

**CARE ONE, LLC AND SUBSIDIARIES
(A DELAWARE LIMITED LIABILITY COMPANY)**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

CARE ONE, LLC AND SUBSIDIARIES

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Independent Auditor's Report

Members
Care One, LLC and Subsidiaries

Opinion

We have audited the consolidated financial statements of Care One, LLC and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, the related consolidated statements of comprehensive loss, members' deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Sax LLP

Parsippany, New Jersey
May 14, 2026

CARE ONE, LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (IN THOUSANDS)

	December 31,	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 11,575	\$ 4,360
Restricted cash escrow deposits	4,957	4,892
Resident accounts receivable, net of allowance of \$6,047 and \$7,919, respectively	36,994	35,754
Other receivable	44,627	37,371
Prepaid expenses and other current assets	1,130	2,254
Due from affiliates	4,171	10,527
Total current assets	103,454	95,158
Other Assets		
Property and equipment, net	236,897	251,224
Goodwill	9,454	9,454
Licenses	17,429	17,429
Net operating lease - right of use ("ROU") asset	12,190	13,260
Fair value of interest rate swap asset	-	2,865
Other assets	1,774	7,976
Total other assets	277,744	302,208
Total Assets	\$ 381,198	\$ 397,366

See accompanying notes to the consolidated financial statements.

CARE ONE, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
(IN THOUSANDS)

	December 31,	
	2025	2024
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Deferred income and refundable advances	\$ 7,619	\$ 6,393
Lines of credit	5,200	5,200
Current maturities of long-term debt	149,708	119,314
Current maturities of related party loans payable	100	100
Accounts payable	49,498	54,676
Accrued expenses	45,683	44,012
Accrued interest payable	2,564	2,444
Operating lease obligation, current portion	1,128	1,095
Total current liabilities	<u>261,500</u>	<u>233,234</u>
Long-Term Liabilities		
Long-term debt, net	389,321	406,049
Operating lease obligation, net of current portion	11,456	12,584
Long-term portion of related party loans payable	1,757	13,680
Other long term liabilities	-	5,629
Fair value of interest rate swap liability	429	-
Total long-term liabilities	<u>402,963</u>	<u>437,942</u>
Total Liabilities	<u>664,463</u>	<u>671,176</u>
Members' Equity		
Members' accumulated deficit	(282,836)	(276,675)
Accumulated other comprehensive (loss) income	(429)	2,865
Total members' deficit	<u>(283,265)</u>	<u>(273,810)</u>
Total Liabilities and Members' Equity	<u>\$ 381,198</u>	<u>\$ 397,366</u>

See accompanying notes to the consolidated financial statements.

CARE ONE, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (IN THOUSANDS)

	For the years ended December 31,	
	2025	2024
Revenue		
Net resident service revenue	\$ 431,167	\$ 401,472
Other revenue	1,959	1,346
Management fees - affiliates	29,005	55,620
Total revenue	462,131	458,438
Operating Expenses		
Salaries, wages and benefits	292,429	277,696
Other operating expenses	126,216	137,959
Depreciation expense	21,293	21,087
Total operating expenses	439,938	436,742
Income from Operations	22,193	21,696
Other Income (Expense)		
Loss on disposal of assets	(1,601)	(74)
Other income	1,210	160
Interest expense	(27,963)	(30,470)
Total other expense	(28,354)	(30,384)
Net Loss before State Income Taxes	(6,161)	(8,688)
State income tax benefit (expense)	-	1,655
Net Loss	(6,161)	(7,033)
Other Comprehensive Loss		
Change in fair value of interest rate swap agreements	(3,294)	(34)
Comprehensive Loss	\$ (9,455)	\$ (7,067)

See accompanying notes to the consolidated financial statements.

CARE ONE, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF MEMBERS' DEFICIT (IN THOUSANDS)

	Members' Deficit	Accumulated Other Comprehensive Income (Loss)	Total Members' Deficit
Balance - December 31, 2023	\$ (266,642)	\$ 2,899	\$ (263,743)
Net loss	(7,033)	-	(7,033)
Distributions	(3,000)	-	(3,000)
Other comprehensive loss	-	(34)	(34)
Balance - December 31, 2024	(276,675)	2,865	(273,810)
Net loss	(6,161)	-	(6,161)
Other comprehensive loss	-	(3,294)	(3,294)
Balance - December 31, 2025	\$ (282,836)	\$ (429)	\$ (283,265)

See accompanying notes to the consolidated financial statements.

CARE ONE, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	For the years ended	
	December 31,	
	2025	2024
Cash Flows from Operating Activities		
Net loss	\$ (6,161)	\$ (7,033)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation expense	21,293	21,087
Amortization of debt issuance costs	646	824
Bad debt expense	9,284	14,005
Loss on sale of property and equipment	1,600	-
Changes in operating assets and liabilities:		
Resident accounts receivable - net	(10,524)	(6,847)
Other receivables	(7,256)	(22,688)
Prepaid expenses and other current assets	1,124	153
Other assets	6,202	(5,655)
Amortization of net operating lease - ROU asset	1,070	1,050
Deferred income and refundable advances	1,226	1,075
Accounts payable	(5,178)	10,563
Accrued expenses	1,671	5,945
Accrued interest payable	120	(368)
Operating lease obligation	(1,095)	(1,110)
Other liabilities	(5,629)	5,629
Net Cash Provided by Operating Activities	<u>8,393</u>	<u>16,630</u>
Cash Flows from Investing Activities		
Acquisition of intangible assets	(467)	-
Purchase of property and equipment	(8,566)	(15,374)
Net Cash Used in Investing Activities	<u>(9,033)</u>	<u>(15,374)</u>

See accompanying notes to the consolidated financial statements.

