PENNANT GROUP

Investor Presentation

November 2021

Disclaimers and Other Important Information

Statements in this presentation concerning the future prospects of The Pennant Group, Inc. ("Pennant" or the "Company") are forward-looking statements based on management's current expectations, assumptions and beliefs about our 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 our growth prospects and future operating and financial performance. They are not guarantees of future results and are subject to risks, uncertainties and assumptions that could cause our actual results to materially and adversely differ from those expressed in any forward-looking statement.

Readers should not place undue reliance on any forward-looking statements and are encouraged to review our periodic filings with the Securities and Exchange Commission, including our recently filed Form 10-K filed on February 24, 2021 for a more complete discussion of the risks and other factors that could affect Pennant's business, prospects and any forward-looking statements. These documents are available on our website at www.pennantgroup.com. This information is provided as of today's date only, and except as required by federal securities law, Pennant does 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.

We supplement our GAAP reporting with supplemental non-GAAP financial measures. These include performance measures (EBITDA, Adjusted EBITDA, and Segment Adjusted EBITDA), non-GAAP net income and a valuation measure (Adjusted Consolidated EBITDAR). We believe these non-GAAP financial measures reflect an additional way of looking at aspects of our operations that, when viewed with our GAAP results, provide a more complete understanding of factors and trends affecting our business. They should not be relied upon to the exclusion of GAAP financial measures. A more ample discussion of these non-GAAP financial measures is available in our Form 10-K, which was filed with the SEC, and a reconciliation to GAAP is included as an appendix to this presentation.

During this presentation we may reference operations in any or all of our home health, hospice or senior living independent operating subsidiaries. Each such business is operated as a separate, independent operating subsidiary that has its own management, employees and assets. References in the presentation to the consolidated "Company" and "its" assets and activities, as well as the use of the terms "we," "us," "our," and similar verbiage are not meant to imply that The Pennant Group, Inc. has direct operating assets, employees or revenue, or that any of the operations or the Service Center or the captive insurance subsidiary are operated by the same entity.

Star Ratings refer to the star rating criteria established by the Centers for Medicare and Medicaid Services ("CMS").

Table of Contents

The Pennant Group Overview

Pennant Group at a Glance

Highly Diversified by Payor, Service and Geography

Presence across 14[1] States with 88[1] Home Health and Hospice Agencies and 54[1] Senior Living Operations; Revenue Generated from Multiple Sources

Clinical Excellence Driven by Quality Care and Outcomes

Average Star Rating Across All Pennant Agencies of 4.4 vs. Industry Average of 3.0[2]

Strong Track Record of Growth

2011 - 2020 Revenue CAGR of ~32% Driven by Solid Organic Growth and Disciplined Acquisition Strategy

Growing End Markets with Significant White Space

Approximately 20% of Home Health, Hospice and Senior Living Operations Owned by Large Operators – Significant Consolidation Opportunity

Proven Leadership Team

Management Team Comprised of Healthcare Leaders with ~61 Years of Cumulative Experience at Pennant/ Ensign and the Industry that drove Home Health, Hospice and Senior Living Expansion

1. As of September 30, 2021
2. Source: SHP Assumption of CMS Home Health Quality of Patient Care National Performance Report dated as of July 2021, last accessed October 2021

Diversified Business and Payor Mix with Robust Operating Track Record

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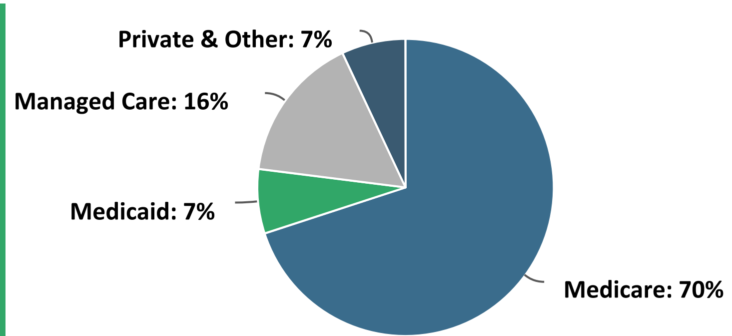
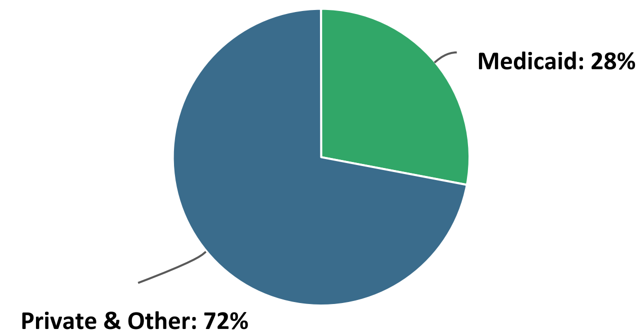
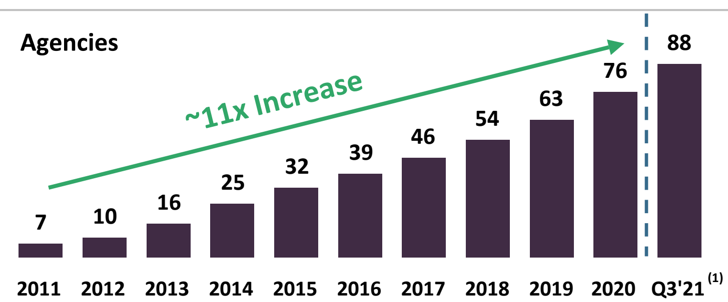
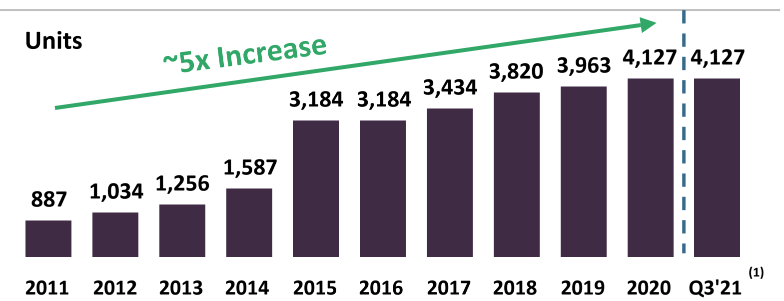
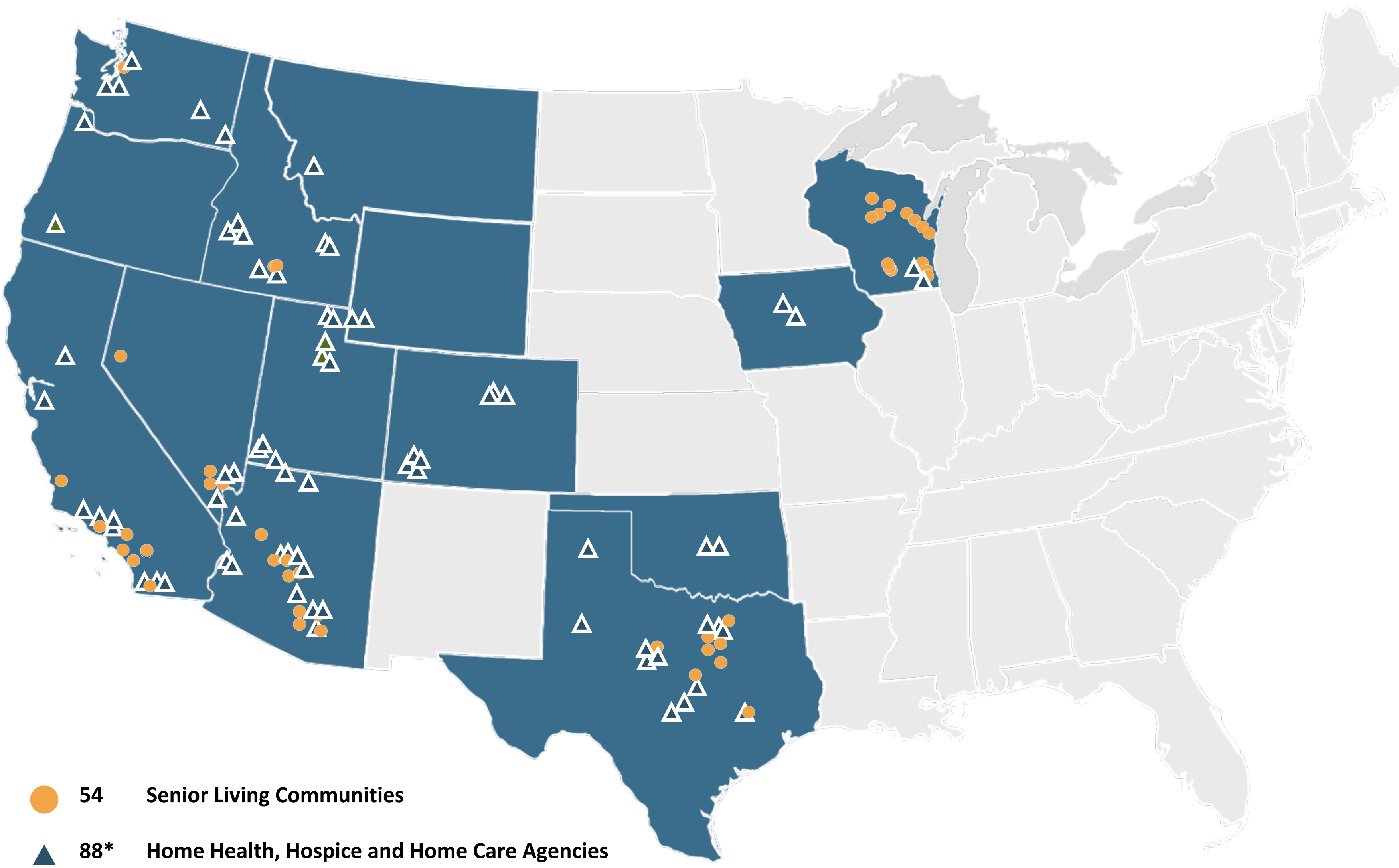
	Home Health and Hospice *(71% of YTD 2021 Revenue)*	Senior Living *(29% of YTD 2021 Revenue)*
Payor Mix (1)		
Units / Agencies		
Operating Metrics (2)	• Total home health admissions: 28,079 • Home Health average Medicare revenue per completed 60-day episode : $3,382 • Hospice average daily census: 2,313 • Total hospice admissions: 6,420 • Hospice Medicare revenue per day: $173	• Unit Average Occupancy: 72.8% • Average monthly revenue per occupied unit: $3,179

1. As of September 30, 2021.
2. For the nine months ended September 30, 2021

Footprint as of September 30, 2021

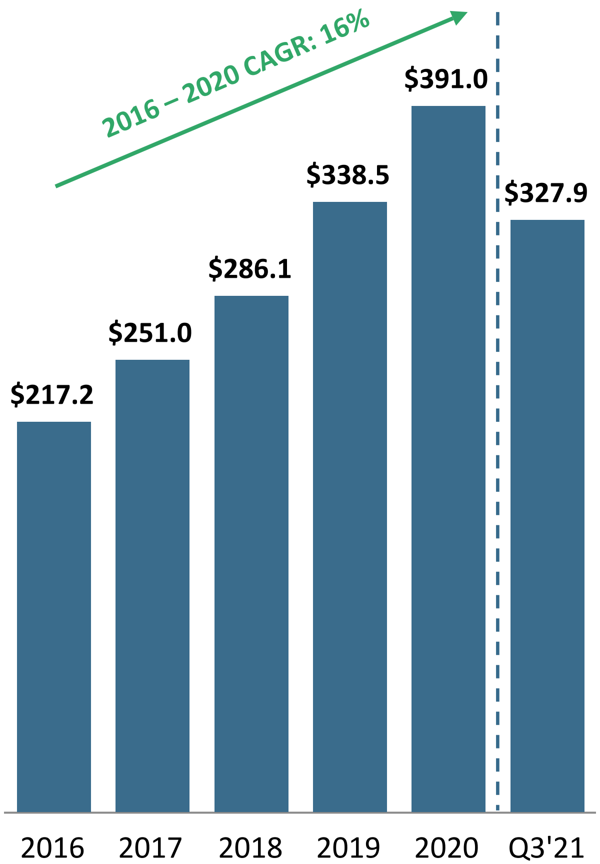


●	54	Senior Living Communities
▲	88*	Home Health, Hospice and Home Care Agencies *No agencies have been acquired after 9/30/21.

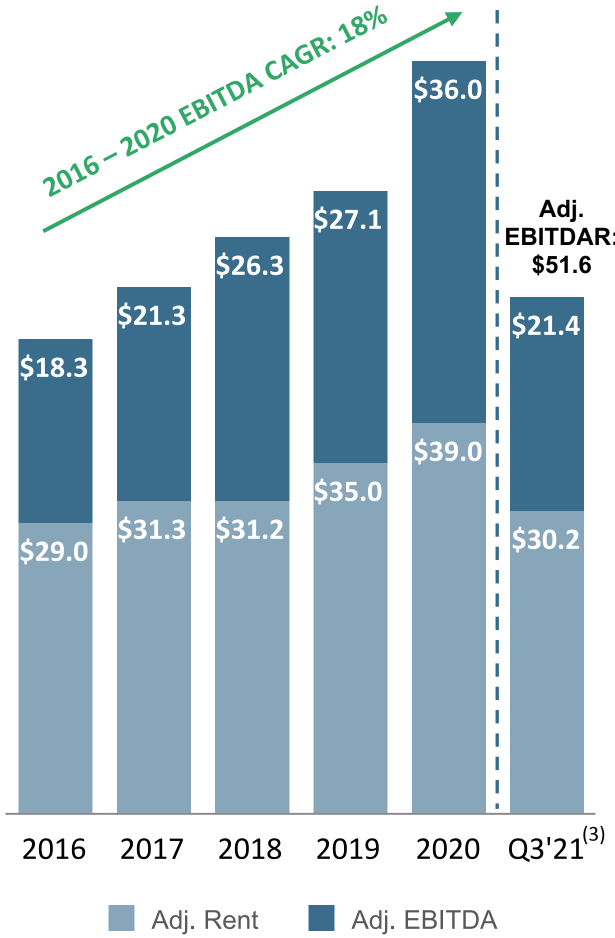
Track Record of Strong Financial Growth

History of Strong Financial Performance and Growth

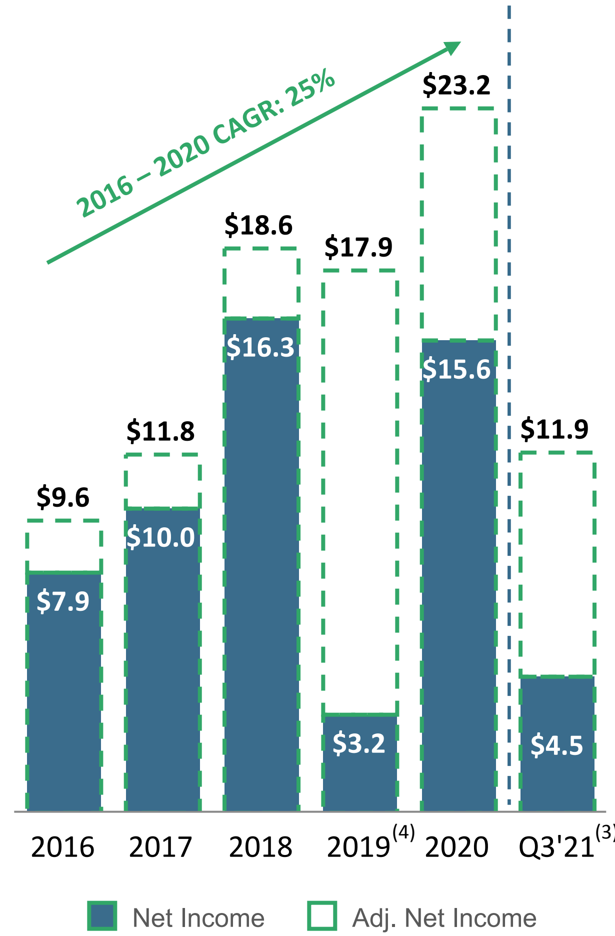
Net Revenue



Adjusted EBITDA and Rent[1]



Net Income and Adjusted Net Income[2]



Note: Dollars in millions.
1. Rent is adjusted for the rent related to rent at start–up and closed operations added back to Adj. EBITDA.
2. See Appendix for a reconciliation of GAAP to non-GAAP financial measures.
3. Beginning in the first quarter of fiscal year 2021, we updated our definition of Segment Adjusted EBITDAR, Adjusted EBITDA, and Adjusted Net Income no longer include an adjustment for COVID-19 expenses offset by the amount of sequestration relief. Fiscal year 2020 measures were not updated to exclude the COVID-19 adjustment. For further details see the Appendix for a reconciliation of GAAP to non-GAAP financial measures.
4. Net income for 2019 includes Spin-off related transaction costs of $13.2 million. See Appendix for additional non-GAAP adjustments.

