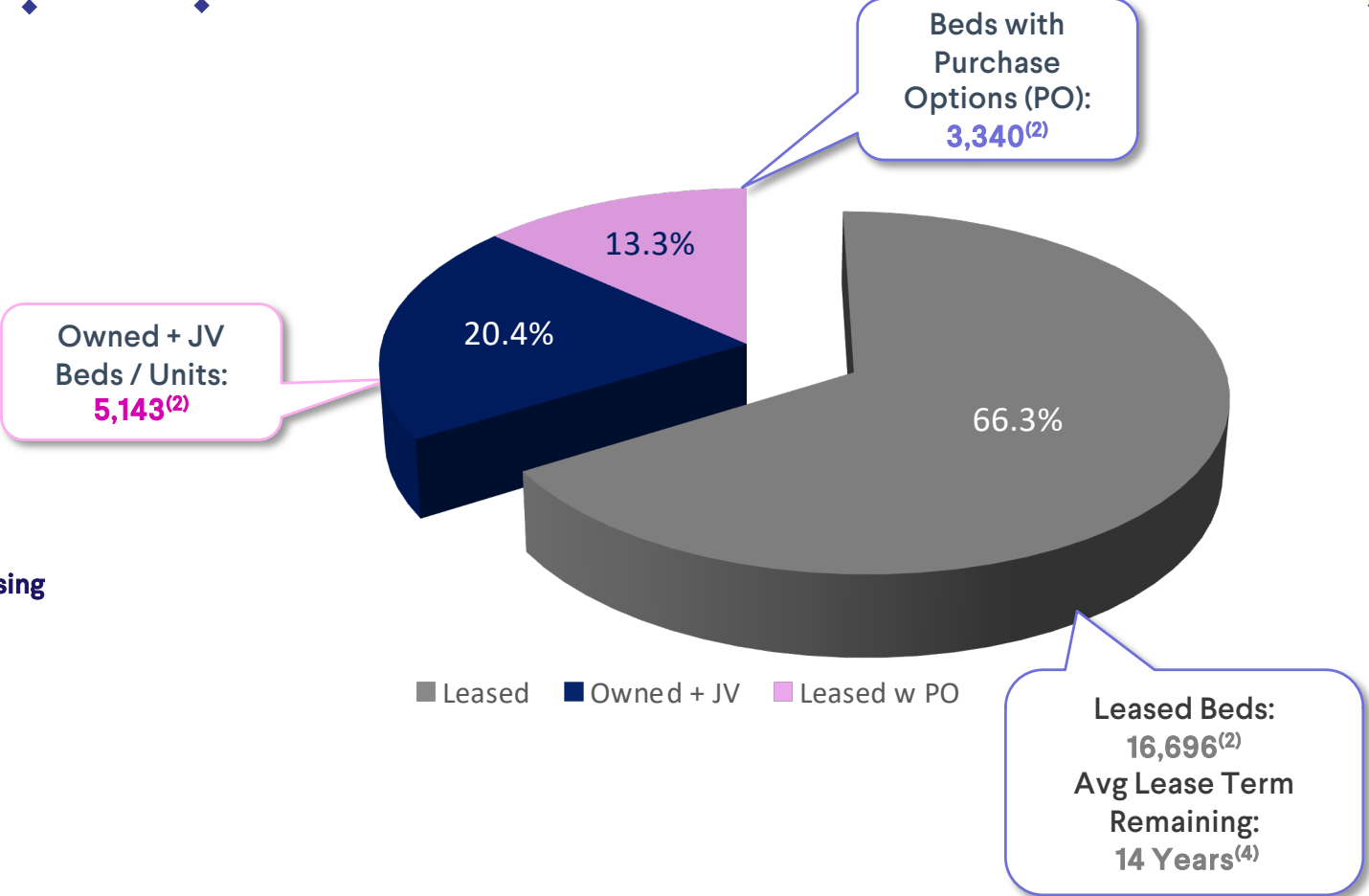
**3** Focus on improvements across census, skilled mix, and margins leveraging technology-enabled PACS Services