CARE ONE, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(IN THOUSANDS)

	For the years ended	
	December 31,	
	2025	2024
Cash Flows from Financing Activities		
Repayments of lines of credit	\$ -	\$ (5,000)
Proceeds from long-term debt	36,853	5,423
Principal payments of long-term debt	(23,366)	(8,781)
Net repayments of related party debt	(5,567)	-
Proceeds on related party debt	-	2,404
Net Cash Provided by (Used in) Financing Activities	7,920	(5,954)
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash - Escrow Deposits	7,280	(4,698)
Cash, Cash Equivalents and Restricted Cash - Escrows, Beginning of Year	9,252	13,950
Cash, Cash Equivalents and Restricted Cash - Escrows, End of Year	\$ 16,532	\$ 9,252
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 27,565	\$ 30,829
Cash paid during the year for taxes	\$ -	\$ -

See accompanying notes to the consolidated financial statements.

CARE ONE, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS)

NOTE 1 – DESCRIPTION OF BUSINESS AND ORGANIZATION

Care One, LLC through its Subsidiaries (together, the “Company”) principally owns, operates and manages skilled nursing, assisted living, long-term acute care facilities and home health care organizations in New Jersey. The Company operated 32 health care facilities and other related health care providers at December 31, 2025.

Although limited liability companies are not corporations, their members have limited personal liability for the obligations or debts of the entities similar to stockholders of a corporation; however, the entities are classified as partnerships for federal income tax purposes.

The Company is related to several other businesses that have common beneficial ownership and managerial control. These related businesses are hereinafter referred to as “affiliates” or “related parties”.

LIQUIDITY AND MATURING DEBT

The Company has a working capital deficit of \$158,046 at December 31, 2025, including current maturities of \$149,708. A significant contributing factor to the negative working capital is the substantial capital investment the Company has made in many of its healthcare facilities over the last three years in order to both improve the facilities and allow for a strategic shift in resident/patient mix going forward. These renovations resulted in certain closures, causing a temporary decline in occupancy, and thus revenue. Management believes that these renovations will have significant benefit to the Company over the longer term and expects occupancy levels to return to historical levels while margins improve due to a more favorable resident/patient mix. The Company has a history of refinancing its debt when balloon payments are due and expects to refinance the debt maturing within 2025.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION AND COMBINATION

The accompanying consolidated financial statements include the accounts of Care One, LLC, and its wholly-owned subsidiaries, as listed in Note 14 to these consolidated financial statements. All significant intercompany transactions and balances have been eliminated in the consolidated financial statements.

CARE ONE, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates include the allowance for doubtful accounts receivable, contractual allowances, amounts earned under the CARES Act and other government grant programs, third party contingencies and estimated losses for potential liability for insurance claims. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

ACCOUNTS RECEIVABLE AND NET PATIENT SERVICE REVENUE

Net patient service revenue and the related accounts receivable is reported at the amount that reflects the consideration to which the Company expects to be entitled in exchange for providing patient care.

The Company’s initial estimate of the transaction price for services provided to patients subject to revenue recognition is determined by reducing the total standard charges related to patient services provided by various elements of variable consideration, including explicit price considerations such as contractual adjustments and implicit price concessions provided, primarily to uninsured patients, and other reductions to the Company’s standard charges. The Company determines the transaction price associated with services provided to patients who have third-party payor coverage on the basis of contractual or formula-driven rates for services rendered. The estimates for contractual allowances and discounts are based on contractual agreements and historical experience. For under-insured patients, the Company determines the transaction price associated with services rendered on the basis of charges reduced by implicit price concessions. The implicit price concessions included in the estimation of the transaction price are based on the Company’s historical collection experience for applicable portfolios.

CARE ONE, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE AND NET PATIENT SERVICE REVENUE (CONTINUED)

Settlements with third-party payors for cost report filing and retroactive adjustments due to ongoing and future audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated contract price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Company's historical settlement activity (for example, cost report final settlements or repayments related to recovery audits), including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Such estimates are determined through either a probability-weighted estimate or an estimate most likely amount, depending on the circumstances related to a given settlement item. Adjustments arising from a change in the transaction price were not significant for the years ended December 31, 2025 and 2024.

Subsequent changes to the estimate of the transaction price (determined on a portfolio basis when applicable) are generally recorded as adjustments to net patient services revenue in the period of change. For the years ended December 31, 2025 and 2024, changes in the estimates of implicit price concessions, discounts, contractual adjustments and other reductions to expected payments for performance obligations satisfied in prior years were not significant. Portfolio collection estimates are updated based on collection trends. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay (determined on a portfolio basis, when applicable) are recorded as bad debt expense. The Company's bad debt expense is not significant for the years ended December 31, 2025 and 2024.

After satisfaction of amounts due from insurance, the Company follows established guidelines for placing certain patient balances with collection agencies, subject to certain restrictions on collection efforts as determined by the Company's policy. Changes in the effectiveness of the collection efforts could impact the amounts expected to be collected and, therefore, could impact net patient services revenue in future periods.