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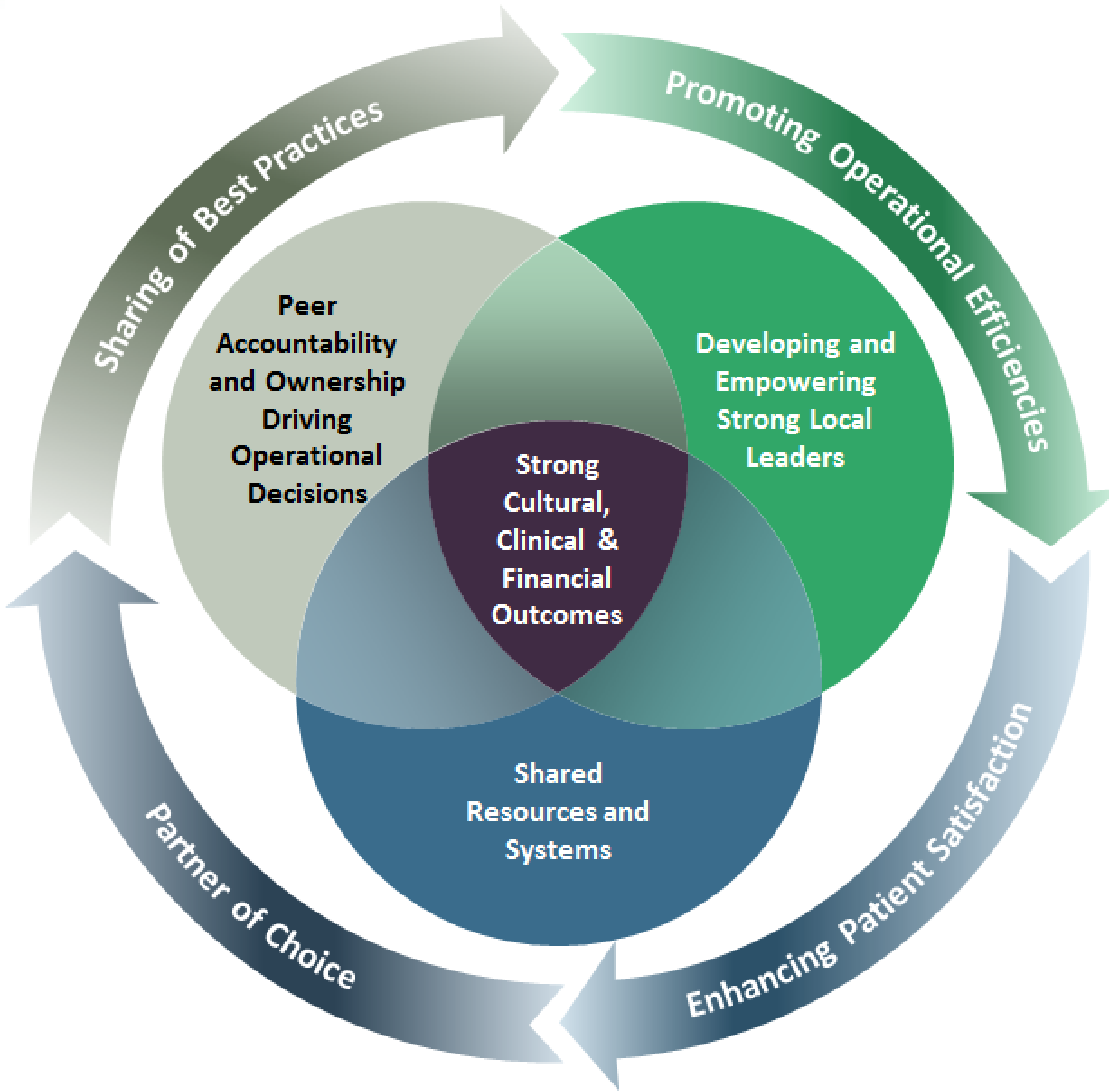
Investment Highlights

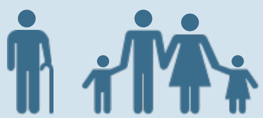
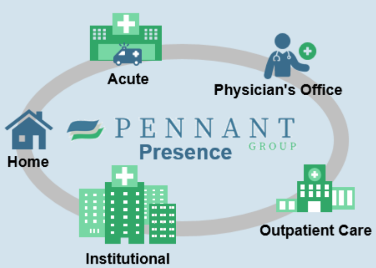
Investment Highlights

1. Superior Performance Delivered Through Our Innovative Operating Model
2. Partner of Choice Driven By Empowered Local Leaders and Strong Clinical Outcomes
3. Poised to Successfully Navigate Industry and Regulatory Dynamics
4. Well Positioned to Grow Through Our Disciplined Acquisition Strategy
5. Proven Financial Performance with a Focus on Maintaining a Strong Balance Sheet
6. Experienced Management Team Comprised of Healthcare Industry Experts

1 Our Innovative Operating Model…



1 …Helps Us Achieve Superior Care Delivery…

Local		• Healthcare happens locally • Optimal clinical outcomes driven by strong community relationships
Innovative Operating Model		• Innovative operating model places clinical decision making and program development in the hands of our local clinical leaders • Clinical and operational leaders empowered to create and enhance clinical care to produce high quality outcomes
Tailored Services		• Right care, right place, right time • Ability to adapt to changing needs of patients, partners and community
Strong Community Relationships		• Community relationships based on communication, transparency and trust • Strong referral network • EPCC and other local relationships drive care collaboration and effective transitions between care settings
Driving Superior Care Delivery		• Driving optimal outcomes by helping patients navigate through the care continuum based on their needs • Care continuum strengthened by additional ventures and partnerships such as palliative care, personal care services and mobile physician services

...While Driving Shared Responsibility for Financial Outcomes

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Pennant's Cost Management Philosophy

Patient-Centered Approach to Care

- Clinical decisions based on individual patient needs
- Thoughtful cost containment at population level

Accountability Through Shared P&L Responsibility

- Robust data tools to allow local leaders to pinpoint areas for financial improvement
- Transparency combined with shared responsibility and incentives creates alignment of interests

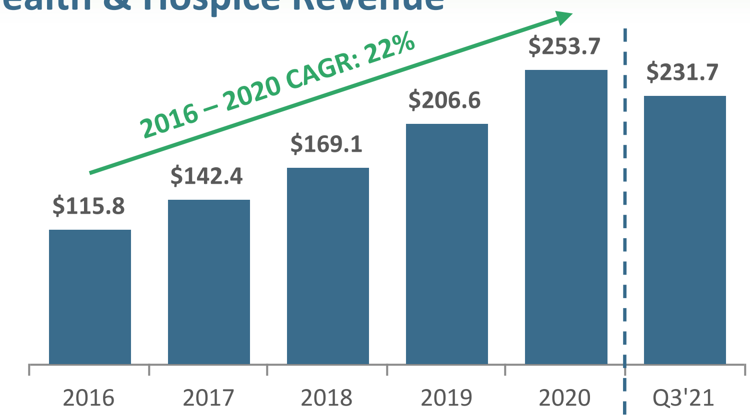
Operating Efficiencies

- Strong technology infrastructure across home health, hospice and senior living
- Early adopter of Homecare Homebase EMR
- Staffing efficiencies through sharing of resources across functional areas
- Transformational integration of new acquisitions to shared systems and platforms

Focus on Non-Clinical Operating Costs

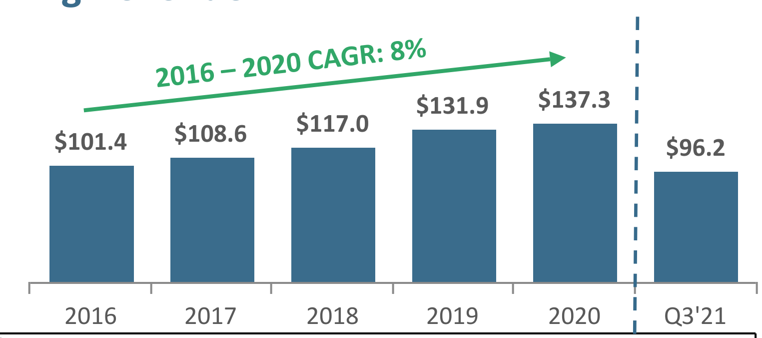
- Benchmarking of labor, DME, food supply and pharmacy costs on a per patient per day level

Home Health & Hospice Revenue



	2016	2017	2018	2019	2020	Q3'21
Adj. EBITDAR[1]	$ 16.5	$ 21.0	$ 26.4	$ 33.4	$ 49.5	$ 43.1
Rent[2]	1.5	1.8	2.2	3.0	3.5	3.3
Adj. EBITDA[3]	15.0	19.2	24.2	30.4	46.0	39.8

Senior Living Revenue



	2016	2017	2018	2019	2020	Q3'21
Adj. EBITDAR[1]	$ 41.3	$ 44.2	$ 47.2	$ 47.3	$ 48.3	$ 27.7
Rent[2]	27.4	29.3	28.9	32.0	35.5	26.9
Adj. EBITDA[3]	13.9	14.9	18.3	15.3	12.8	0.8

Note: Dollars in millions.

1. Segment Adjusted EBITDAR from Operations is the GAAP segment measure of profit and loss. Beginning in the first quarter of fiscal year 2021, we updated our definition of Segment Adjusted EBITDAR and Adjusted EBITDA to no longer include an adjustment for COVID-19 expenses offset by the amount of sequestration relief. Fiscal year 2020 measures were not updated to exclude the COVID-19 adjustment. For further details see the Appendix for a reconciliation of GAAP to non-GAAP financial measures.
2. Rent is adjusted for the rent related to rent at start–up and closed operations added back to Adj. EBITDA.
3. See Appendix for a reconciliation of GAAP to non-GAAP financial measures.

2 We Become the Partner of Choice in Our Communities

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Strong Clinical Outcomes, Driven by Our Local Leaders, Uniquely Position Us to Be the Partner of Choice in Our Communities

Local Leadership

- ✓ Leaders empowered to make key operational decisions at the local level on a real-time basis
- ✓ Leaders supported by cutting-edge systems and innovative Service Center

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Superior Clinical Outcomes

- ✓ Focus on achieving high quality outcomes in lower cost settings
- ✓ Tangible and measurable clinical results supported by local leadership and data-driven analytical approach
- ✓ Local leadership incentives aligned with clinical and financial performance

=

Partner of Choice

- ✓ Local market operation of choice with strong payor, provider and employee relationships in the communities we serve

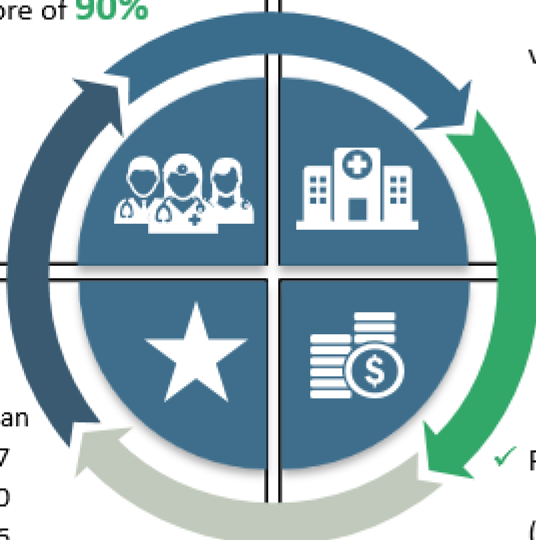
2 Demonstrated Clinical Outperformance

1 High Star Ratings & Quality of Care

- ✓ Average **4.4** Star Rating vs. national average of **3**
- ✓ Hospice Process Measure Composite Score of **90%** vs. national average of **88%**

2 Lower Hospitalizations

- ✓ Only **14.4%** of home health patients admitted to hospital within **60** days vs. national median of **15.4%**



3 Lower Cost

- ✓ Pennant's Medicare Spend Per Beneficiary (MSPB) lower by nearly **1%** compared to National Average

4 Focus on Quality Care

Star Rating Measure	Pennant	Median
Timely Initiation of Care	97.5	95.7
Mgmt of Oral Meds	79.5	75.0
Improvement in Ambulation	84.7	79.6
Improvement in Bed Transfer	85.8	81.1
Improvement in Bathing	89.3	82.3
Improvement in Dyspnea	85.1	82.8
Acute Hospitalization 60 Days	14.4	15.4

Source: SHP Assumption of CMS Home Health Quality of Patient Care National Performance Report dated as of July 2021, last accessed October 2021

2 Local Market Operator of Choice

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Pennant Has Strong Local Presence

- Relationship with local providers matters to patients
- Access to full continuum of care close to home helps patients migrate through care settings as their needs change

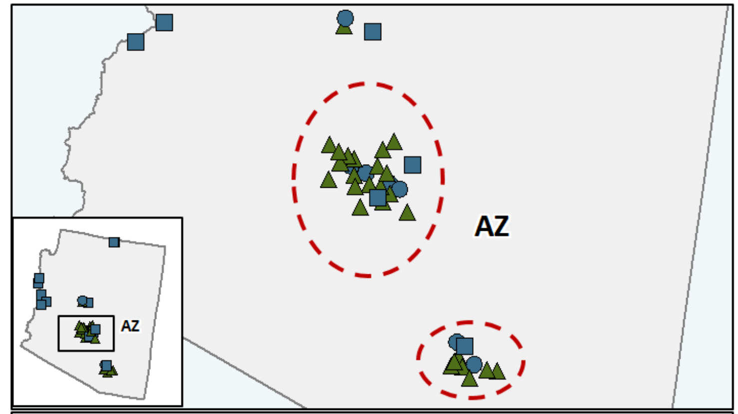
Pennant Has A Unique Care Delivery Approach