**4** "Unlock" value by exercising real estate options after creating value with our operating model



## Ownership of beds PACS Operates <sup>(1)(2)(3)</sup>

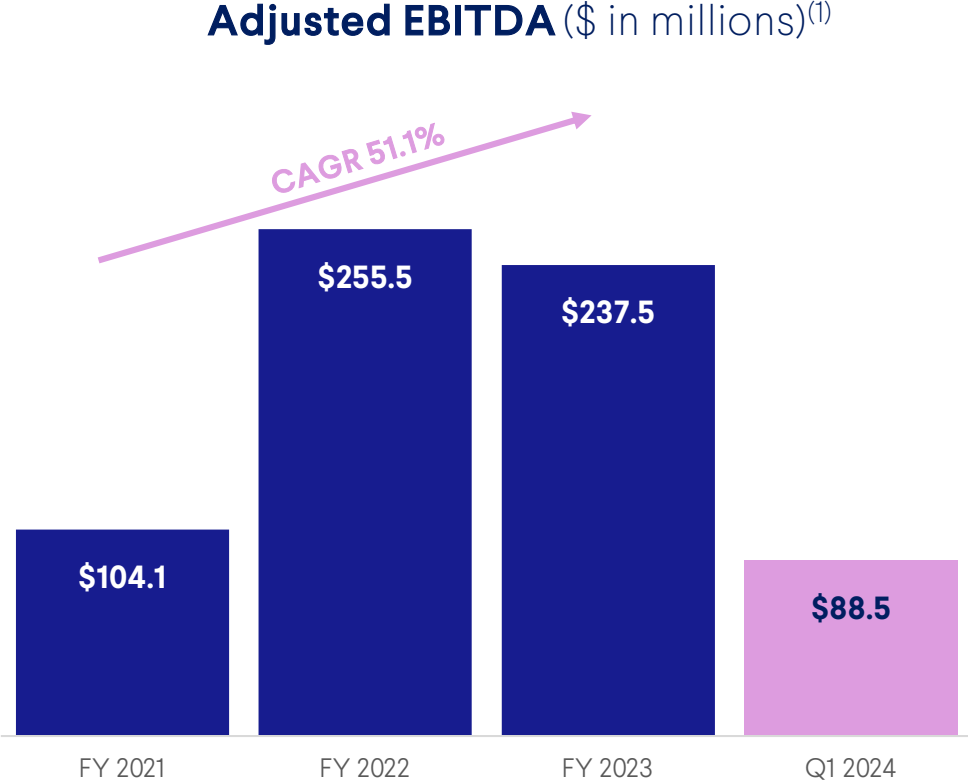
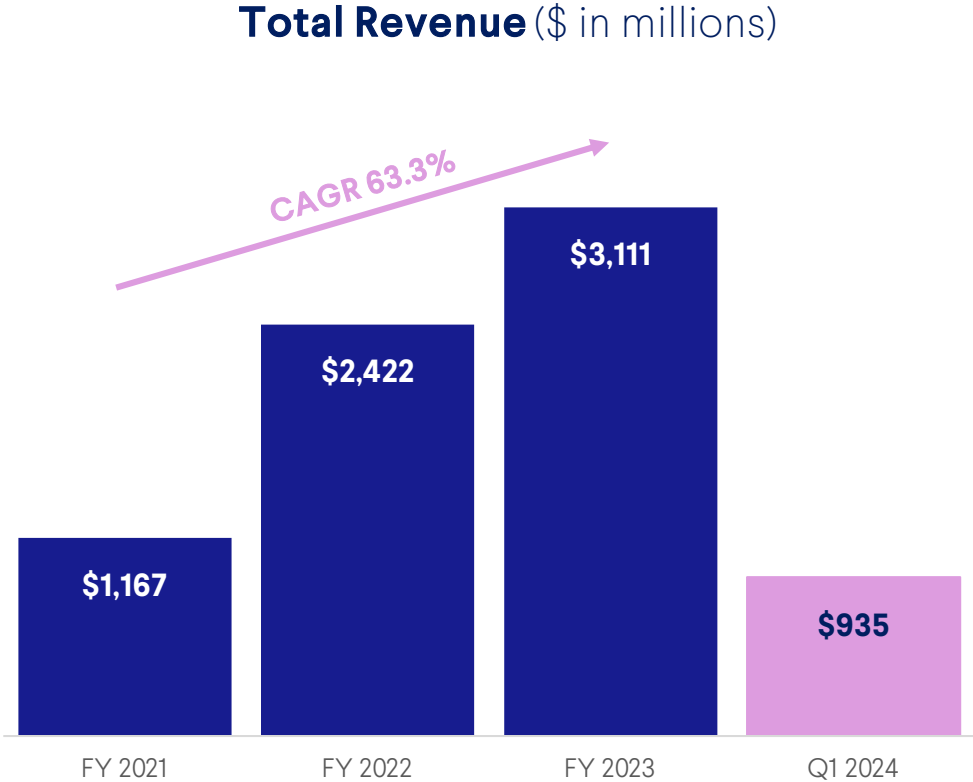