The Company uses a portfolio approach as a practical expedient to account for categories of patient contracts as collective groups, rather than recognizing revenue on an individual contract basis. The consolidated financial statements' effects of using this practical expedient are not materially different from an individual contract approach.

CARE ONE, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE AND NET PATIENT SERVICE REVENUE (CONTINUED)

The Company has elected the practical expedient and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Company's expectation that the period between the time the service is provided to a patient and the time that the patient or third-party payor pays for that service will be one year or less.

As substantially all of its performance obligations relate to contracts with a duration of less than one year, the Company has elected to apply the optional exemption not to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The Company does not have any off-balance sheet credit exposure related to its accounts receivable.

ALLOWANCE FOR CREDIT LOSSES

The Company recognizes an allowance for expected credit losses on receivables, in accordance with ASU 2016-13, Financial Instruments - Credit Losses ("Topic 326"). The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the financial instrument. The expected credit losses on resident receivables are estimated based on historical credit loss experience, aging analysis, and management's assessment of current conditions and reasonable and supportable expectation of future conditions. The Company assesses collectability by pooling receivables where similar characteristics exist and evaluates receivables individually when specific customer balances no longer share those risk characteristics and are considered at-risk or uncollectible. Accounts receivable balances are charged against the allowance for credit losses after recovery efforts have ceased. Changes in the valuation allowance have historically not been material to the consolidated financial statements.

The Company has tracked historical loss information based on the aging buckets and the type of payor for its patient receivables and compiled historical credit loss percentages for different aging categories (current, 1–30 days past due, 31–60 days past due, 61–90 days past due, 91–120 days past due, 121–180 days past due, 181–365 days past due, 366–730 days past due, and more than 730 days past due).

CARE ONE, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ALLOWANCE FOR CREDIT LOSSES (CONTINUED)

Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for patient receivables held at December 31, 2025 and 2024, because the composition of the patient receivables at that date is consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). As a result, management applied the applicable updated credit loss rates to determine the expected credit loss estimate for each aging category. Accordingly, the allowance for expected credit losses at December 31, 2025 and 2024 totaled \$6,047 and \$7,919, respectively.

The Company writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the entity's accounting policy election. The total amount of write-offs for the years ending December 31, 2025 and 2024, were \$9,284 and \$14,005, respectively.

DEFERRED INCOME AND REFUNDABLE ADVANCES

Deferred income and refundable advances include fees from residents received in advance of being earned, provider relief funds and Medicare accelerated and advance payments.

CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash balances held with financial institutions, which at times exceed federally insured limits, and resident accounts receivable. At December 31, 2025 there were four accounts with balances totaling \$8,438 that were in excess of these insurance limits. The Company has not experienced any losses in connection with these balances.

CARE ONE, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONCENTRATION OF CREDIT RISK (CONTINUED)

The Company grants credit without collateral to its residents, many of whom are insured under third-party payor arrangements. The percentages of resident accounts receivable from residents and third-party payors are as follows:

	2025	2024
Medicare and Medicaid	49%	55%
Managed Care / Commercial Insurance	25%	16%
Residents and Other	26%	29%
	100%	100%

PROPERTY AND EQUIPMENT

Land, buildings and improvements, equipment, furniture and fixtures used in the skilled nursing and other operations of the Company are classified as property and equipment and are recorded at cost. Buildings, building improvements, equipment and furniture and fixtures are depreciated on the straight-line method over their estimated useful lives which range from 5 to 25 years. Construction in progress represents uncompleted work as of the balance sheet date.

Expenditures for maintenance and repairs are charged to operations as incurred.

Expenditures for improvements and betterments with an expected useful life in excess of one year and a cost in excess of two thousand five hundred dollars are capitalized. The cost and related accumulated depreciation of assets are removed from the accounts when such assets are retired or sold, and any related gains or losses are reflected in the statement of comprehensive income (loss) for the period.

LICENSES AND GOODWILL

Goodwill is recognized as a result of a business combination when the price paid for the acquired business exceeds the fair value of the identified equity. Identifiable intangible assets are recognized at their fair value when acquired. Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually. Intangible assets with definite useful lives are amortized over their respective estimated useful lives to their estimated residual values and reviewed for impairment. There were no impairment losses for the years ended December 31, 2025 and 2024.

CARE ONE, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LICENSES AND GOODWILL (CONTINUED)

Licenses, which consist of costs to acquire the required state licenses to operate healthcare facilities, have been determined to be intangible assets with an indefinite life. There were no impairment losses for the years ended December 31, 2025 and 2024.

IMPAIRMENT OF LONG-LIVED ASSETS

If there is an event or a change in circumstances adversely impacting the recoverability of long-lived assets, the Company's policy is to assess any impairment in value by making a comparison of the current and projected operating cash flows of the asset over its remaining useful life, on an undiscounted basis, to the carrying amount of the asset. Such carrying amounts would be adjusted, if necessary, to reflect an impairment in the value of the assets. If it is determined that the Company is unable to recover the carrying amount of its assets, the long-lived assets are written down to fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. There were no impairment losses for the years ended December 31, 2025 and 2024.

DEBT ISSUANCE COSTS

Debt issuance costs consist of costs incurred to obtain financing. Debt issuance costs are reported on the consolidated balance sheets as a direct deduction from the face amount of the debt. The debt issuance costs are being amortized over the term of the debt on a method that approximates the interest method. The Company reflects amortization of debt issuance costs within interest expense.