- Strong relationship in local markets with payors, hospitals and physician groups
- Communication, transparent data-sharing and responsiveness create breadth and depth of clinical collaboration across the care continuum

Making Pennant A Provider of Choice

- Providing superior care with improved quality and better outcomes while driving down costs
- Driving dialogue around embracing value-based care by leading by example
- Continued growth potential in local markets through partnerships expansion
- Sustained volume growth and financial outcomes

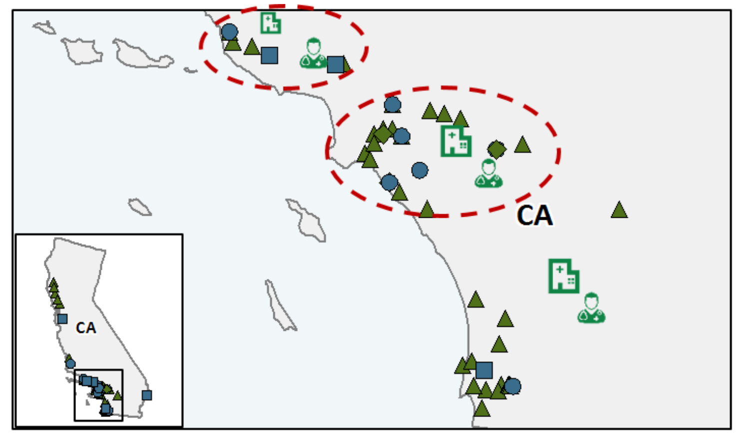
Phoenix Area



Examples of Partners in Area

UnitedHealthcare · St. Joseph's Hospital & Health Center · Banner Health · Equality Health · Dignity Health · Honor Health

Southern California Area



Examples of Partners in Area

Kaiser Permanente · SCAN Health Plan · Scripps · CHG Healthcare · UnitedHealthcare

Home Health & Hospice · Senior Living · Ensign SNF via EPCC · Ensign Campus via EPCC · Sphere of Influence

Broad and Diversified Referral Sources

Overall, referrals generated from hundreds of sources across various local markets; no one source accounts for over 10%

	Hospital	Clinic and Community Physicians	Skilled Nursing Facilities	Senior Living and Other
Overview	• Long term referral relationships driven by preferred provider arrangements • Innovative care models and pathways help us work closely with hospital partners to reduce readmissions	• Referrals driven by Pennant's strong reputation for quality in the local communities • Generated from hundreds of clinics and physician practices in all of our markets	• Ensign referrals constitute less than 10% of total admissions • Potential for growth in referrals coming from non-Ensign SNF operators with channel conflict removed	• Pennant's businesses have a synergistic referral relationship • Home health and hospice operations provide accessible and convenient care to senior living residents

Local Referral Relationships

Chief Executive Officer ↔	Chief Executive Officer
Chief Clinical Officer ↔	Chief Clinical Officer
Medical Director ↔	Physicians
Interdisciplinary Team ↔	Interdisciplinary Team

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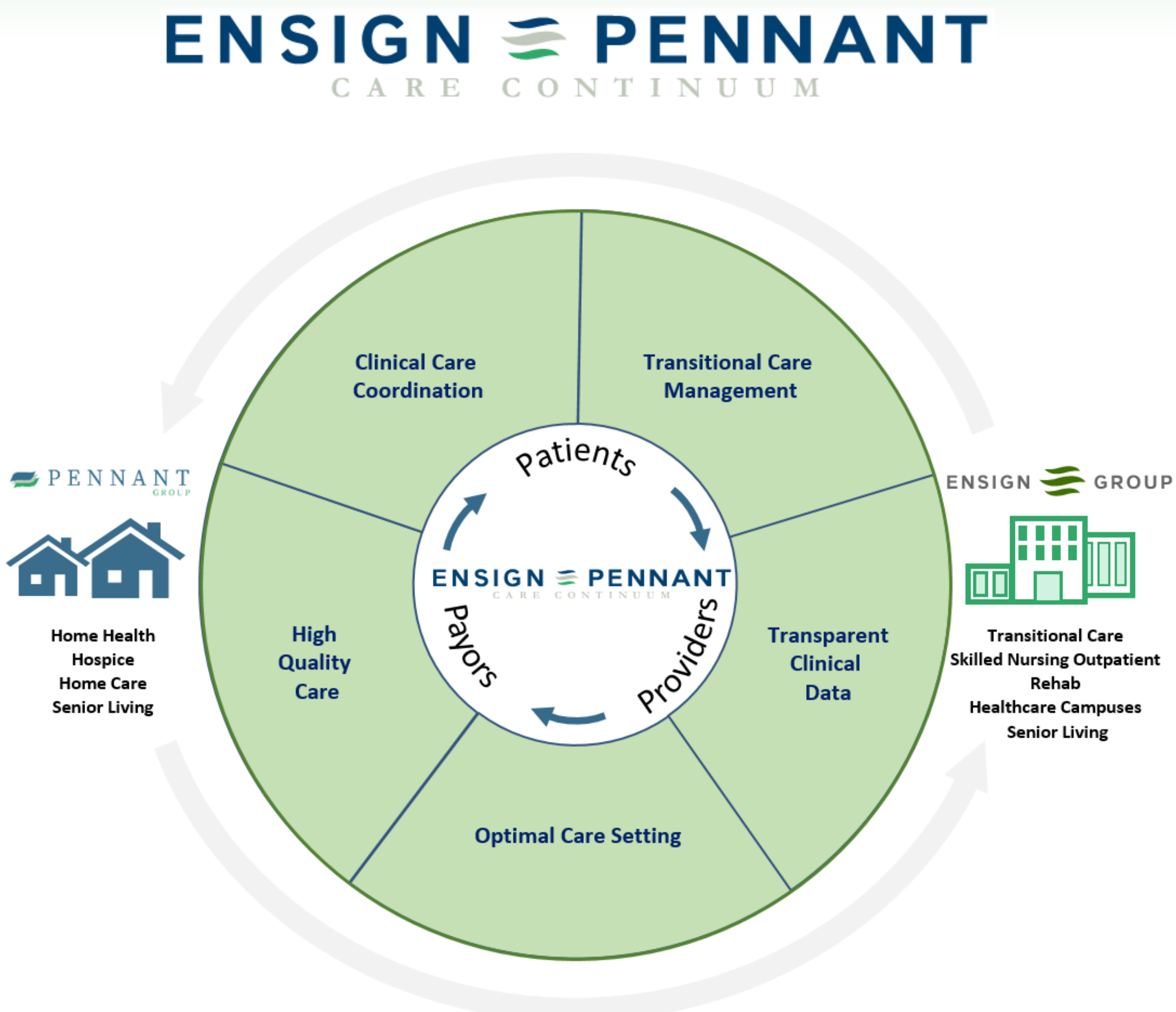
EPCC Will Continue to Drive Additional Value Proposition with Our Partners

What is it?

- ✓ Preferred provider network between Ensign and Pennant
- ✓ Empowers local clinical leaders to opt-in resulting in smart and effective solutions for patients



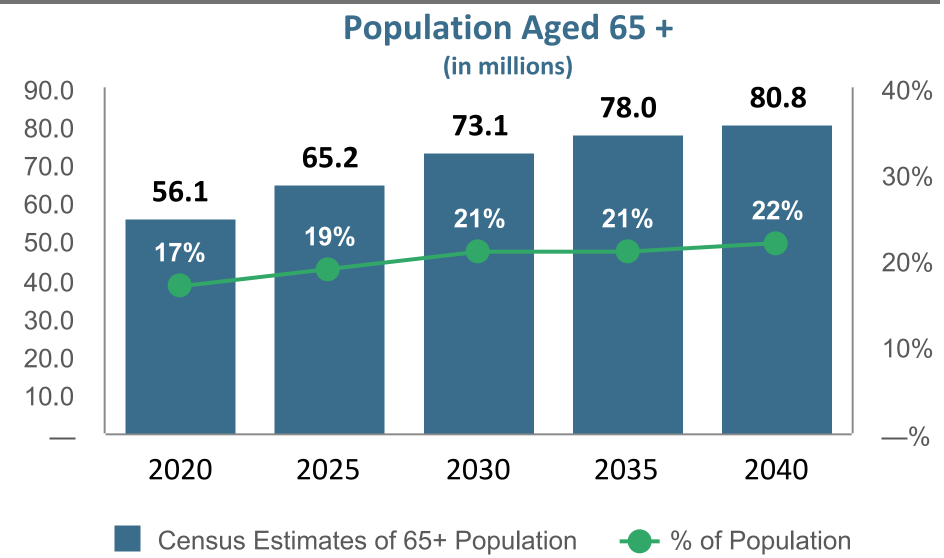
By promoting clinical collaboration, driving best quality care and outcomes, EPCC well positions us to benefit from the shift toward value-based reimbursement

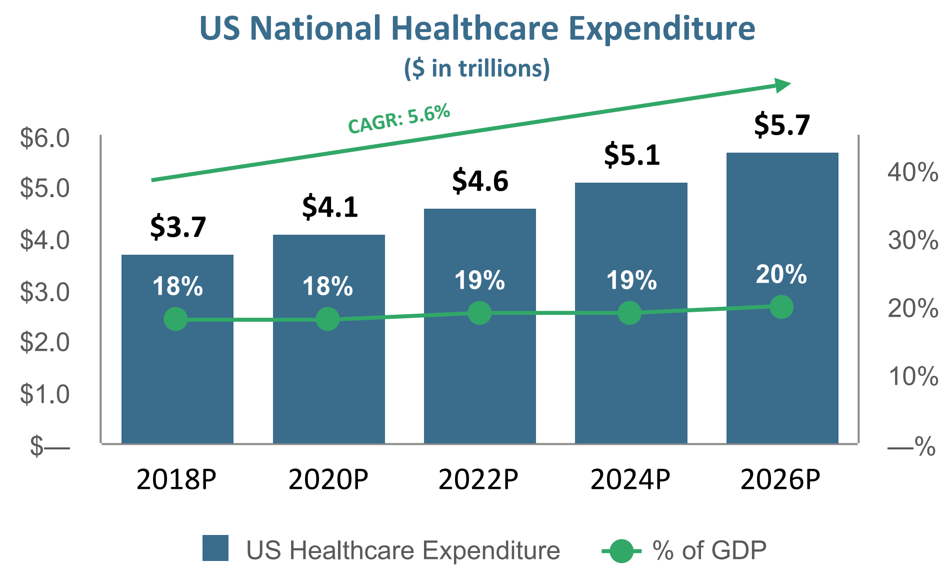
Favorable Market Drivers Fuel Long-term Sustainable Growth Potential

3

U.S. Healthcare Spending is Growing with a Key Driver Being the Aging Population

- Population above 65 projected to nearly double by 2050
- ~70% of Americans who reach age 65 require some form of long-term care for an average of 3 years
    - >70% of home health patients are seniors
    - >83% of hospice patients are over 65 years old
    - Anticipated need for 2 million additional senior housing units by 2040
- Healthcare spending currently represents 18% of U.S. GDP
- Increased CMS focus on reducing costs





Source: Industry research, CMS, ASHA and Census Bureau.

3 Operating in Growing Industries With Attractive Fundamentals

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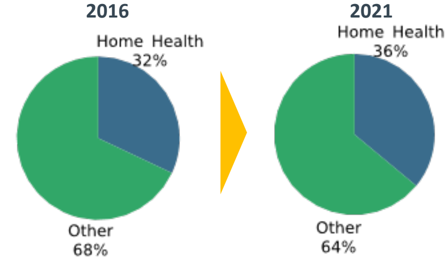
Home Health

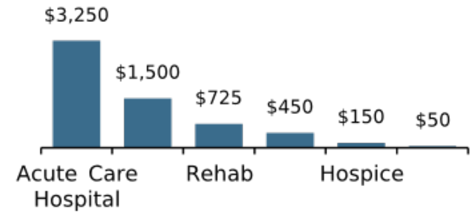
Home Health Services % Share of Post-Acute Spending Expected to Increase

% Share of Post-Acute Care Spending



Home Health saves 65x compared to Acute Care Hospitals

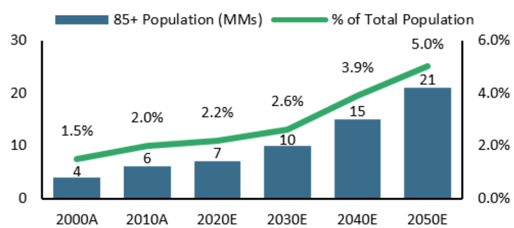
Average Medicare Cost / Day



Hospice

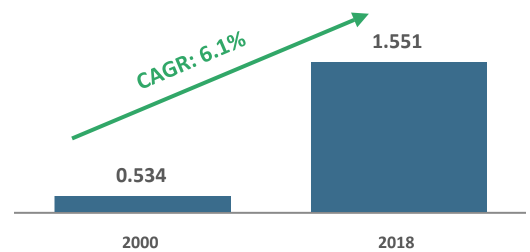
>40% of Hospice Care is Used by Population >85 Years of Age Which is Expected to Triple by 2050

Growing population 85 and Over



Use of Hospice by Medicare Patients Continues to Increase

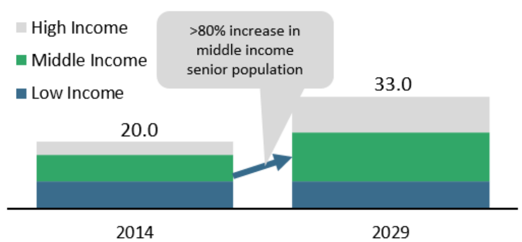
Number of Hospice Users in Millions (Medicare)



Senior Living

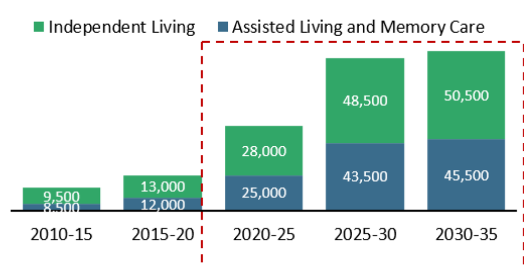
Growing Demand for Senior Living

Millions of Seniors (Age 75+)



Strong Demand Estimated in the Next Decade

Annual Estimated Demand for New Units



- With its focus on clinical outcomes, Pennant is well-positioned to benefit from value- based reimbursement trends in the home health sector such as PDGM
- Pennant's high touch and community-oriented approach to hospice care positions it to be the provider of choice in a fast-growing hospice market
- Pennant's opportunistic acquisition approach and disciplined operating strategy position us well to take advantage of the evolving demand and supply imbalance in the senior living markets in which we operate

Source: Industry research, Kaufman Hall, CMS, MedPAC, AARP and ASHA.