(1) Includes 218 facilities as 3/31/2024 (171 leased, 35 owned, and 12 JV).  
 (2) Includes 24,315 SNF beds and 864 AL beds as of 3/31/2024. Includes total leased w/o PO, leased w/ PO, and owned+JV of 16,696, 3,340 and 5,143, respectively, for a total of 25,179.  
 (3) Percentage mixes shown in chart are based on total bed counts.  
 (4) Operating Lease

# Historical Performance



Quarter ending March 31, 2024



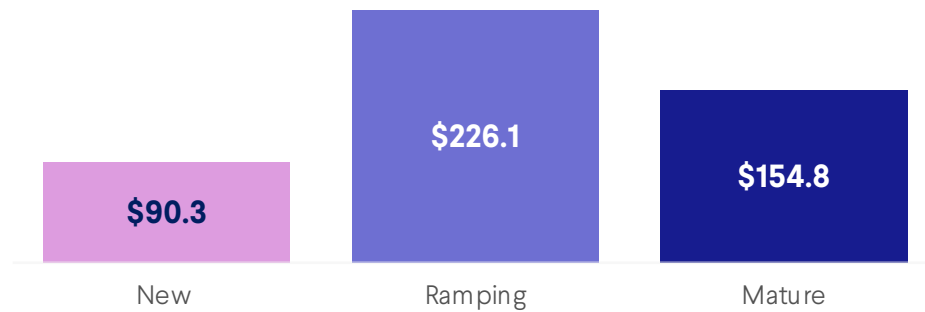
Note: Financials shown are on a fully consolidated basis, including Operating Company (“OpCo”), Property Company (“PropCo”) and PACS Services functions.  
(1) See reconciliation of net income to EBITDA, Adjusted EBITDA, and EBITDAR in the appendix.



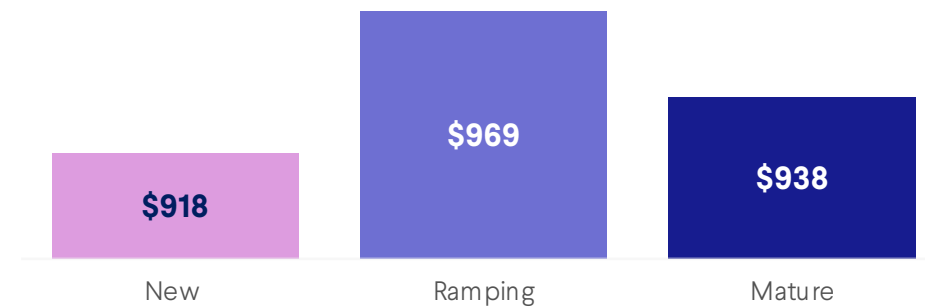
# Quarterly Performance

Quarter ending March 31, 2024

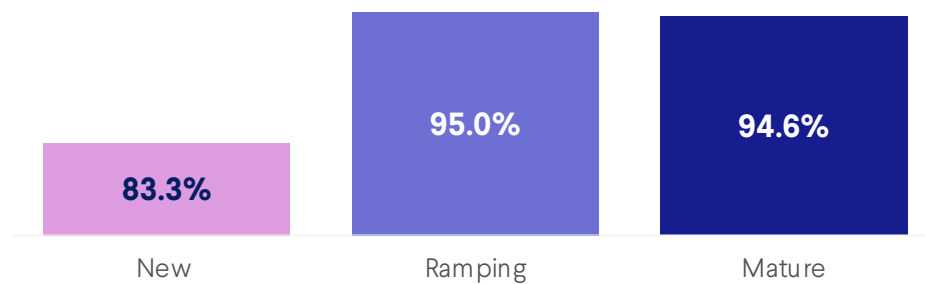
**Skilled Patient Revenue** (\$ in millions)<sup>(1,2)</sup>