FAIR VALUE MEASUREMENTS

The Company follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy, based on whether the inputs used to determine their fair values are observable or unobservable. Fair value level inputs are as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

CARE ONE, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity’s own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

FAIR VALUE OF INTEREST RATE SWAP AGREEMENTS

The Company, in conjunction with some of its mortgage notes, has entered into interest rate swap agreements with financial institutions to manage its exposure to interest rate movements on the Company’s variable rate mortgage notes. The agreements, designated as cash flow hedges, involve the exchange of amounts based on a variable interest rate for amounts based on a fixed interest rate over the term of the respective agreement. The differential to be paid or received, if any, is accrued and recognized as an adjustment of interest expense related to the mortgage note.

The Company records all derivative instruments, currently consisting of interest rate swap agreements, on the consolidated balance sheet at their respective fair values and all changes in fair values in the consolidated statement of comprehensive income (loss) as a component of other comprehensive income, based on the derivative instrument’s designation and effectiveness of hedging relationships.

FINANCIAL INSTRUMENTS

The Company follows U.S. GAAP guidance which affects presentation and disclosure requirements of financial liabilities whereby, all entities that are not public business entities, are exempt from disclosing fair value information for financial instruments measured at amortized cost.

COMPREHENSIVE INCOME

The reporting of comprehensive income (net income plus or minus other comprehensive income or loss) in financial statements is defined as the net change in equity (deficit) of a business enterprise during a period from transactions and other events, except those resulting from investments by owners and distributions to owners.

CARE ONE, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

EMPLOYEE HEALTH BENEFIT PLANS

The Company has one self-insured employee health benefit plan (the “Health Plan”). The Company contracts with a preferred provider organization to assist in the administration of the Health Plan. The estimated liabilities of the Health Plan, reported claims and claims incurred but not reported, are included in accrued expenses in the consolidated balance sheets. Actual amounts could differ from these estimates. Together with several affiliates, the Company maintains excess claims insurance for individual medical claims in excess of \$450 through a third-party insurer which expires on December 31, 2026.

PROFESSIONAL LIABILITY AND WORKERS’ COMPENSATION COSTS

The Company is self-insured for professional liability claims and maintains workers’ compensation insurance with a \$500 per employee deductible under an insurance policy that expires on June 30, 2026. The provision for estimated professional liability and workers’ compensation claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported. The estimated liabilities for professional liability and workers’ compensation claims are included in accrued expenses in the consolidated balance sheets. See Note 11 for additional information regarding the Company’s professional liability program.

LEGAL FEES

Legal fees are recorded on the accrual basis as they are incurred. Loss reserves for cases that have been incurred but not reported include estimated legal costs to defend the cases.

INCOME TAXES

The Company is classified as a partnership for income tax reporting purposes. Accordingly, the Company has not provided for federal and certain state income taxes since all income or loss is passed through directly to the members. Certain states require state income taxes to be paid at the entity level. These state income taxes, if any, are reflected as state income tax expense in the accompanying consolidated statements of comprehensive income (loss). Management has determined that the deferred tax assets and/or liabilities related to entity level state taxes are not significant.

The Company has implemented the guidance in U.S. GAAP regarding the recognition and measurement of uncertain tax positions. The guidance clarifies the accounting for uncertainty in income taxes recognized in an entity’s financial statements. The guidance further prescribes recognition and measurement of tax provisions taken or expected to be taken on a tax return that are not certain to be realized. The application of this guidance had no impact on the Company’s consolidated financial statements.

CARE ONE, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES (CONTINUED)

The Company's income tax returns are subject to review and examination by federal, state and local authorities. Generally, federal, state and local authorities may examine the Company's tax returns for three years from the date of filing and the current and prior three years remain subject to examination as of December 31, 2025.

LEASES

The Company recognizes a right-of-use asset and lease liability for leases in accordance with ASC Topic 842, Leases. Topic 842 requires lessees to recognize most leases on their balance sheets as a right-of-use ("ROU") asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis.

The Company made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Company made an accounting policy election available to non- public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

CARE ONE, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 3 – CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash restricted at December 31, 2025 and 2024 consist of the following:

	<u>2025</u>	<u>2024</u>
Operating cash	\$ 11,575	\$ 4,360
Restricted cash portion of:		
Liability insurance escrow	32	18
Property tax escrow	82	61
Replacement reserve escrow	213	188
Other escrow	4,630	4,625
Total restricted cash - escrow deposits	<u>4,957</u>	<u>4,892</u>
Total cash, cash equivalents and restricted cash - escrow deposits presented in the consolidated statements of cash flows	<u>\$ 16,532</u>	<u>\$ 9,252</u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2025 and 2024 consist of the following:

	<u>2025</u>	<u>2024</u>
Land and improvements	\$ 54,360	\$ 53,650
Buildings and improvements	335,143	328,721
Equipment, furniture and fixtures	140,461	145,041
Construction in progress	25,496	26,958
	<u>555,460</u>	<u>554,370</u>
Less accumulated depreciation	<u>(318,563)</u>	<u>(303,146)</u>
Property and equipment, net	<u>\$ 236,897</u>	<u>\$ 251,224</u>

There was \$2,765 and \$2,963 of interest expense capitalized for the years ended December 31, 2025 and 2024, respectively. Construction in progress represents renovation projects and other equipment and fixtures that are not complete as of the balance sheet date.