Highly Fragmented Market with Significant Consolidation Opportunity

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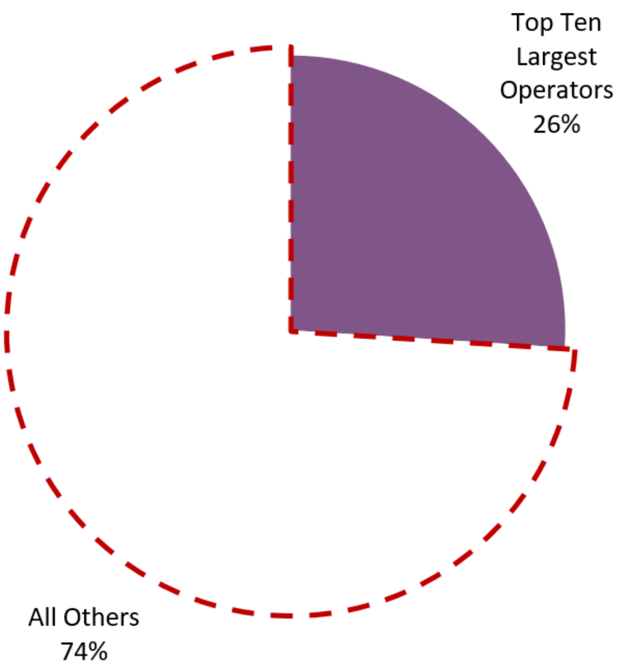
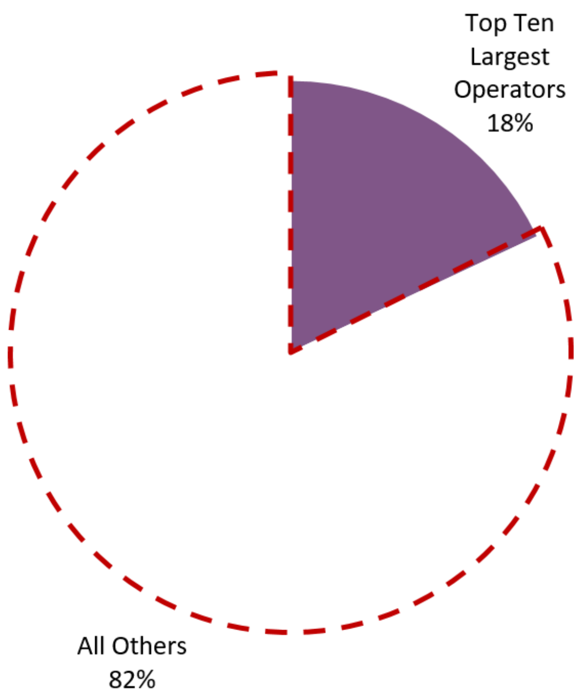
Significant Consolidation Opportunity Remains in Each of Our Target Markets

Market Share

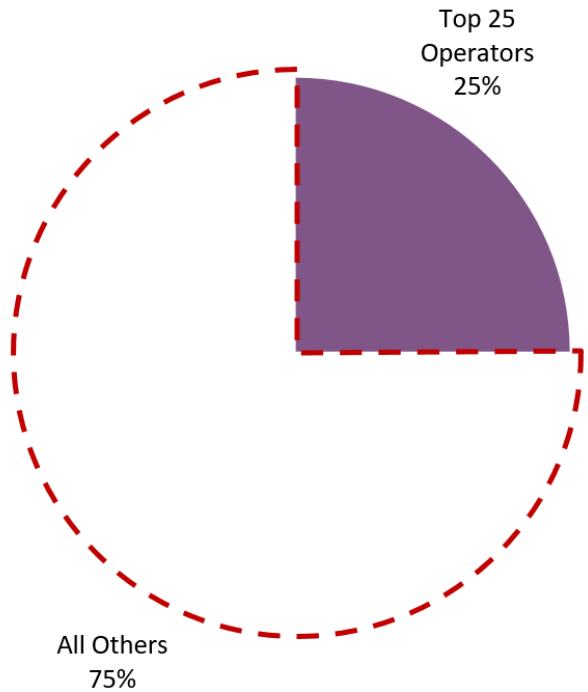
Home Health



Hospice



Senior Living



Source: Industry research, Kaufman Hall, ASHA, IQVIA and LexisNexis.

4 Disciplined Acquisition and Organic Growth Strategy

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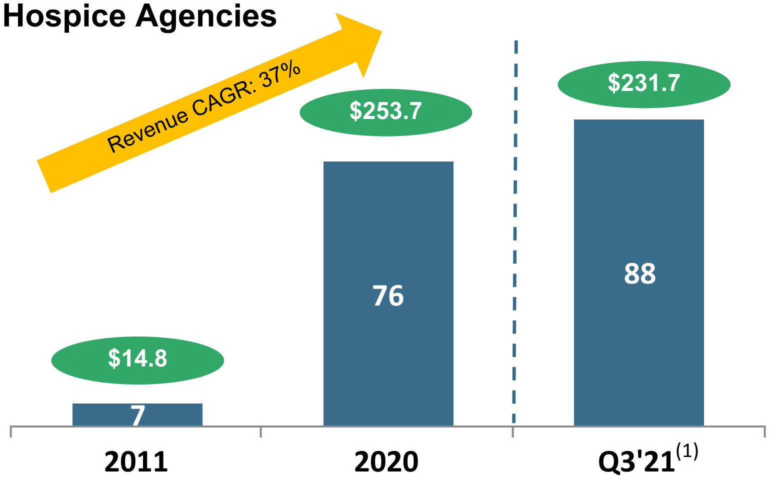
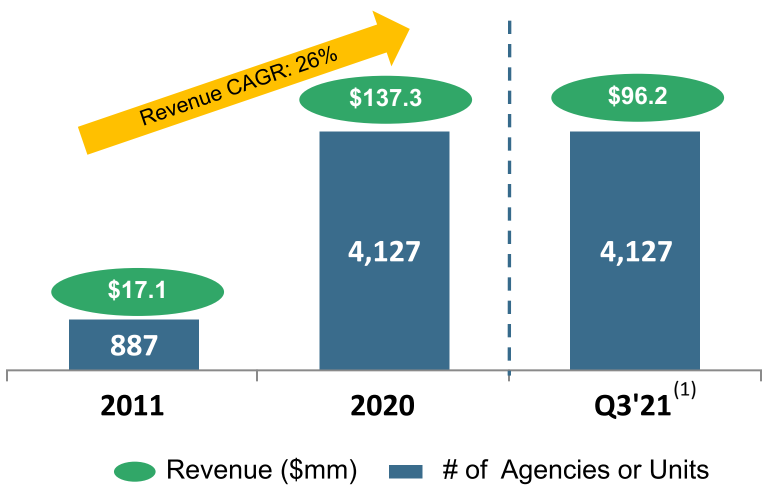
Proven Ability to Execute Acquisitions in Key Markets, Integrate into our Existing Markets and Improve Operations

- Focused on selectively acquiring strategic and underperforming operations within our target markets
- Local leaders empowered to identify and pursue acquisition opportunities
- Expertise in transitioning newly-acquired operations to our innovative operating model and culture
- From 2011 to 2018, we increased our number of home health / hospice and senior living operations by >300%
- Transformational integration of new acquisitions to shared systems and platforms

Growth in Revenue and # of Home Health & Hospice Agencies



Growth in Revenue and # of Senior Living Units



(1) For the nine months ended September 30, 2021

4 Proven Acquisition Playbook

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Factors Considered When Evaluating Acquisition Targets

Small Yet Well Established Businesses in Local Markets

- "Mom & Pop" business profile – typically low-single to mid-teens revenue ($mm)
- Strong reputation in local markets (no change in name post-acquisition)
- Business getting hard to manage for owners due to changing regulatory requirements

Clinical Product With Potential to Improve

- Culture of "patient-first"
- Reputation of delivering patient-centered care
- Well-regarded within referral sources – physicians, hospitals, health institutions, community

Constrained by Balance Sheet

- Limited financial resources to grow business despite aspirations of growth

Strategic Fit

- Assets offer unique access to Pennant from a geography or market standpoint
- Asset fits Pennant's offerings in its markets or fills a gap

Selected Examples

Riverside Home Health Care

- **Location:** Grants Pass, Oregon area
- Strategic location that expands our presence in the state and opens the door to further growth throughout the region
- Highly respected home health provider with outstanding community relationships
- Legacy of providing excellent home health services

FIRST CALL HOSPICE

- **Location**: Sacramento, California
- Strategic acquisition that expands Northern California presence
- Well established hospice agency with legacy of compassionate care
- Robust clinical team

4 Transformational Integration of New Operations to Shared Systems and Platforms

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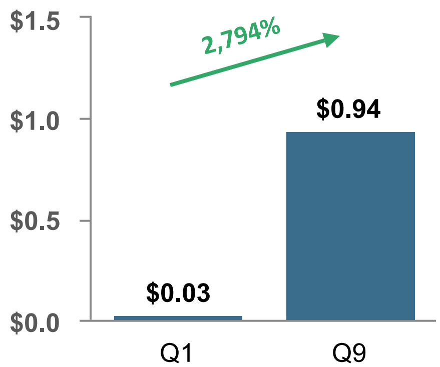
Examples of Improvements in Acquired Home Health and Hospice Agencies Performance

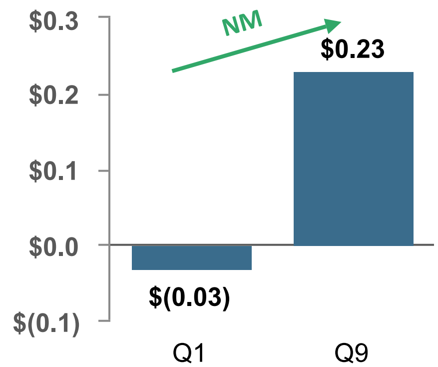
Emblem Hospice Tucson

LIFE-CHANGING SERVICE

Revenue Growth



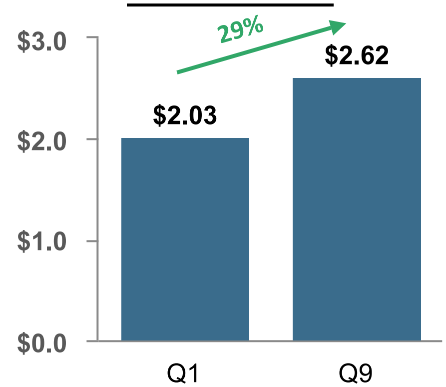
EBITDA Growth



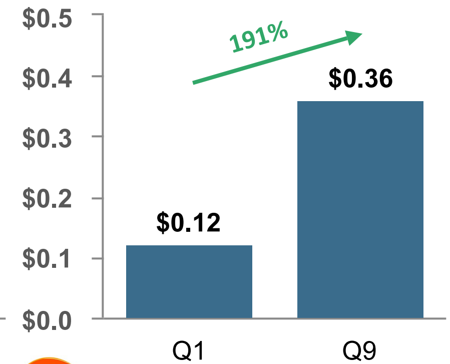
KinderHearts Home Health | Hospice

It's Better to be Kinder!

Revenue Growth

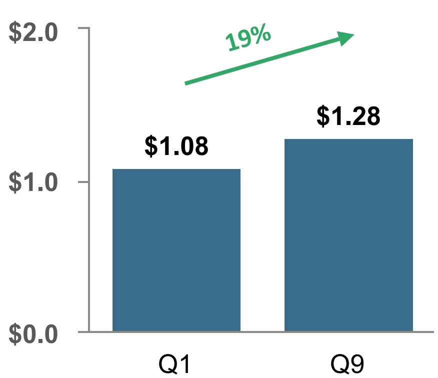


EBITDA Growth

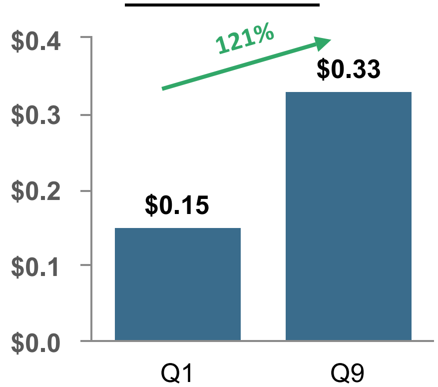


Resolutions Hospice (Houston)

Revenue Growth

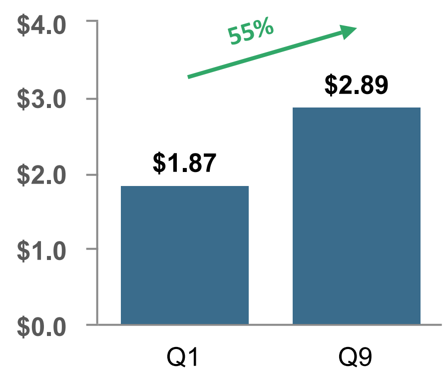


EBITDA Growth

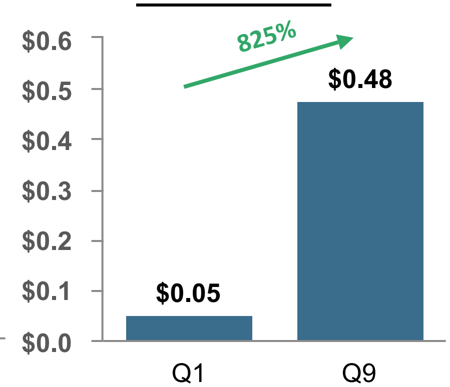


Preceptor Home Health | Hospice

Revenue Growth



EBITDA Growth



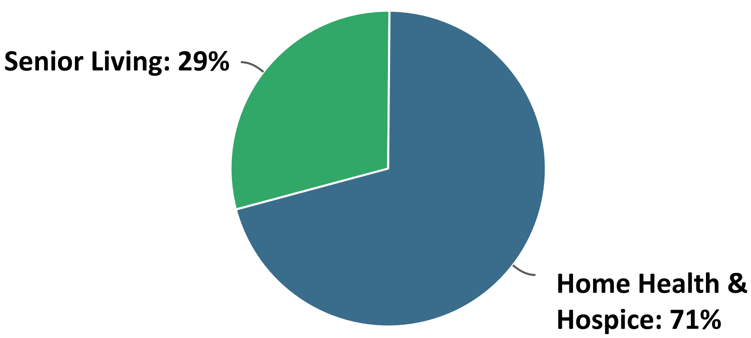
Note: Dollars in millions.
Note: Q1 refers to first completed quarter after acquisition.
Note: Growth %'s are calculated in whole dollars and may not recalculate using the rounded values shown.