**Average Medicare Revenue \$PPD**<sup>(1,2)</sup>



**Occupancy**<sup>(1,2)</sup>



**Skilled Days**<sup>(1,2)</sup>



“**New**” facilities (0-18 months since acquisition) “**Ramping**” facilities (18-36 months since acquisition) “**Mature**” facilities (36+ months since acquisition)

(1) SNF facilities and beds only, excludes AL facilities and beds.  
 (2) New is 29.7%, Ramping is 39.6%, and Mature is 30.7% of current portfolio

# 2024 Guidance

**\$3.65B to  
\$3.75B**

Annual Revenue

**\$351M to  
\$361M**

Adj. EBITDA<sup>(1)</sup>

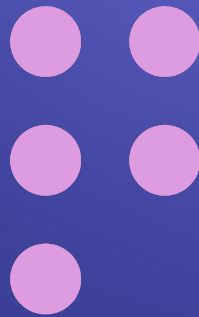
**19% over 2023**

Revenue Growth to Midpoint

(1) A reconciliation of Adjusted EBITDA guidance to Net Loss on a forward-looking basis cannot be provided without unreasonable efforts, as the Company is unable to provide reconciling information with respect to provision for income taxes, interest expense, depreciation and amortization, acquisition related costs, gain on lease termination, rent-cost of services, and other adjustment items all of which are adjustments to Adjusted EBITDA, respectively.



# Appendix



# Balance Sheet



(\$ in millions)	March 31, 2024	December 31, 2023
<b>ASSETS</b>		
Cash and cash equivalents	\$81.2	\$73.4
Accounts receivable, net	622.7	547.8
Other receivables	66.0	52.3
Prepaid expenses and other current assets	61.8	48.6
<b>Total current assets</b>	<b>831.7</b>	<b>722.1</b>
Property and Equipment, Net	660.2	577.5
Operating lease right-of-use assets	2,175.2	2,007.8
Insurance subsidiary deposits and investments	25.2	0.0
Escrow funds	21.5	15.6
Goodwill and other indefinite-lived assets	65.3	65.3
Other assets	87.4	124.4
<b>Total assets</b>	<b>\$3,866.3</b>	<b>\$3,512.7</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Accounts payable	\$157.0	\$140.9
Accrued payroll and benefits	143.8	92.2
Current operating lease liabilities	113.6	109.4
Current maturities of long term debt	16.8	16.8
Current portion of accrued self-insurance liabilities	29.2	27.5
Other accrued expenses	71.1	70.1
<b>Total current liabilities</b>	<b>531.5</b>	<b>456.9</b>
Long-term operating lease liabilities	2,123.9	1,962.0
Accrued benefits, less current portion	6.7	6.7
Lines of credit	537.0	520.0
Long-term debt, less current maturities, net of deferred financing fees	230.9	195.7
Accrued self-insurance liabilities, less current portion	154.9	146.2
Other liabilities	147.8	123.5
<b>Total liabilities</b>	<b>3,732.7</b>	<b>3,411.0</b>
<b>Equity:</b>		
PACS Group, Inc. stockholders equity:		
Common stock - 64,361,693,000 shares authorized, \$0.001 par value, 128,723,386 shares issued and outstanding as of March 31, 2024 and December 31, 2023	0.1	0.1
Accumulated other comprehensive income	0.2	0.0
Retained earnings	127.7	96.0
<b>Total stockholders' equity</b>	<b>128.0</b>	<b>96.1</b>
Non-controlling interest in subsidiary	5.6	5.6
<b>Total equity</b>	<b>133.6</b>	<b>101.7</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$3,866.3</b>	<b>\$3,512.7</b>