CARE ONE, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 5 - LINES OF CREDIT

The Company has various lines of credit totaling \$25,500 in the aggregate, which expire at various dates through February 2027 (\$9,000:2026, \$16,500:2027). The lines of credit are based on the Secured Overnight Financing Rate (SOFR) and Bloomberg Short-Term Bond Yield (BSBY) and are subject to certain floors (effective interest rates on outstanding balances are approximately 5.86% and 6.81% as of December 31, 2025 and 2024, respectively). The lines of credit are collateralized by various assets and ownership interests of the Company. The amount outstanding as of December 31, 2025 and 2024 was \$5,200 and \$5,200, respectively.

Irrevocable standby letters of credit in the amounts of \$25,597 and \$24,997 that are outstanding at December 31, 2025 and 2024, respectively, reduce the available borrowing capacity under the lines of credit.

NOTE 6 – LONG-TERM DEBT

Long-term debt consists of the following as of December 31:

	<u>2025</u>	<u>2024</u>
In October 2020, the Company secured a term loan for five health care facilities in the amount of \$63,906. Interest on this debt is floating at 262bp over SOFR with a SOFR floor of 75bp. An interest rate cap is in place for SOFR at 1% for \$49,095 of the loan amount. The effective rate as of 12/31/2025 is 6.37% (250bp over SOFR 3.87%). The proceeds of the loan were used to refinance debt. The loan is secured by certain assets of the subsidiaries of the Company. The loan matured on October 9, 2025, was extended through February 2026, and subsequently refinanced with a revised maturity of February 28, 2027.	\$ 61,343	\$ 62,084
In October 2020, the Company secured a construction loan up to the amount of \$34,284 for the purpose of financing construction projects. Interest on this debt is 262bp over SOFR with a SOFR floor of 75bp. The effective rate as of 12/31/2025 is 6.49% (262bp over SOFR 3.87%). The interest accrues only on sums advanced. The loan matures on February 28, 2027.	27,161	28,069

CARE ONE, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS)

NOTE 6 – LONG-TERM DEBT (CONTINUED)

	2025	2024
<p>On February 28, 2022, the Company refinanced outstanding debt in the amount of \$95,742 with a new loan in the amount of \$153,280 which was entered into jointly with an affiliate of the Company (Care Realty) that shares common management and control. The loan bears interest at SOFR plus 2.75% and matures on February 28, 2027. The effective rate as of 12/31/25 is 6.62%. There is an interest rate collar in place on \$49,313 with a floor of 0.55% and a cap of 2.50%.</p>	114,823	116,667
<p>On February 28, 2022, the Company refinanced outstanding construction loans in the amount of \$11,337 with a new construction line in the amount of \$30,287 which was entered into jointly with an affiliate of the Company (Care Realty) that shares common management and control. The loan bears interest at SOFR plus 2.75% and matures on February 28, 2027. The effective rate as of 12/31/25 is 6.62%.</p>	24,913	22,491
<p>Mortgage loan agreements with a bank dated November 2012 and refinanced in November, 2017. These loans require monthly payments of principal and interest at a variable rate equal to SOFR (with a floor of 0.75% plus 1.75%. This rate is fixed with an interest rate swap at 3.96%. These mortgage loans as well as the swap agreement matured on November 30, 2022. The loan was extended to February 28, 2023, and again to January 5, 2029. The loan bears interest at SOFR plus 2.0% (5.87% as of December 31, 2025).</p>	58,152	59,308

CARE ONE, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 6 – LONG-TERM DEBT (CONTINUED)

	2025	2024
<p>Mortgage loan agreements with a bank dated November 2012 and refinanced in November 2017. These loans required monthly payments of principal and interest at a variable rate equal to SOFR (with a floor of 0.75% plus 1.75%. This rate was fixed with an interest rate swap at 3.96%. These mortgage loans as well as the swap agreement matured on November 30, 2022. The loan was extended to February 28, 2023, then to August 28, 2024, and again to January 5, 2029. The loan bears interest at Bloomberg Short Term-Bond Yield "BSBY" plus 1.56% (6.17% as of December 31, 2025).</p>	14,609	15,357
<p>Construction loan agreement dated December 2021 in an amount up to \$14,257, which is being drawn down for construction projects. Interest on the outstanding balance is due monthly at 2.1% over SOFR with a SOFR floor of 2.60% (effective rate of 5.97% at December 31, 2025). The loan matures January 1, 2027, when the project is expected to be completed and the entire outstanding balance is due.</p>	2,668	2,668
<p>Mortgage loan dated October 2018 in the original amount of \$22,171. Monthly payments of principal and interest at a fixed rate of 5.16% are due through maturity on November 1, 2028, at which time a balloon payment of \$19,295 is due.</p>	20,462	20,836

CARE ONE, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS)

NOTE 6 – LONG-TERM DEBT (CONTINUED)