Strong Financial Results Underlined by Diversified Service and Payor Mix

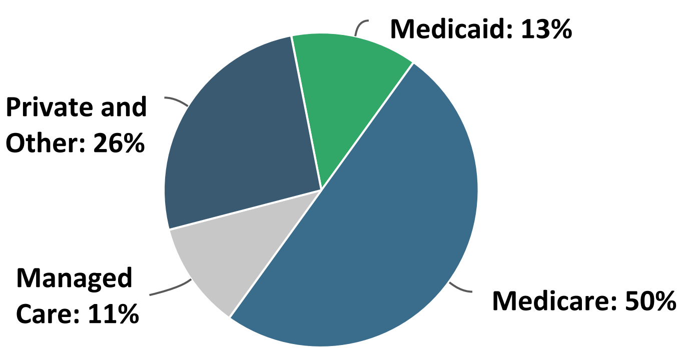
5

Diversified Portfolio Provides Greater Stability and Insulation from Industry or Macro Economic Cycles

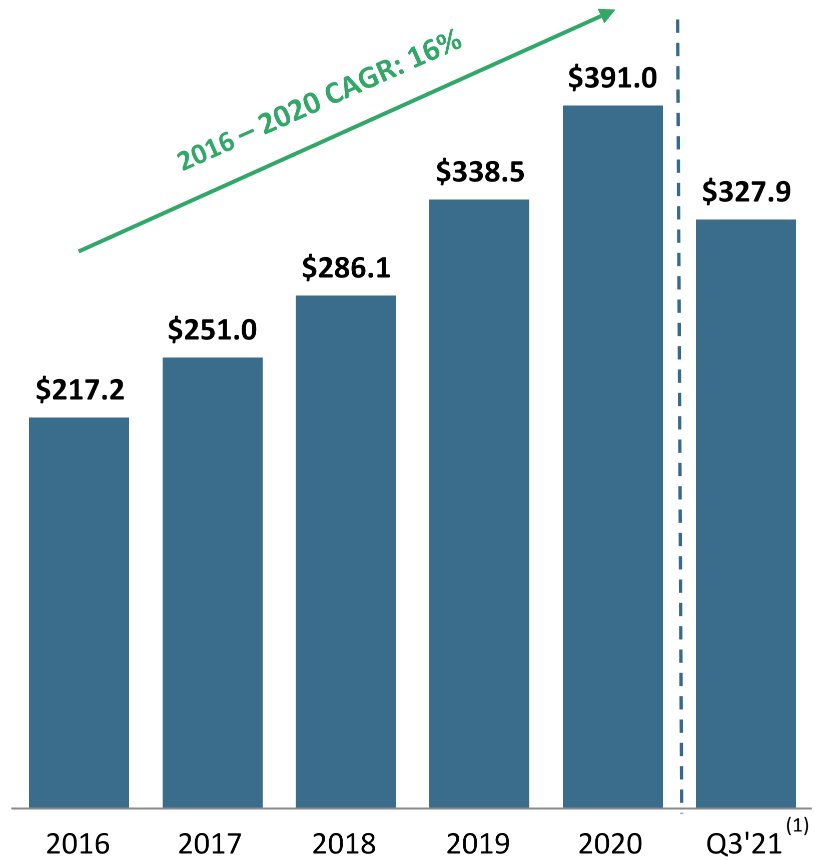
Service Mix [1]



Payor Mix [1]



Net Revenue ($ in millions)

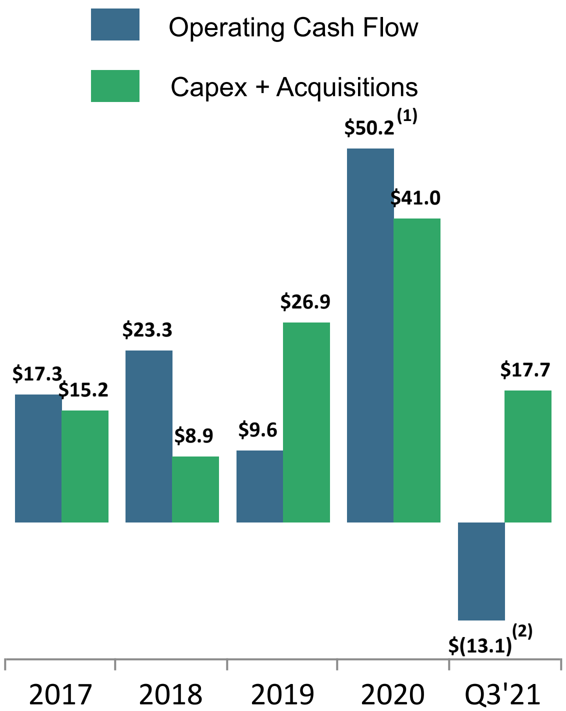


1. For the nine months ended September 30, 2021

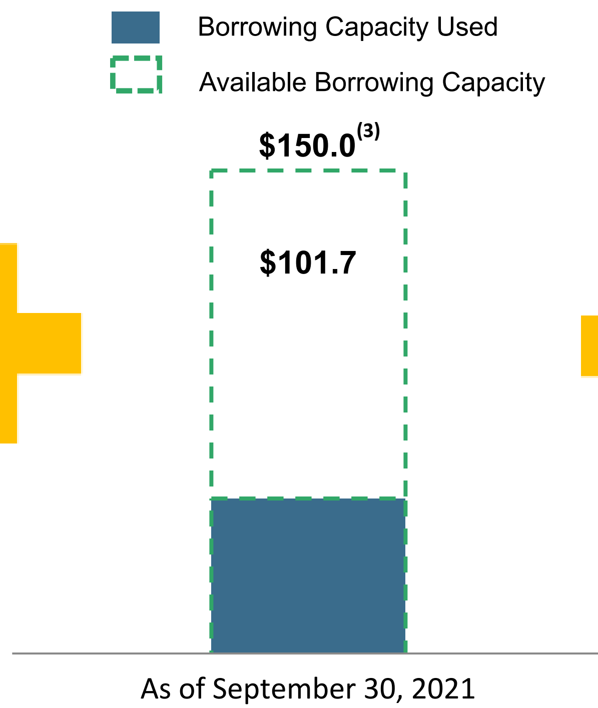
5 Focus on Maintaining a Strong Balance Sheet

PENNANT GROUP

History of Internally-Financed Transactions



Acquisition Firepower



Strong Real Estate Partners

Strong, long-standing real estate partnerships allow Pennant to opportunistically pursue larger, asset-heavy senior housing portfolios with operator friendly long-term triple net leases at below market rates

Continued Execution in 2021 – Acquisitions Since the Spin-Off

HOSPICE OF MISSOULA · HERITAGE ASSISTED LIVING OF TWIN FALLS · symbii home health and hospice · Comfort Home Health & Hospice · CMS KINDER HEARTS HOME HEALTH · SEAPORT Scripps Home Health · HARMONY HOSPICE OF ARIZONA · PRIME HOSPICE · Riverside Home Health Care · Sacred Heart Home Health Care · CardioVascular Home Care · FIRST CALL HOSPICE

Note: Dollars in millions.

1. Excluding the Medicare advanced payments of $28.0 received during the year ended December 31, 2020 , the operating cash inflow would have been $22.2.
2. Excluding the recoupment of Medicare advanced payments of $14.6 for the nine months ended September 30, 2021, the net cash flows from operations would have been $1.5.
3. On February 23, 2021, Pennant entered into an amendment to the Credit Agreement, which provides for an increased revolving credit facility with a syndicate of banks with a borrowing capacity of $150.0. For further detail see the Company's Quarterly Report on Form 10-Q filed May 6, 2021. See slide 36.

6 Experienced Management Team Comprised of Healthcare Industry Veterans

PENNANT GROUP

Best-in-Class Management Team with ~61 Years of Combined Experience at Pennant / Ensign and the Industry

Daniel Walker, *Chief Executive Officer*
- Years at Pennant / Ensign: 14
- Served as CEO & President of Cornerstone Healthcare, Ensign's home health subsidiary since 2010
- Played key leadership roles at Ensign, including as the leader of its new business ventures group since 2013
- At Ensign, closed more than 100 healthcare transactions including dozens in home health and hospice space

Jennifer Freeman, *Chief Financial Officer*
- Years at Pennant / Industry: 16
- Served as CFO of Northpoint Recovery Holdings since 2017
- Prior to joining Northpoint, served as VP of Finance for MCG Health, LLC, leading their finance and contract teams
- Also served as VP of Finance for Coordinated Care Corporation, and CFO for Qualis Health and Molina Healthcare of Washington, Inc

John Gochnour, *Chief Operating Officer*
- Years at Pennant / Ensign: 8
- Served as Executive Vice President and General Counsel at Cornerstone since 2013
- Also led the sourcing, negotiation, and other aspects of the acquisition process of Cornerstone and Ensign's other new business ventures
- Prior to joining Cornerstone, served as an attorney at the law firm Paul Hastings LLP

Derek Bunker, *Chief Investment Officer*
- Years at Pennant / Ensign: 6
- Currently responsible for overseeing strategic growth, investments, real estate matters, investor relations and various public company matters
- Also responsible for assisting the board in corporate governance matters in his role as corporate secretary
- Prior to joining Pennant, served as VP, Acquisitions and Business Legal Affairs of Ensign Services since 2015

Brent Guerisoli, *President, Pennant Group*
- Years at Pennant / Ensign: 9
- Served as President of Home Health and Hospice since 2018
- Served as President of 1177 Healthcare (affiliate of Cornerstone) since March 2015
- Previously CEO and executive Director of Zion's Way Home Health and Hospice (affiliate of Cornerstone) since Feb 2012
- Prior to joining Ensign, served as Chief of Staff/ business Manager IT at AT&T

Brian Wayment, *President, Home Health and Hospice*
- Years at Pennant / Ensign: 8
- Served as President of Midwest/Texas Market since 2018
- Previously CEO of Excell Homecare and Hospice (affiliate of Cornerstone) since Oct 2017
- Served as Leadership Development Lead of Cornerstone from 2015-2017
- Previously CEO- and Executive Director of Elite Home Health and Hospice (affiliate of Cornerstone) since July 2013

Growth Strategy & Financial Overview

Growth Strategy

PENNANT GROUP

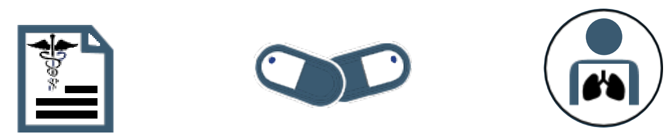
5 Strategically Invest In and Integrate Other Post-Acute Care Healthcare Businesses

4 Leverage Operational Capabilities to Expand Partnerships

3 Add New Operations

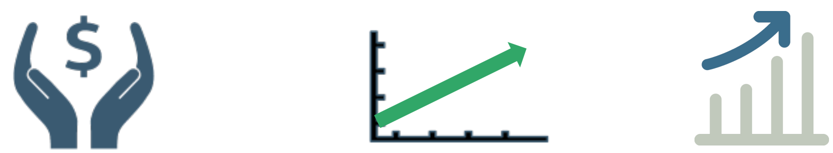
2 Continue to Focus on Organic Growth

1 Grow Talent Base and Develop Future Leaders



UnitedHealthcare · Banner Health · Scripps · ST. JOSEPH'S Hospital Health Center · HONOR HEALTH · Dignity Health (Formerly Catholic Healthcare West) · scan HEALTH PLAN · CHG Healthcare · EQUALITY HEALTH · KAISER PERMANENTE · ENSIGN · PENNANT CARE CONTINUUM

CMS KINDER HEARTS HOME HEALTH · SEAPORT Scripps Home Health · CardioVascular Home Care · FIRST CALL HOSPICE



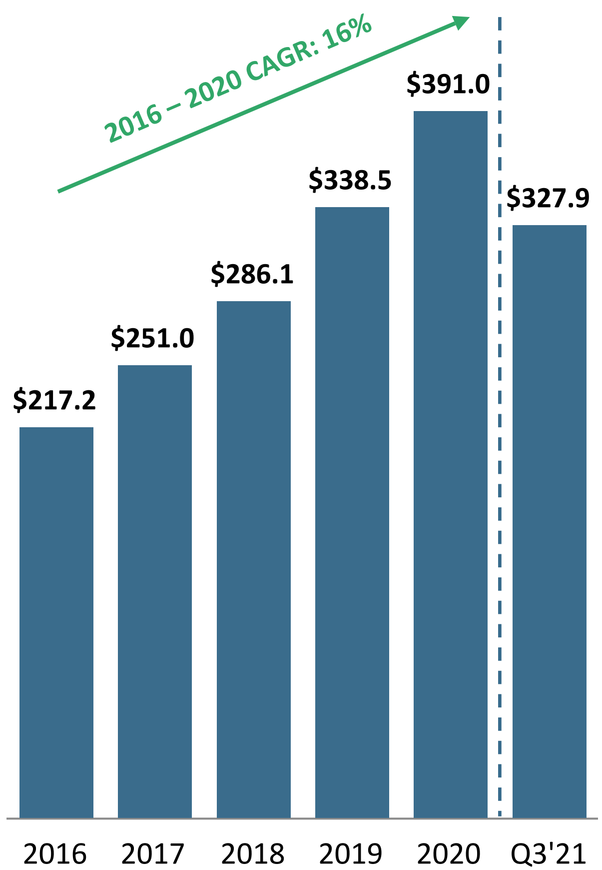
Pennant is well-positioned to perform and grow in large, fragmented markets

Track Record of Strong Financial Growth

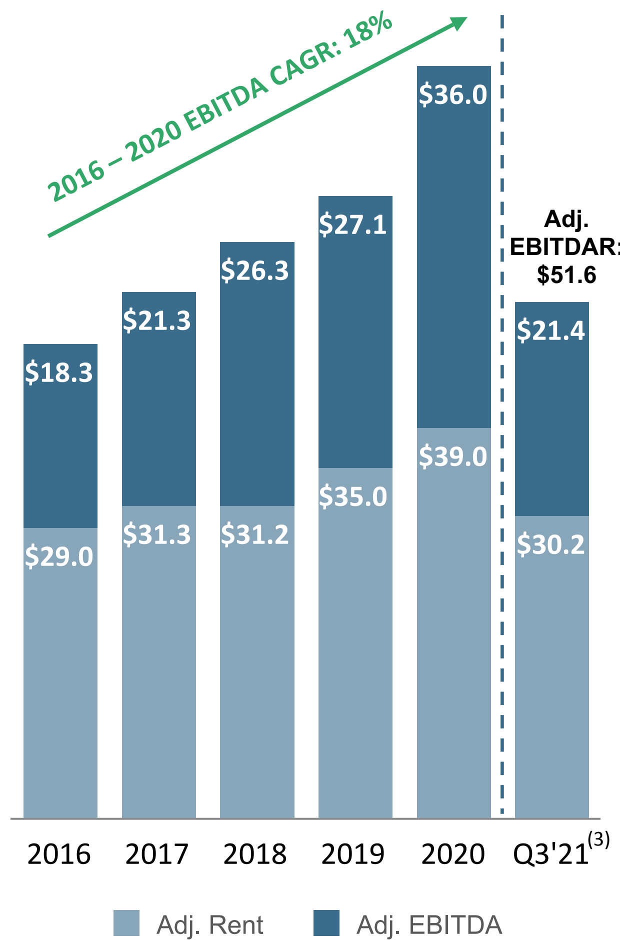
PENNANT GROUP

History of Strong Financial Performance and Growth

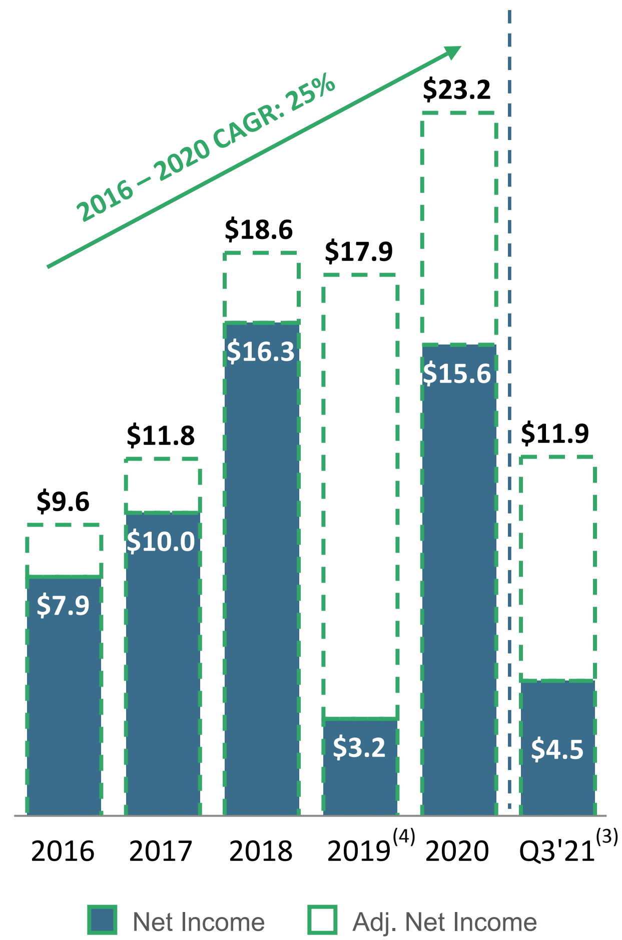
Net Revenue



Adjusted EBITDA and Rent[1]