# Income Statement



(\$ in millions)	Three Months Ended March 31,	
	2024	2023
<b>Revenue</b>		
Patient and resident service revenue	\$934.3	\$707.8
Other revenue	0.4	0.6
<b>Total Revenue</b>	<b>\$934.7</b>	<b>\$708.4</b>
<b>Operating Expenses</b>		
Cost of services	736.0	538.8
Rent - cost of services	64.0	45.1
General and administrative expenses	46.9	59.4
Depreciation and amortization	7.9	5.8
<b>Total Operating Expenses</b>	<b>\$854.8</b>	<b>\$649.1</b>
<b>Operating Income</b>	<b>\$79.9</b>	<b>\$59.3</b>
<b>Other (Expense) Income</b>		
Interest expense	(15.4)	(10.6)
Gain on lease termination	8.0	0.0
Other income, net	0.4	0.4
<b>Total Other Expense, net</b>	<b>(\$6.9)</b>	<b>(\$10.2)</b>
Income before provision for income taxes	\$73.0	\$49.1
Provision for income taxes	(23.9)	(11.5)
<b>Net Income</b>	<b>\$49.1</b>	<b>\$37.6</b>
Less:		
Net income attributable to noncontrolling interest	0.0	0.0
<b>Net income attributable to PACS Group, Inc.</b>	<b>\$49.1</b>	<b>\$37.6</b>
<b>Net income per common share attributable to PACS Group, Inc.</b>		
Basic and Diluted	\$0.38	\$0.29
<b>Weighted-average shares outstanding</b>		
Basic and Diluted	128,723,386	128,723,386
<b>Other comprehensive income:</b>		
Unrealized gain on available-for-sale debt securities	\$0.2	\$0.0
Total other comprehensive income	\$0.2	\$0.0
<b>Comprehensive income</b>	<b>\$49.3</b>	<b>\$37.6</b>
Less:		
Comprehensive income attributable to noncontrolling interest	0.0	0.0
<b>Comprehensive income attributable to PACS Group, Inc.</b>	<b>\$49.3</b>	<b>\$37.6</b>

# Summary of Cash Flow

(\$ in millions)	Three Months Ended	
	31-Mar-24	31-Mar-23
Net Cash provided by (used)		
Operating activities	58.8	79.3
Investing activities <sup>(1)</sup>	(118.7)	(57.5)
Financing activities	34.5	14.9
<b>Net Increase (Decrease)</b>	<b>(\$25.4)</b>	<b>\$36.7</b>
Cash at Beginning of Period	118.7	98.2
<b>Cash at End of Period</b>	<b>\$93.3</b>	<b>\$134.9</b>

(1) \$25.0 million invested from captive insurance into investment grade bonds in the three months ended March 31, 2024

# Reconciliation of Net Income to Adjusted EBITDA and Adjusted EBITDAR



(\$ in millions)	Three Months Ended March 31,	
	2024	2023
Net income	\$49.1	\$37.6
Less: net income attributable to noncontrolling interest	0.0	0.0
Add: interest expense	15.4	10.6
Provision for income taxes	23.9	11.6
Depreciation and amortization	7.9	5.8
<b>EBITDA</b>	<b>\$96.3</b>	<b>\$65.6</b>
Acquisition related costs	0.2	0.5
Gain on lease termination	(8.0)	0.0
<b>Adjusted EBITDA</b>	<b>\$88.5</b>	<b>\$66.1</b>
Rent - cost of services	64.0	45.1
<b>Adjusted EBITDAR</b>	<b>\$152.5</b>	<b>NA</b>

# Reconciliation of Net Income to Adjusted EBITDA



(\$ in millions)	Years ended December 31,		
	2023	2022	2021
Net income	\$112.9	\$150.5	\$47.9
Less: net income attributable to noncontrolling interest	0.0	0.0	0.0
Add: interest expense	49.9	25.5	5.3
Provision for income taxes	44.4	56.5	33.5
Depreciation and amortization	25.7	22.4	7.2
<b>EBITDA</b>	<b>\$232.9</b>	<b>\$254.9</b>	<b>\$93.9</b>
Acquisition related costs	1.0	0.2	3.2
Acquisition - integration related costs	0.0	0.0	7.0
Lease termination fees	0.0	0.4	0.0
Loss resulting from debt restructuring	3.6	0.0	0.0
<b>Adjusted EBITDA</b>	<b>\$237.5</b>	<b>\$255.5</b>	<b>\$104.1</b>