	2025	2024
<p>Mortgage loan dated October 2018 in the original amount of \$25,000. This loan required monthly payments of principal and interest at a variable rate equal to SOFR plus 2.35% (6.22% at December 31, 2025). The interest rate on 70% of the loan balance is fixed by a swap arrangement of 5.44%. The loan matured on November 1, 2025, and was extended and refinanced in February 2026, with a maturity date of February 5, 2029, with interest at SOFR+2.59 (5.95% floor).</p>	21,091	21,645
<p>Refinanced mortgage agreement dated May 2015 and again refinanced in March 2018 in the original amount of \$56,700. The loan accrues interest at variable interest rates equal to SOFR plus 1.50% (5.37% at December 31, 2025, but is swapped with a fixed rate of 4.0%, and matures on September 30, 2026.</p>	54,160	54,160
<p>In September 2020, the Company secured a construction loan up to the amount of \$18,600 for the purpose of financing construction projects. Interest is floating at 75bp over SOFR with a SOFR Floor of 0%, with an effective rate of 5.09% and accrues only on sums advanced. The loan matures on September 30, 2026, when the project is expected to be completed and the entire outstanding balance is due.</p>	18,512	18,512

CARE ONE, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS)

NOTE 6 – LONG-TERM DEBT (CONTINUED)

	2025	2024
Refinanced mortgage agreement dated May 2015, refinanced in October 2018 in the original amount of \$70,900 and again refinanced in July 2022 in the amount of \$96,000. The loan requires monthly payments of principal and interest at a variable interest rate equal to SOFR plus 1.75% (5.62% at December 31, 2025), but is swapped with a fixed rate of 4.586% plus a spread adjustment of 0.11448%, for an all in fixed rate of 4.70% and matures on July 1, 2027.	88,788	91,090
Loan agreement dated October 2025 in the original amount of \$14,000 which matured on April 1, 2021, was refinanced with an increase in the amount to \$14,980 and a change to SOFR plus 2.35% (SOFR floor of 0.75%) (6.22% at December 31, 2025) and a new maturity of June 1, 2028 at which time a balloon payment of \$12,485 is due.	13,450	13,817
Consists of four member loans, totaling \$20,060 which mature on September 30, 2026.	20,060	-
Total long-term debt	\$ 540,192	\$ 526,704
Less Current maturities	149,708	119,314
Long-term debt, less current maturities	390,484	407,390
Unamortized debt issuance costs	(1,163)	(1,341)
Long-term debt, net	<u>\$ 389,321</u>	<u>\$ 406,049</u>

Long-term debt is shown net of unamortized debt issuance costs. Amortization of debt issuance costs included in interest expense was \$646 and \$824 for the years ended December 31, 2025 and 2024, respectively. Amortization of debt issuance costs for each of the next four years is expected to be \$624, \$451, \$75, and \$14.

CARE ONE, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 6 – LONG-TERM DEBT (CONTINUED)

Certain of the debt agreements above contain covenants related to the maintenance of occupancy levels, financial ratios and minimum net worth requirements for certain underlying facilities. For the years ended December 31, 2025 and 2024, the Company was in compliance with the covenants.

Future minimum payments of long-term debt is as follows:

For the years ending December 31,

2026	\$ 149,708
2027	310,446
2028	30,746
2029	49,292
2030	-
	<u>\$ 540,192</u>
Unamortized debt issuance costs	<u>(1,163)</u>
	<u><u>\$ 539,029</u></u>

The loans are generally secured by all of the respective borrowers' assets, including but not limited to land and buildings, all personal property, and resident receivables. The net book value of collateral for the Company's long-term debt was \$217,231 and \$261,889 as of December 31, 2025 and 2024, respectively.

NOTE 7 – DEFERRED INCOME AND REFUNDABLE ADVANCES

Deferred income and refundable advances consist of the following at December 31:

	<u>2025</u>	<u>2024</u>
Unearned income	\$ 7,619	\$ 6,393
	<u>\$ 7,619</u>	<u>\$ 6,393</u>

NOTE 8 – DERIVATIVE INSTRUMENTS – INTEREST RATE SWAPS

The Company entered into interest rate swap agreement to manage its interest rate risk on its variable rate debt.

CARE ONE, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS)

NOTE 8 – DERIVATIVE INSTRUMENTS – INTEREST RATE SWAPS (CONTINUED)

Upon the occurrence of certain events of default or termination events, identified in the derivative contracts, either the Company or the counterparty could terminate the contract in accordance with its terms. Termination would result in the payment of a termination amount by one party to compensate the other party for its economic losses.

The notional/principal amounts decline in amounts corresponding to the principal maturities under the related mortgage notes. The Company recognized losses of \$3,294 and \$34 in 2025 and 2024, respectively, representing the change in the fair value of the interest rate swap agreements, as other comprehensive gain (loss).

The interest rate swap agreements consist of the following as of December 31:

	2025			
	Maturity Date	Interest Rate	Notional	Fair Value
Interest Rate Swap Agreement #1	8/2/2027	2.87%	\$ 96,000	\$ 704
Interest Rate Swap Agreement #2	1/5/2029	3.55%	11,366	(159)
Interest Rate Swap Agreement #3	1/5/2029	4.75%	11,366	21
Interest Rate Swap Agreement #4	1/5/2029	4.05%	46,786	(995)
			\$ 165,518	\$ (429)
	2024			
	Maturity Date	Interest Rate	Notional	Fair Value
Interest Rate Swap Agreement #1	8/2/2027	2.87%	\$ 91,089	\$ 2,707
Interest Rate Swap Agreement #4	11/1/2025	3.14%	15,152	158
			\$ 106,241	\$ 2,865

CARE ONE, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 8 – DERIVATIVE INSTRUMENTS – INTEREST RATE SWAPS (CONTINUED)

The corresponding fair value of the swap asset (liability) of (\$429) and \$2,865, as shown above, is separately stated in the accompanying consolidated balance sheets as of December 31, 2025 and 2024, respectively, and is based upon an estimate provided by the financial institution using level 2 inputs.