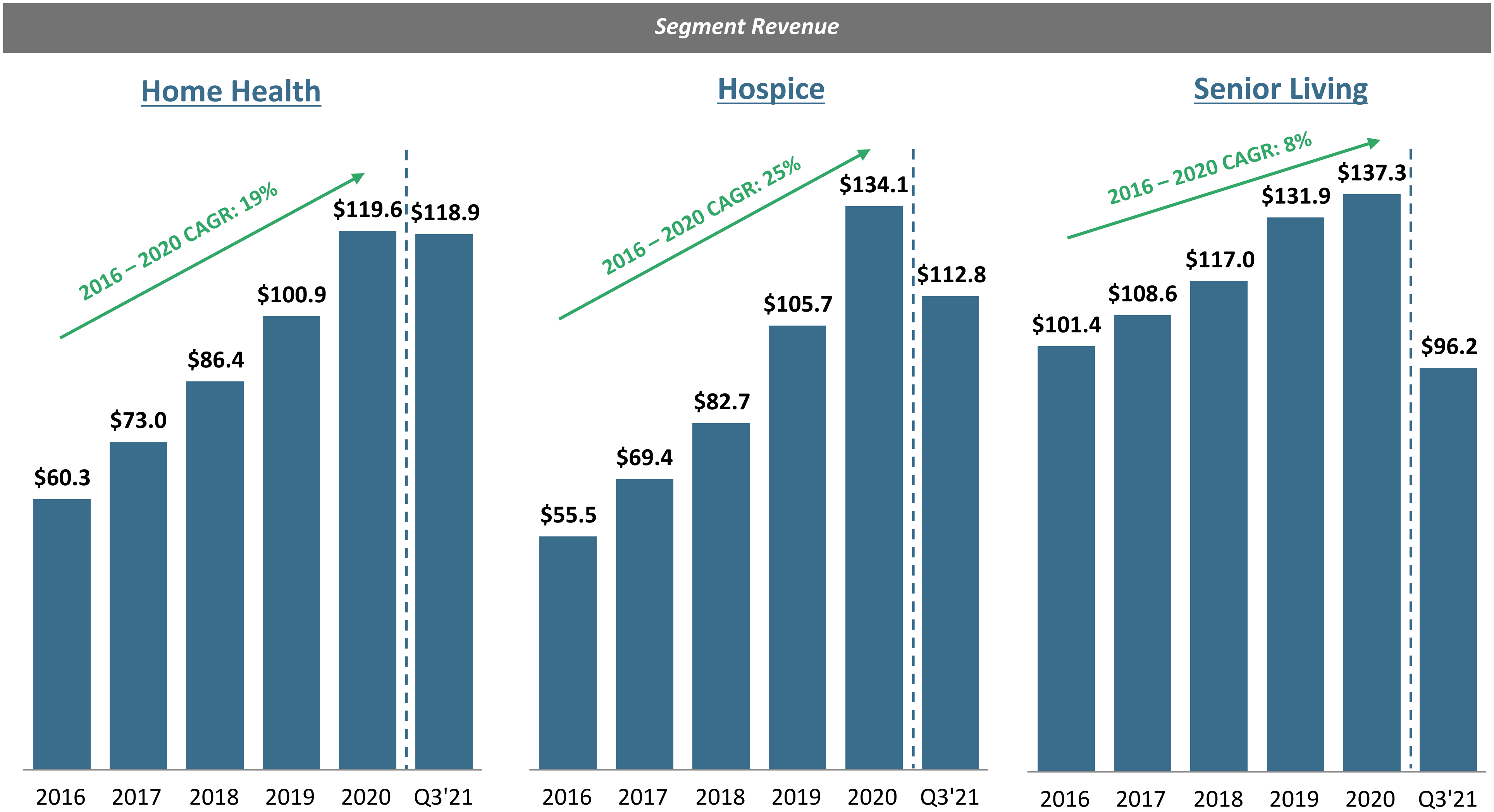
Net Income and Adjusted Net Income[2]



Note: Dollars in millions.

1. Rent is adjusted for the rent related to rent at start–up and closed operations added back to Adj. EBITDA.
2. See Appendix for a reconciliation of GAAP to non-GAAP financial measures.Beginning in the first quarter of fiscal year 2021, we updated our definition of Segment Adjusted EBITDAR, Adjusted EBITDA, and Adjusted Net Income no longer include an adjustment for COVID-19 expenses offset by the amount of sequestration relief. Fiscal year 2020 measures were not updated to exclude the COVID-19 adjustment. For further details see the Appendix for a reconciliation of GAAP to non-GAAP financial measures.
3. Net income for 2019 includes Spin-off related transaction costs of $13.2 million. See Appendix for additional non-GAAP adjustments.

Financial Overview – Segment Growth

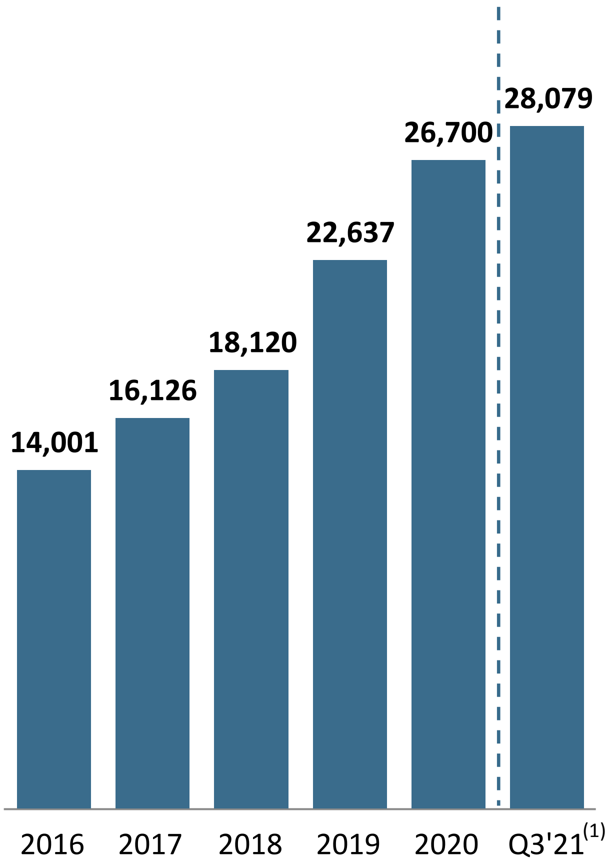


Note: Dollars in millions.

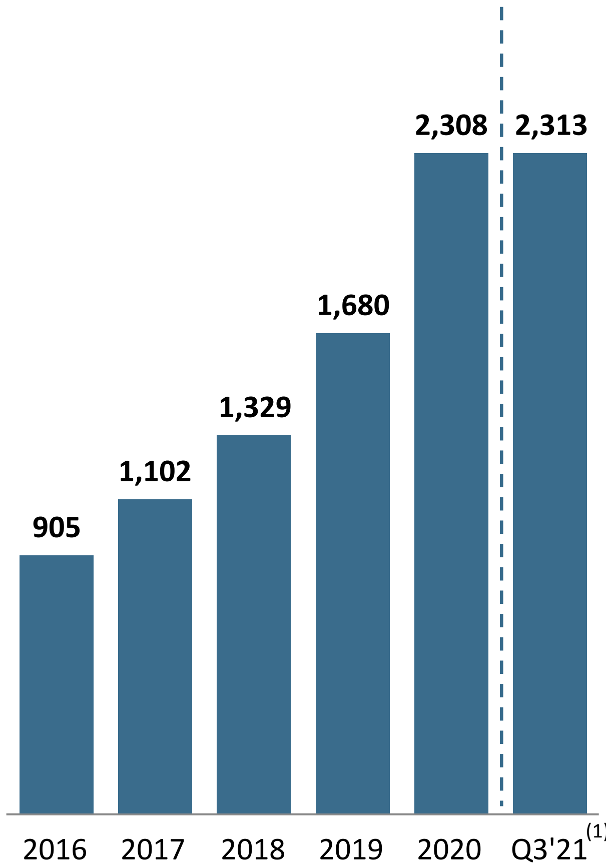
Financial Overview – Segment Metrics

Segment Metrics

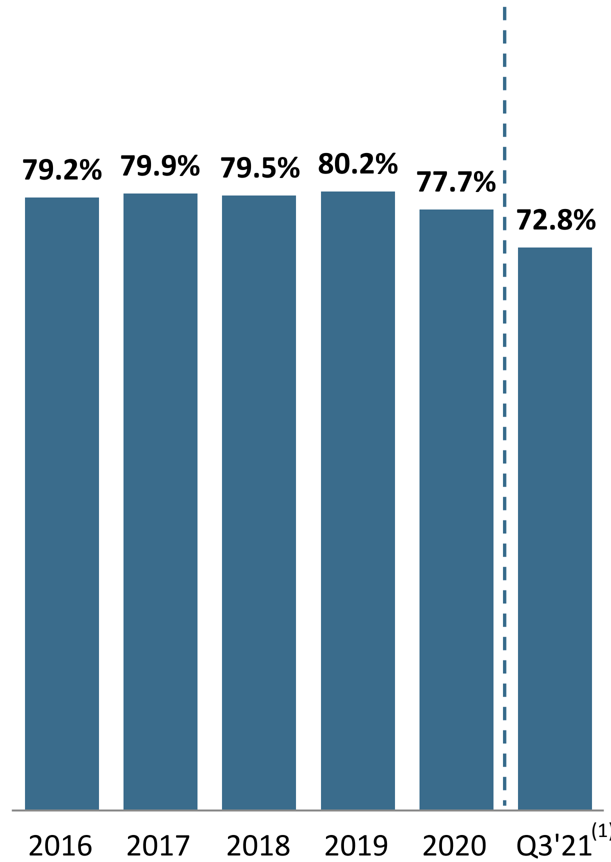
Total Home Health Admissions



Avg. Hospice Daily Census



Senior Living Occupancy



1. For the nine months ended September 30, 2021.

Financial Overview – Segment Profitability

PENNANT GROUP

Track Record of Strong Historical Performance at Both Key Business Segments

Segment — **Key Financial Metrics**

Home Health & Hospice

	2016	2017	2018	2019	2020	Q3'21[4]	'16-'20 CAGR
Segment adjusted EBITDAR from Operations[1]	$16.5	$21.0	$26.4	$33.4	$49.5	$43.1	**31.6%**
% Margin[2]	**14.3%**	**14.8%**	**15.6%**	**16.2%**	**20.3%**	**19.6%**	**--**
Adjusted EBITDA[3]	$15.0	$19.2	$24.2	$30.4	$46.0	$39.8	**32.3%**
% Margin[2]	**13.0%**	**13.5%**	**14.3%**	**14.7%**	**18.8%**	**18.1%**	**--**

Senior Living

	2016	2017	2018	2019	2020	Q3'21[4]	'16-'20 CAGR
Segment adjusted EBITDAR from Operations[1]	$41.3	$44.2	$47.2	$47.3	$48.3	$27.7	**4.0%**
% Margin[2]	**40.7%**	**40.7%**	**40.4%**	**35.9%**	**35.3%**	**28.7%**	**--**
Adjusted EBITDA[3]	$13.9	$14.9	$18.3	$15.3	$12.8	$0.8	**(2.0)%**
% Margin[2]	**13.7%**	**13.7%**	**15.6%**	**11.6%**	**9.4%**	**0.9%**	**--**

Note: Dollars in millions.

1. Segment Adjusted EBITDAR from Operations is the GAAP segment measure of profit and loss. Beginning in the first quarter of fiscal year 2021, we updated our definition of Segment Adjusted EBITDAR and Adjusted EBITDA to no longer include an adjustment for COVID-19 expenses offset by the amount of sequestration relief. Fiscal year 2020 measures were not updated to exclude the COVID-19 adjustment. For further details see the Appendix for a reconciliation of GAAP to non-GAAP financial measures.
2. Margin is calculated using segment level non-GAAP revenue.
3. See Appendix for a reconciliation of GAAP to non-GAAP financial measures.
4. For the nine months ended September 30, 2021.

Financial Overview – Expenses

PENNANT GROUP

Expenses as a % of Revenue

(Dollars in millions)	**2016**	**2017**	**2018**	**2019**[1]	**2020**	**Q3'21**[2]
Revenue	**$217.2**	**$251.0**	**$286.1**	**$338.5**	**$391.0**	**$327.9**
% Growth	--	*15.5%*	*14.0%*	*18.3%*	15.5%	15.9%[3]
% Revenue						
Cost of Services	*73.7%*	*74.6%*	*74.3%*	*76.5%*	75.9%	79.3%
Rent	*13.3%*	*12.5%*	*10.9%*	*10.3%*	10.1%	9.3%
G&A	*5.7%*	*5.8%*	*6.6%*	*6.5%*	8.0%	8.2%
D&A	*1.3%*	*1.0%*	*1.0%*	*1.1%*	1.2%	1.1%
Total Expenses	*94.0%*	*93.9%*	*92.8%*	*94.4%*	95.2%	97.9%

Selected Observations

- Revenue growth includes acquired home health and hospice agencies.
- The increase in G&A as a percent of revenue is primarily related to providing support for newly implemented and transitioning systems during the nine months ended September 30, 2021; with adjustment for stock based compensation and one-time transition costs, G&A as a percentage of revenue would be 6.1%[4].

Note: Dollars in millions.

