

June 16, 2025



PACS Group to Restate Certain Previously Issued Financial Statements

Audit Committee Investigation Substantially Complete

FARMINGTON, Utah--(BUSINESS WIRE)-- PACS Group, Inc. (NYSE: PACS) ("PACS" or the "Company") announced today that it will restate its previously issued condensed combined/consolidated financial statements as of and for the three months ended on March 31, 2024 included in the Company's Quarterly Report on Form 10-Q filed with the SEC on May 13, 2024 (as amended on May 21, 2024), and as of and for the three and six months ended on June 30, 2024 included in the Company's Quarterly Report on Form 10-Q filed with the SEC on August 12, 2024 (collectively, the "Prior Financial Statements," and each such quarterly period in the six months ended June 30, 2024, the "Impacted Periods"). The Prior Financial Statements and any previously furnished reports or communications of PACS describing the Company's financial results for the Impacted Periods should no longer be relied upon.

As previously disclosed, the Company's independent Audit Committee of the Board of Directors (the "Audit Committee"), with assistance from external counsel, has been conducting an independent investigation of third-party allegations. The Audit Committee has made substantial progress and is nearing the completion of the investigation. To date, the Audit Committee has found no basis to question the integrity of the Company's Executive Vice Chairman, Chief Executive Officer, Chief Financial Officer or Chief Accounting Officer.

In connection with additional facts learned, including as a result of the Audit Committee's independent investigation, and due to regulatory, compliance and Medicare Part B billing uncertainties, management has determined that it is appropriate to reconsider the Company's judgmental assessments of the compliance of its respiratory and certain other therapy services. Management has also determined that it is appropriate to reconsider the application of certain aspects of revenue recognition guidance under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts With Customers ("ASC 606") regarding revenue from billings for such services.

As a result, the Company believes that the revenue associated with the provision of respiratory services and certain other therapy services billed under Medicare Part B should not have been recognized as revenue in the Impacted Periods. Accordingly, the Company has determined that it overstated total revenue in the condensed combined/consolidated statements for the Impacted Periods by:

- Approximately \$15.0 million to \$17.0 million for the three month period ended March 31, 2024 and approximately \$46.0 million to \$48.0 million for the three month period ended June 30, 2024.
- These amounts are preliminary and may be subject to change.

The Company is working diligently to restate the Prior Financial Statements as soon as practicable. Given the ongoing investigation, PACS has been unable to file its Quarterly Report on Form 10-Q for the nine months ended September 30, 2024, its Annual Report on Form 10-K for the year ended December 31, 2024, and its Quarterly Report on Form 10-Q for the three months ended March 31, 2025. As previously disclosed in the Company's Current Report on Form 8-K filed on June 2, 2025, The New York Stock Exchange ("NYSE") provided the Company with an additional trading period through September 2, 2025, subject to reassessment on an ongoing basis, to file its delinquent filings and regain compliance with NYSE listing standards. PACS intends to restate the Prior Financial Statements and file its delinquent quarterly and annual reports within the granted additional period.

Further to the Audit Committee's ongoing investigation, the Company's management team, together with external counsel and outside advisors, has undertaken a thorough review of its regulatory compliance program and has begun to implement additional measures designed to enhance processes and controls surrounding regulatory compliance. As part of this process, PACS has retained a new Interim Chief Compliance Officer to oversee the ongoing review and the implementation of updates to the Company's compliance program. PACS is also continuing to assess the effect of any restatements on the Company's internal controls over financial reporting and its disclosure controls and procedures.

Additional information relating to the restatement is available in the Company's Current Report on Form 8-K filed today.

About PACS™

PACS Group, Inc. is a holding company investing in post-acute healthcare facilities, professionals, and ancillary services. Founded in 2013, PACS Group is one of the largest post-acute platforms in the United States. Its independent subsidiaries operate 314 post-acute care and senior living facilities across 17 states, serving over 30,000 patients daily. References herein to the consolidated "Company," as well as the use of the terms "we," "us," "our," "its" and similar verbiage, refer to PACS Group, Inc. and its consolidated subsidiaries, taken as a whole. PACS Group, Inc. 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. More information about PACS is available at <https://IR.pacs.com>.

Forward-Looking Statements

This press release contains, and other communications of the Company may contain, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements often use words such as "believe," "expect," "anticipate," "intend," "estimate," "project," "outlook," "forecast," "target," "trend," "plan," "goal," or other words of comparable meaning or future-tense or conditional verbs such as "may," "will," "should," "would," or "could." 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 the Company operates and possible future events. These statements include, but are not limited to, statements regarding the Company's expectations regarding the timing of and its ability to restate the Prior Financial Statements and file its delinquent quarterly and annual reports. 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 the outcome of any ongoing government or internal investigations, risks associated with litigation, risks associated with the Company's ability to restate the Prior Financial Statements and file its delinquent quarterly and annual reports within the granted additional period, risks associated with the NYSE's ongoing compliance monitoring, and the other risks described in the Company's filings with the Securities and Exchange Commission.

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