NOTE 9 – NET PATIENT SERVICE REVENUE

The Company bills patients and third-party payors several days after the services are performed or shortly after discharge. Revenues are recognized as performance obligations are satisfied. The Company determines performance obligations based on the nature of the services provided. The Company recognizes revenues for performance obligations satisfied over time based on actual charges incurred in relation to total expected charges. The Company believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the services needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving skilled nursing and assisted living facility services. The Company measures the performance obligation from admission into the skilled nursing facility to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge.

The table below depicts the Company’s sources of net patient services revenue disaggregated by payor. The amounts presented are based on an allocation of the estimated transaction price between the primary patient classifications of insurance coverage for the year ended December 31:

	<u>2025</u>	<u>2024</u>
Medicaid & Managed Medicaid	\$ 48,159	\$ 39,664
Medicare	197,521	181,281
Insurance & Managed Care	73,301	62,617
Private & Other	<u>112,186</u>	<u>117,910</u>
	<u>\$ 431,167</u>	<u>\$ 401,472</u>

Net patient service revenue is comprised primarily of skilled nursing and assisted living revenue. Revenue from other services is not a significant component of net patient service revenue.

The Company has agreements with third-party payors that provide for payments for services rendered by the Company. A summary of the payment arrangements with the major third-party payors follows:

CARE ONE, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 9 – NET PATIENT SERVICE REVENUE (CONTINUED)

Medicaid

Medicaid is operated by the State of New Jersey with the financial participation of the federal government. Inpatient services rendered to Medicaid program beneficiaries are generally at a prospective cost-based rate which is intended to reimburse the facility for the reasonable direct and indirect allowable costs incurred in a base year for providing routine care as defined by the program. This rate can vary based on the clinical acuity level of the Medicaid population in the facility.

Medicare

Inpatient services rendered to Medicare program beneficiaries are based on a Patient Driven Payment Model case mix classification for inpatient services.

The Company has also entered into payment agreements with commercial insurance carriers.

The basis for payment to the Company under these agreements generally is prospectively determined per-diem rates.

Third-party payors retain the right to review and propose adjustments to reimbursement amounts received by the Company. Provision is made in the consolidated financial statements for anticipated adjustments that may vary from such revisions. In the normal course of business, the Company requests revisions to reimbursement amounts received under third-party payor agreements. No amounts are recorded unless the Company is reasonably assured that such revision will be granted.

Contract balances related to customer contracts were as follows:

	Resident Accounts Receivable	
	2025	2024
Beginning of Year	\$ 35,754	\$ 42,912
End of Year	\$ 36,994	\$ 35,754
	Deferred Income	
	2025	2024
Beginning of Year	\$ 6,393	\$ 5,318
End of Year	\$ 7,619	\$ 6,393

CARE ONE, LLC AND SUBSIDIARIES
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NOTE 9 – NET PATIENT SERVICE REVENUE (CONTINUED)

The following table presents revenue disaggregated by the timing of revenue recognition for the years ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Revenue recognized at a point in time	\$ 59,078	\$ 70,567
Revenue recognized over time	403,053	387,871
Total revenue	<u>\$ 462,131</u>	<u>\$ 458,438</u>

NOTE 10 – RELATED PARTY TRANSACTIONS

OTHER RELATED PARTY RECEIVABLES/PAYABLES

Amounts due from affiliates for management fees, shared services, and reimbursement for other shared expenses, are \$64,863 and \$47,802 as of December 31, 2025 and 2024, respectively. These amounts are non-interest bearing and generally turn over frequently in the ordinary course of business. These amounts are included in other receivable on the consolidated balance sheets.

Amounts due to affiliates in connection with shared services and/or expenses as of December 31, 2025 and 2024, respectively, aggregate \$9,230 and \$9,259, and are included in accounts payable in the consolidated balance sheets.

RELATED PARTY NOTES PAYABLE

In November 2013, the Company entered into a promissory note payable to an affiliate totaling \$2,800. Interest on the note accrues at 5.0% per annum. The note requires monthly payments of principal and interest of \$16, with a balloon payment of \$1,867 due upon maturity, originally December 1, 2023 and subsequently extended to December 1, 2026. The balance of this loan was \$1,857 and \$1,967 as of December 31, 2025 and 2024, respectively. Interest expense related to the note was \$97 and \$103 for the years ended December 31, 2025 and 2024, respectively.

In September 2023, the Company entered into a revolving promissory note payable to an affiliate totaling \$1,477 at December 31, 2023. Interest will accrue at the minimum rate allowable by the Internal Revenue Service and is payable at the borrowers option of either monthly or in a lump sum at the maturity of the note. The note matured on September 1, 2025 with the option to extend for two six-month periods. The Company has exercised both extensions, amending the maturity date to September 1, 2026.

CARE ONE, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 10 – RELATED PARTY TRANSACTIONS (CONTINUED)

HEALTH CARE FACILITY MANAGEMENT

Management fees and charges for certain additional administrative costs of \$48,702 and \$47,264 for the years ended December 31, 2025 and 2024, respectively, were charged to affiliated companies. A portion of these balances are eliminated upon consolidation.

In October 2018, the Company engaged an affiliate to provide, among other things, services in connection with certain administration, advisory, consultation and supervisory services with respect to the management, operation and maintenance of the Company and operating real estate. For the years ended December 31, 2025 and 2024, fees incurred for these services were \$600 and \$600, respectively.