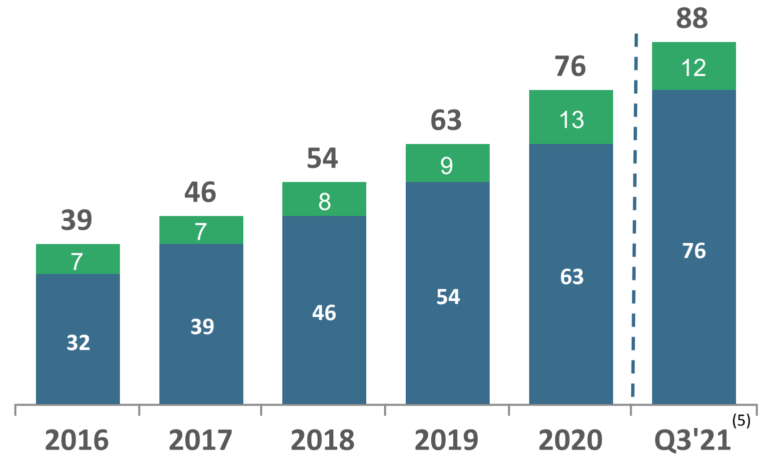
1. 2019 general and administrative costs were adjusted for one-time transaction related costs of 3.9% of revenue. Without this adjustment general and administrative costs would have been 10.4% of revenue and total expenses would have been 98.3% of revenue.
2. For the nine months ended September 30, 2021.
3. Growth calculated by comparing the nine months ended September 30, 2021 to the nine months ended September 30, 2020.
4. See Reconciliation of GAAP to Non-GAAP income on Slide 40.

Financial Overview – Capex / Cash Flow Metrics

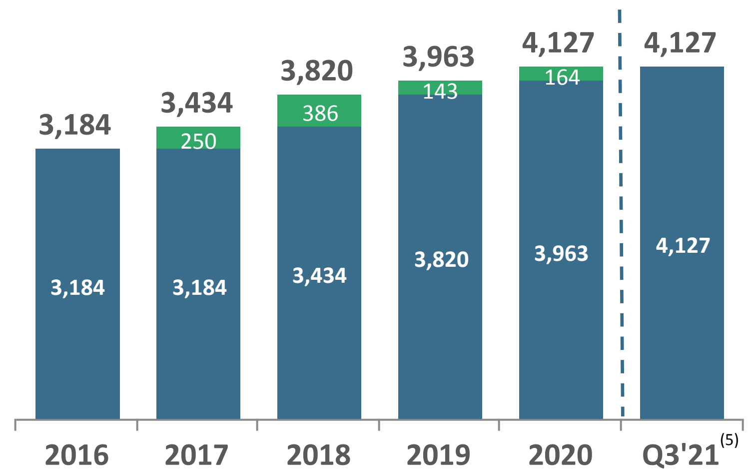
Capex and Key Cash Flow Metrics

	2016	2017	2018	2019	2020	Q3'21
Changes in Working Capital	$0.9	($1.0)	($0.9)	($12.5)	(29.4)[1]	$(1.6)[2]
PP&E (Capex)	(3.5)	(3.1)	(3.6)	(6.7)	(7.3)	(4.1)
Asset and business acquisitions	(3.3)	(12.1)	(5.3)	(20.2)	(33.7)	(13.6)
Capex + Acquisitions	(6.8)	(15.2)	(8.9)	(26.9)	(41.0)	(17.7)
Cash Flow From Operations	**$16.4**	**$17.3**	**$23.3**	**$9.6**	**$50.2**[3]	**$(13.1)**[4]

Growth in # of Home Health & Hospice Agencies



Growth in # of Senior Living Units



Note: Dollars in millions.

1. Excluding the Medicare advanced payments included in current liabilities of $22.8 as of December 31, 2020, and received during 2020, the working capital would have been ($6.6).
2. Excluding the Medicare advanced payments included in current liabilities of $13.4 as of September 30, 2021, and received during 2020, the working capital would have been $11.8.
3. Excluding the Medicare advanced payments of $28.0 received during the year ended December 31, 2020 , the operating cash inflow would have been $22.2.
4. Excluding the recoupment of Medicare advanced payments of $14.6 for the nine months ended September 30, 2021, the net cash flows from operations would have been $1.5.
5. As of September 30, 2021

Financial Overview – Balance Sheet

Strong Balance Sheet Positions Pennant Well to Continue Acquisition Strategy

Selected Balance Sheet Data:

	December 31, 2019	December 31, 2020	September 30, 2021
Cash & Cash Equivalents	$ 402	$ 43	$ 3,707
Current Assets	38,683	59,599	74,959
Total Assets	**$ 447,750**	**$ 506,976**	**$ 529,200**
Current Liabilities	$ 51,192	$ 89,015	$ 76,531
Long-term Debt [1]	20,000	9,500	45,000
Total Liabilities	**$ 376,639**	**$ 405,804**	**$ 415,353**
Total Equity	**$ 71,111**	**$ 101,172**	**$ 113,847**

Debt Terms – Revolving Credit Facility [2]:

Total Debt Facility	• **$150.0 million**
Amount Drawn [2]	• **$48.3 million** [3]
Weighted Average Borrowing Rate	• **2.97%** [4]
Maturity Date	• **2026** [2]
Leverage	• **1.31x net debt / Q3'21 TTM adjusted EBITDA** [4]
Lease-Adjusted Leverage	• **5.19x lease-adjusted net debt / Q3'21 TTM adjusted EBITDAR** [5]

Note: Dollars in thousands except where noted below.

1. Excludes unamortized debt issuances costs of $2.3 million as of September 30, 2021
2. On February 23, 2021, Pennant entered into an amendment to the Credit Agreement, which provides for an increased revolving credit facility with a syndicate of banks with a borrowing capacity of $150.0. For further detail see the Company's Quarterly Report on Form 10-Q filed May 6, 2021.
3. Amount drawn includes $45.0 million drawn on the line of credit and $3.3 million of issued letters of credit as of September 30, 2021
4. For the nine months ended September 30, 2021
5. Calculated as 8x rent expense plus net debt, divided by adjusted EBITDAR, for the nine months ended September 30, 2021.

2021 and 2022 Guidance

Revised[1] Full Year 2021 Non-GAAP Guidance

	Guidance Low	Guidance High
Adjusted Revenue (in millions)	$ 425.0	$ 430.0
Adj. EPS	$ 0.53	$ 0.57

2022 Full Year Non-GAAP Guidance[2]

	Guidance Low	Guidance High	
Adjusted Revenue (in millions)	$ 468.0	$ 478.0	Midpoint represents a **10.6%** increase over the midpoint of the Full Year 2021 Guidance
Adj. EPS	$ 0.75	$ 0.82	Midpoint represents a **42.7%** increase over the midpoint of the Full Year 2021 Guidance

1. Please refer to the detailed statement on 2021 revised guidance in our press release dated November 1, 2021.
2. Please refer to the detailed statement on 2022 guidance in our Q3'21 earnings press release dated November 8, 2020.

Appendix

Non-GAAP Metrics

We supplement our GAAP reporting with supplemental non-GAAP financial measures. These include performance measures (EBITDA, Adjusted EBITDA, and Segment Adjusted EBITDA), non-GAAP net income and a valuation measure (Adjusted Consolidated EBITDAR). We believe these non-GAAP financial measures reflect an additional way of looking at aspects of our operations that, when viewed with our GAAP results, provide a more complete understanding of factors and trends affecting our business. They should not be relied upon to the exclusion of GAAP financial measures. A more ample discussion of these non-GAAP financial measures is available in our Form 10-K, which was filed with the SEC, and a reconciliation to GAAP is included as an appendix to this presentation.

Reconciliation of GAAP to Non-GAAP Net Income

PENNANT GROUP

$ in thousands	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Net Income attributable to the Pennant Group, Inc.	**$ 1,245**	**$ 4,407**	**$ 4,845**	**$ 11,724**
Add: Net loss attributable to noncontrolling interest	(124)	—	(342)	—
Net Income	**$ 1,121**	**$ 4,407**	**$ 4,503**	**$ 11,724**
Non-GAAP adjustments				
Add: Costs at start-up operations[a]	641	767	1,300	1,523
Share-based compensation expense[b]	2,568	2,102	7,483	6,017
Acquisition related costs[c]	36	—	73	—
Transition services costs[d]	236	500	1,825	1,530
Net COVID-19 related costs[e]	—	(307)	—	853
Provision for income taxes on non-GAAP adjustments[f]	(1,172)	(1,817)	(3,328)	(3,782)
Non-GAAP Net Income	**$ 3,430**	**$ 5,652**	**$ 11,856**	**$ 17,865**
Earnings Per Share				
Adjusted diluted earnings per share	$ 0.11	$ 0.19	$ 0.39	$ 0.60
Weighted average number of dilutive shares outstanding	30,556	30,243	30,719	29,955

(a) Represents results related to start-up operations.

(b) Share-based compensation expense incurred which is included in cost of services and general and administrative expense.

(c) Acquisition related costs related to business combinations during the periods.

(d) A portion of the costs incurred under the Transition Services Agreement identified as redundant or nonrecurring that are included in general and administrative expense. Fees incurred under the Transition Services Agreement, net of the Company's payroll reimbursement, were $706 and $2,441 for the three and nine months ended September 30, 2021, and $1,502 and $4,583 for the three and nine months ended September 30, 2020, respectively. During the fourth quarter of fiscal 2020, we updated our Transition service costs adjustment to include duplicate software costs. The prior year transition service costs adjustment has been recast to reflect the change. The adjustment to the prior year transition service costs was $113 and $333 for the duplicative software costs for the three and nine months ended September 30, 2020 that were included in the 2020 full year amount in the Company's as filed Form 10-K.

(e) Beginning in the first quarter of fiscal year 2021, we updated our definition of Segment Adjusted EBITDAR to no longer include an adjustment for COVID-19 expenses offset by the amount of sequestration relief. COVID-19 expenses continue to be part of daily operations for which less specific identification is visible. Furthermore, the sequestration relief has been extended through December 31, 2021. Sequestration relief was $867 and $2,685 for the three and nine months ended September 30, 2021, respectively.

The 2020 amounts represent incremental costs incurred as part of the Company's response to COVID-19 including direct medical supplies, labor, and other expenses, net of $1,121 and $1,675 in increased revenue related to the 2% payment increase in Medicare reimbursements for sequestration relief for the three and nine months ended September 30, 2020, respectively.

(f) Represents an adjustment to the provision for income tax to our year to date effective tax rate. This rate excludes the tax benefit of shared-based payment awards.

Reconciliation of GAAP to Non-GAAP Net Income

$ in thousands	Year Ended December 31, 2020	2019	2018	2017	2016
Net Income attributable to the Pennant Group, Inc.	**$ 15,744**	**$ 2,546**	**$ 15,684**	**$ 9,867**	**$ 7,891**
Add: Net loss attributable to noncontrolling interest	(191)	629	595	160	26
Net Income	**$ 15,553**	**$ 3,175**	**$ 16,279**	**$ 10,027**	**$ 7,917**
Non-GAAP adjustments					
Add: Costs at start-up operations[(a)]	2,010	508	159	540	210
Share-based compensation expense[(b)]	8,335	3,382	2,382	2,298	2,341
Amortization of patient base[(c)]	—	39	87	86	150
Acquisition related costs[(d)]	99	665	—	—	—
Spin-off related transaction costs[(e)]	—	13,219	756	—	—
Transition services cost[(f)]	2,282	965	—	—	—
Covid-19 related costs and supplies[(g)]	447	—	—	—	—
Results related to closed operations[(h)]	—	—	—	728	—
Provision for income taxes on non-GAAP adjustments[(i)]	(5,543)	(4,023)	(1,653)	(2,040)	(1,035)
Non-GAAP Net Income	**$ 23,183**	**$ 17,930**	**$ 18,010**	**$ 11,796**	**$ 9,583**
Earnings Per Share					
Adjusted diluted earnings per share	$ 0.77	$ 0.61			
Weighted average number of dilutive shares outstanding	30,228	29,586			

(a) Represents results related to start-up operations.

(b) Share-based compensation expense incurred which is included in cost of services and general and administrative expense.

(c) Included in depreciation and amortization are amortization expenses related to patient base intangible assets at newly acquired senior living facilities.

(d) Acquisition related costs that are not capitalizable.

(e) Costs incurred related to the Spin-Off are included in general and administrative expense.

(f) The portion of the costs incurred under the Transition Services Agreement identified as redundant or nonrecurring that are included in general and administrative expense or depreciation and amortization. Transition service costs includes $446 of duplicative software expense for the year ended December 31, 2020, of which $333 pertains to the first three quarters of the fiscal year and were not included as adjustments in previous interim periods.

(g) Represents incremental costs incurred as part of the Company's response to COVID-19 including direct medical supplies, labor, and other expenses, net of $2,765 in increased revenue related to the 2% payment increase in Medicare reimbursements for sequestration relief for the year ended December 31, 2020.

(h) Operating losses related to the closure of certain, home health, and hospice agencies that were closed in 2017.

(i) Represents an adjustment to the provision for income tax to our year to date effective tax rate. This rate excludes the tax benefit of shared-based payment awards.

Reconciliation of Net Income to Non-GAAP EBITDA, Adjusted EBITDA and Adjusted EBITDAR

$ in thousands	Three Months Ended September 30,				Nine Months Ended September 30,			
		2021		2020		2021		2020
Net Income	**$**	**1,121**	**$**	**4,407**	**$**	**4,503**	**$**	**11,724**
Less: Net loss attributable to noncontrolling interest		(124)		—		(342)		—
Add: Provision for income taxes		69		104		1,013		2,430
Depreciation and amortization		512		192		1,344		896
Interest Expense		1,200		1,212		3,545		3,434
Consolidated EBITDA	**$**	**3,026**	**$**	**5,915**	**$**	**10,747**	**$**	**18,484**
Adjustments to Consolidated EBITDA:								
Add: Costs at start-up operations[(a)]		532		717		991		1,422
Share-based compensation expense[(b)]		2,568		2,102		7,483		6,017
Acquisition related costs[(c)]		36		—		73		—
Transition services costs[(d)]		236		209		1,825		746
Net COVID-19 related costs[(e)]		—		(307)		—		853
Rent related to item [(a)] above		97		48		296		97
Consolidated Adjusted EBITDA	**$**	**6,495**	**$**	**8,684**	**$**	**21,415**	**$**	**27,619**
Add: Rent—cost of services		10,334		9,721		30,455		29,194
Less: Rent related to items [(a)] above		(97)		(48)		(296)		(97)
Adjusted Rent—cost of services		10,237		9,673		30,159		29,097
Total Consolidated Adjusted EBITDAR from Operations	**$**	**16,732**			**$**	**51,574**		

(a) Represents results related to start-up operations. This amount excludes rent and depreciation and amortization expense related to such operations.

(b) Share-based compensation expense incurred which is included in cost of services and general and administrative expense.

(c) Acquisition related costs related to business combinations during the periods.

(d) A portion of the costs incurred under the Transition Services Agreement identified as redundant or nonrecurring that are included in general and administrative expense. Fees incurred under the Transition Services Agreement, net of the Company's payroll reimbursement, were $706 and $2,441 for the three and nine months ended September 30, 2021, and $1,502 and $4,583 for the three and nine months ended September 30, 2020, respectively. During the fourth quarter of fiscal 2020, we updated our Transition service costs adjustment to include duplicate software costs. The prior year transition service costs adjustment has been recast to reflect the change. The adjustment to the prior year transition service costs was $113 and $333 for the duplicative software costs for the three and nine months ended September 30, 2020 that were included in the 2020 full year amount in the Company's as filed Form 10-K.

(e) Beginning in the first quarter of fiscal year 2021, we updated our definition of Segment Adjusted EBITDAR to no longer include an adjustment for COVID-19 expenses offset by the amount of sequestration relief. COVID-19 expenses continue to be part of daily operations for which less specific identification is visible. Furthermore, the sequestration relief has been extended through December 31, 2021. Sequestration relief was $867 and $2,685 for the three and nine months ended September 30, 2021, respectively.

The 2020 amounts represent incremental costs incurred as part of the Company's response to COVID-19 including direct medical supplies, labor, and other expenses, net of $1,121 and $1,675 in increased revenue related to the 2% payment increase in Medicare reimbursements for sequestration relief for the three and nine months ended September 30, 2020, respectively.

Reconciliation of Net Income to Non-GAAP EBITDA, Adjusted EBITDA and Adjusted EBITDAR

$ in thousands	Year Ended December 31,				
	2020	2019	2018	2017	2016
Net Income	**$ 15,553**	**$ 3,175**	**$ 16,279**	**$ 10,027**	**$ 7,917**
Less: Net loss attributable to noncontrolling interest	(191)	629	595	160	—
guidanc	2,350	2,085	4,352	5,375	5
Depreciation and amortization	4,675	3,810	2,964	2,544	2,855
Interest Expense	1,239	410	—	—	—
Consolidated and Combined EBITDA	**$ 24,008**	**$ 8,851**	**$ 23,000**	**$ 17,786**	**$ 15,811**
Adjustments to Consolidated and Combined EBITDA:					
Add: Costs at start-up operations(a)	1,787	483	129	478	157
Results related to closed operations(b)	—	—	—	728	—
Share-based compensation expense(c)	8,335	3,382	2,382	2,298	2,341
Spin-off related transaction costs(d)	—	13,219	756	—	—
Transition services costs(e)	1,181	532	—	—	—
Acquisition related costs(f)	99	665	—	—	—
COVID-19 related costs and supplies(g)	447	—	—	—	—
Rent related to items (a) and (b) above	223	25	30	190	36
Adjusted Consolidated and Combined EBITDA	**$ 36,048**	**$ 27,157**	**$ 26,297**	**$ 21,480**	**$ 18,345**
Add: Rent—cost of services	39,191	34,975	31,999	31,304	28,953
Less: Rent related to items (a) and (b) above	(223)	(25)	(30)	(190)	(36)
Adjusted Rent—cost of services	38,968	34,950	31,169	31,114	28,917
Adjusted Consolidated and Combined EBITDAR from Operations	**$ 75,048**				

(a) Represents results related to start-up operations. This amount excludes rent and depreciation and amortization expense related to such operations.

(b) Operating losses related to the closure of certain, home health, and hospice agencies that were closed in 2017.

(c) Share-based compensation expense incurred which is included in cost of services and general and administrative expense.

(d) Costs incurred related to the Spin-Off are included in general and administrative expense.

(e) The portion of the costs incurred under the Transition Services Agreement identified as redundant or nonrecurring that are included in general and administrative expense or depreciation and amortization. Transition service costs includes $446 of duplicative software expense for the year ended December 31, 2020, of which $333 pertains to the first three quarters of the fiscal year and were not included as adjustments in previous interim periods.

(f) Acquisition related costs that are not capitalizable.

(g) Represents incremental costs incurred as part of the Company's response to COVID-19 including direct medical supplies, labor, and other expenses, net of $2,765 in increased revenue related to the 2% payment increase in Medicare reimbursements for sequestration relief for the year ended December 31, 2020.

GAAP Segment Adjusted EBITDAR from Operations

$ in thousands	Home Health and Hospice Services	Senior Living Services	All Other	Total
Three Months Ended September 30, 2021				
Revenue	$ 79,003	$ 32,918	$ —	$ 111,921
Segment Adjusted EBITDAR from Operations	**$ 14,409**	**$ 9,106**	**$ (6,783)**	**$ 16,732**
Three Months Ended September 30, 2020				
Revenue	$ 64,379	$ 34,018	$ —	$ 98,397
Segment Adjusted EBITDAR from Operations	**$ 13,530**	**$ 11,684**	**$ (6,857)**	**$ 18,357**

$ in thousands	Home Health and Hospice Services	Senior Living Services	All Other	Total
Nine Months Ended September 30, 2021				
Revenue	$ 231,715	$ 96,214	$ —	$ 327,929
Segment Adjusted EBITDAR from Operations	**$ 43,131**	**$ 27,692**	**$ (19,249)**	**$ 51,574**
Nine Months Ended September 30, 2020				
Revenue	$ 179,125	$ 103,861	$ —	$ 282,986
Segment Adjusted EBITDAR from Operations	**$ 34,681**	**$ 37,673**	**$ (15,638)**	**$ 56,716**

Reconciliation by Segment of GAAP to Non-GAAP Adjusted EBITDA

$ in thousands	Three Months Ended September 30,			
	Home Health and Hospice		Senior Living Services	
	2021	2020	2021	2020
Segment Adjusted EBITDAR from Operations	**$ 14,409**	**$ 13,530**	**$ 9,106**	**$ 11,684**
Less: Rent—cost of services	1,282	846	9,052	8,875
Rent related to start-up operations	(67)	(18)	(30)	(30)
Segment Adjusted EBITDA from Operations	**$ 13,194**	**$ 12,702**	**$ 84**	**$ 2,839**

$ in thousands	Nine Months Ended September 30,			
	Home Health and Hospice		Senior Living Services	
	2021	2020	2021	2020
Segment Adjusted EBITDAR from Operations	**$ 43,131**	**$ 34,681**	**$ 27,692**	**$ 37,673**
Less: Rent – cost of services	$ 3,611	$ 2,570	$ 26,844	$ 26,624
Rent related to start-up operations	$ (316)	$ (47)	$ 20	$ (50)
Segment Adjusted EBITDAR from Operations	**$ 39,836**	**$ 32,158**	**$ 828**	**$ 11,099**

GAAP Segment Adjusted EBITDAR from Operations and Reconciliation by Segment of GAAP to Non-GAAP Adjusted EBITDA

$ in thousands	Home Health and Hospice Services	Senior Living Services	All Other	Total
Three Months Ended December 31, 2020				
Revenue	$ 253,659	$ 137,294	$ —	$ 390,953
Segment Adjusted EBITDAR from Operations	**$ 49,501**	**$ 48,309**	**$ (22,762)**	**$ 75,048**
Three Months Ended December 31, 2019				
Revenue	$ 206,624	$ 131,907	$ —	$ 338,531
Segment Adjusted EBITDAR from Operations	**$ 33,354**	**$ 47,334**	**$ (18,591)**	**$ 62,107**
Three Months Ended December 31, 2018				
Revenue	$ 169,037	$ 117,021	$ —	$ 286,058
Segment Adjusted EBITDAR from Operations	**$ 26,427**	**$ 47,230**	**$ (16,191)**	**$ 57,466**
Three Months Ended December 31, 2017				
Revenue	$ 142,403	$ 108,588	$ —	$ 250,991
Segment Adjusted EBITDAR from Operations	**$ 21,007**	**$ 44,230**	**$ (12,643)**	**$ 52,594**
Three Months Ended December 31, 2016				
Revenue	**$ 115,813**	**$ 101,412**	**$ —**	**$ 217,225**
Segment Adjusted EBITDAR from Operations	**$ 16,548**	**$ 41,278**	**$ (10,564)**	**$ 47,262**

$ in thousands	Year Ended December 31,									
	Home Health and Hospice					Senior Living Services				
	2020	2019	2018	2017	2016	2020	2019	2018	2017	2016
Segment Adjusted EBITDAR from Operations	**$ 49,501**	**$ 33,354**	**$ 26,427**	**$ 21,007**	**$ 16,548**	**$ 48,309**	**$ 47,344**	**$ 47,230**	**$ 44,230**	**$ 41,278**
Less: Rent – cost of services	$ 3,629	$ 2,964	$ 2,281	$ 1,977	$ 1,564	$ 35,562	$ 32,011	$ 28,918	$ 29,327	$ 27,389
Rent related to start-up and closed operations	$ (143)	$ (25)	$ (30)	$ (190)	$ (36)	$ (80)	$ —	$ —	$ —	$ —
Segment Adjusted EBITDA from Operations	**$ 46,051**	**$ 30,415**	**$ 24,176**	**$ 19,220**	**$ 15,020**	**$ 12,827**	**$ 15,333**	**$ 18,312**	**$ 14,903**	**$ 13,889**

Reconciliation of Segment Adjusted EBITDAR from Operations to Income from Operations

$ in thousands	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	**2020**	**2021**	**2020**
Segment Adjusted EBITDAR from Operations	**$ 16,732**	**$ 18,357**	**$ 51,574**	**$ 56,716**
Less: Depreciation and amortization	1,200	1,212	3,545	3,434
Rent – cost of services	10,334	9,721	30,455	29,194
Other Income	—	225	(24)	225
Adjustments to Segment EBITDAR from Operations:				
Less: Costs at start-up operations[(a)]	532	717	991	1,422
Share-based compensation expense[(b)]	2,568	2,102	7,483	6,017
Acquisition related costs[(c)]	36	—	73	—
Transition services costs[(d)]	236	209	1,825	746
Net COVID-19 related costs[(e)]	—	(307)	—	853
Add: Net loss attributable to non-controlling interest	(124)	—	(342)	—
Consolidated Income from Operations	**$ 1,702**	**$ 4,478**	**$ 6,884**	**$ 14,825**

(a) Represents results related to start-up operations. This amount excludes rent and depreciation and amortization expense related to such operations.

(b) Share-based compensation expense incurred which is included in cost of services and general and administrative expense.

(c) Acquisition related costs related to business combinations during the periods.

(d) A portion of the costs incurred under the Transition Services Agreement identified as redundant or nonrecurring that are included in general and administrative expense. Fees incurred under the Transition Services Agreement, net of the Company's payroll reimbursement, were $706 and $2,441 for the three and nine months ended September 30, 2021, and $1,502 and $4,583 for the three and nine months ended September 30, 2020, respectively. During the fourth quarter of fiscal 2020, we updated our Transition service costs adjustment to include duplicate software costs. The prior year transition service costs adjustment has been recast to reflect the change. The adjustment to the prior year transition service costs was $113 and $333 for the duplicative software costs for the three and nine months ended September 30, 2020 that were included in the 2020 full year amount in the Company's as filed Form 10-K.

(e) Beginning in the first quarter of fiscal year 2021, we updated our definition of Segment Adjusted EBITDAR to no longer include an adjustment for COVID-19 expenses offset by the amount of sequestration relief. COVID-19 expenses continue to be part of daily operations for which less specific identification is visible. Furthermore, the sequestration relief has been extended through December 31, 2021. Sequestration relief was $867 and $2,685 for the three and nine months ended September 30, 2021, respectively.

The 2020 amounts represent incremental costs incurred as part of the Company's response to COVID-19 including direct medical supplies, labor, and other expenses, net of $1,121 and $1,675 in increased revenue related to the 2% payment increase in Medicare reimbursements for sequestration relief for the three and nine months ended September 30, 2020, respectively.

Reconciliation of Segment Adjusted EBITDAR from Operations to Income from Operations

$ in thousands	Year Ended December 31,				
	2020	2019	2018	2017	2016
Segment Adjusted EBITDAR from Operations	**$ 75,048**	**$ 62,107**	**57,466**	**52,594**	**47,262**
Less: Depreciation and amortization	4,675	3,810	2,964	2,544	2,855
Rent – cost of services	39,191	34,975	31,199	31,304	28,953
Other income	225	—	—	—	—
Adjustments to Segment EBITDAR from Operations:					
Less: Costs at start-up operations[(a)]	1,787	483	129	478	157
Share-based compensation expense[(b)]	8,335	3,382	2,382	2,298	2,341
Acquisition related costs[(c)]	99	665	—	—	—
Spin-off related transaction costs[(d)]	—	13,219	756	—	—
Transition services costs[(e)]	1,181	532	—	—	—
Covid-19 related costs and supplies[(f)]	447	—	—	—	—
Results related to closed operations[(g)]	—	—	—	728	—
Add: Net (loss) income attributable to non-controlling interest	(191)	629	595	160	26
Consolidated and Combined Income from Operations	$ 18,917	5,670	20,631	15,402	12,982

(a) Represents results related to start-up operations. This amount excludes rent and depreciation and amortization expense related to such operations.

(b) Share-based compensation expense incurred which is included in cost of services and general and administrative expense.

(c) Acquisition related costs that are not capitalizable.

(d) Costs incurred related to the Spin-Off are included in general and administrative expense.

(e) The portion of the costs incurred under the Transition Services Agreement identified as redundant or nonrecurring that are included in general and administrative expense or depreciation and amortization. Transition service costs includes $446 of duplicative software expense for the year ended December 31, 2020, of which $333 pertains to the first three quarters of the fiscal year and were not included as adjustments in previous interim periods.

(f) Represents incremental costs incurred as part of the Company's response to COVID-19 including direct medical supplies, labor, and other expenses, net of $2,765 in increased revenue related to the 2% payment increase in Medicare reimbursements for sequestration relief for the year ended December 31, 2020.

(g) Operating losses related to the closure of certain, home health, and hospice agencies that were closed in 2017.

Trended Selected Quarterly Metrics

Metrics	Q3'21	Q3'20	Q2'21	Q2'20	Q1'21	Q1'20	Q4'20	Q4'19
Home Health								
Total admissions[a]	9,213	6,771	9,766	5,259	9,097	6,136	8,522	5,914
Total Medicare admissions	4,211	3,418	4,406	2,459	4,498	2,809	4,288	2,777
Medicare revenue per episode	$ 3,404	$ 3,448	$ 3,441	$ 3,412	$ 3,461	$ 3,077	$ 3,372	$ 3,045
Hospice								
Hospice total admissions	2,219	2,133	2,047	1,954	2,154	1,676	2,423	1,542
Hospice ADC	2,337	2,177	2,296	1,979	2,308	1,871	2,308	1,845
Average length of stay	107	105	97	97	93	101	101	99
Medicare Hospice revenue per patient day	$ 174	$ 164	$ 171	$ 164	$ 172	$ 163	$ 171	$ 163
Senior Living								
Communities	54	54	54	54	54	53	54	52
Units	4,127	4,127	4,127	4,127	4,127	4,127	4,127	3,963
Occupancy [b]	73.7 %	76.8 %	72.7 %	78.5 %	72.1 %	79.8 %	75.5 %	81.1 %
Average revenue per unit [b]	$ 3,174	$ 3,173	$ 3,176	$ 3,204	$ 3,186	$ 3,206	$ 3,166	$ 3,149

Segment Adjusted EBITDAR[c]	Q3'21	Q3'20	Q2'21	Q2'20	Q1'21	Q1'20	Q4'20	Q4'19
Home Health and Hospice	$ 14,409	$ 13,530	$ 14,931	$ 11,245	$ 13,791	$ 9,729	$ 14,820	$ 9,481
Senior Living	$ 9,106	$ 11,684	$ 9,752	$ 13,492	$ 8,834	$ 12,397	$ 10,636	$ 12,012

(a) Q2'21 HHH were adjusted to eliminate certain non-skilled admissions that were inadvertently included in the original calculation.

(b) Averages are based upon the average for the quarter, year-to-date figures will differ based on the period presented.

(c) Segment Adjusted EBITDAR dollars are reported in thousands.