PHARMACY SERVICES

The Company purchases certain pharmaceutical products from an affiliated company. Purchases during the years ended December 31, 2025 and 2024, respectively, were \$15,774 and \$15,775, and are included in operating expenses in the consolidated statement of comprehensive income (loss). Amounts due to the affiliate of \$1,277 and \$1,534 at December 31, 2025 and 2024, respectively, are included in accounts payable and accrued expenses in the consolidated balance sheets.

HOSPICE SERVICES

An affiliate of the Company provides hospice services to the residents of the Company's health care residents. Revenue during the years ended December 31, 2025 and 2024 was \$1,858 and \$1,200, respectively, and was included in net resident service revenue in the consolidated statements of comprehensive income (loss). Amounts due from the affiliate of approximately \$224 and \$105, respectively, as of December 31, 2025 and 2024 are included in resident accounts receivable in the consolidated balance sheets.

MEDICAL EQUIPMENT RENTAL

For the years ended December 31, 2025 and 2024, the Company recorded \$0 and \$69, respectively, in expense for products and services shipped from or performed by a company controlled directly or indirectly by members of the Company.

OPERATING LEASES

The Company leases office space in a building whose ownership includes a member of the Company. Rent expense for the years ended December 31, 2025 and 2024 was \$1,665 and \$1,533, respectively.

CARE ONE, LLC AND SUBSIDIARIES
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NOTE 11 – PROFESSIONAL LIABILITY INSURANCE PROGRAM

In 2025, the Company dissolved Home State Insurance SPC, Inc. (“Home State”) of the British Virgin Islands, a captive insurer, which the Company and an unconsolidated affiliate of the Company each owned 50%. This transaction did not have a material financial impact.

In 2024, the Company has included the assets and liabilities of the cell captive segregated account as reported by Home State in the consolidated financial statements and has also consolidated the revenue and expenses of its segregated account in the cell captive. As of December 31, 2025 and 2024, there were no investments held by the cell captive.

NOTE 12 – RETIREMENT PLANS

The Company sponsors two 401(k) savings plans which cover all eligible employees, as defined. Employees may make salary deferrals up to Internal Revenue Service limitations. Typically, employer matching contributions are limited to 25% of employee deferrals up to a maximum of 3% of each employee’s total compensation. For the years ended December 31, 2025 and 2024, employer contributions totaled \$1,356 and \$970, respectively.

NOTE 13 – RISKS AND UNCERTAINTIES

LITIGATION

The Company is a party to certain routine legal actions and complaints arising in the ordinary course of business, none of which, based on information available as of the date these financial statements were available to be issued, management believes would have a material adverse effect on the Company. Specific significant matters are described below.

On December 23, 2013, the U.S. District Court for the District of Connecticut entered an order adjudicating a subsidiary of the Company, HealthBridge Management, LLC (HealthBridge), in civil contempt of its December 11, 2012 injunction. HealthBridge managed five nursing homes in Connecticut that emerged from Chapter 11 Bankruptcy in 2014. These nursing homes are subsidiaries of Care Realty, LLC, a related party to the Company. The contempt order required HealthBridge to pay approximately \$7,500, plus interest, to satisfy the back pay portion of the relief through December 31, 2013.

On December 23, 2013, the Company appealed the contempt order to the U.S. Court of Appeals for the Second Circuit. On December 24, 2013, the Company filed an emergency motion for a stay of the contempt order. On December 26, 2013, the District Court granted a temporary stay pending full briefing and consideration of the issues. On March 4, 2014, the Bankruptcy Court granted releases from the National Labor Relations Board’s (NLRB) claims as to HealthBridge, Care One, LLC, and other entities. In light of the Bankruptcy Court’s orders, HealthBridge moved in the District Court for relief from the contempt order.

CARE ONE, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 13 – RISKS AND UNCERTAINTIES (CONTINUED)

LITIGATION (CONTINUED)

On May 30, 2014, the District Court denied HealthBridge's motion for relief but concluded that in light of the pending appeals from the Bankruptcy Court's orders, a stay of further proceedings was appropriate until the appeals were decided. In light of the District Court's order and its stated willingness to revisit the contempt order pending the outcome of appeals from the Bankruptcy Court proceedings, the Second Circuit, by order dated August 5, 2014, declined to exercise jurisdiction over the appeal at that time. Because the appeals of the bankruptcy court remain pending, there have been no significant changes in status since that time and no liability has been recorded by the Company related to this matter as of December 31, 2025.

Management has engaged legal counsel to assist with this matter; however, management believes the lawsuit to have no merit and as such believes there will not be any amounts owed. Management will continue to monitor the status of this matter and will record a liability if and when it becomes both probable that a loss has been incurred, and the amount can be reasonably estimated.

COMPLIANCE

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Management believes that the Company is in compliance with fraud and abuse regulations, as well as other applicable government laws and regulations. While management believes that no material regulatory inquiries have been made or are pending, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

NOTE 14 – CARE ONE, LLC SUBSIDIARIES

Jackson Health Care Associates, LLC, which is 50% owned by Care One, LLC, owns the property at 11 History Lane and is consolidated as a variable interest entity. The noncontrolling interest is not significant.

CARE ONE, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 14 – CARE ONE, LLC SUBSIDIARIES (CONTINUED)

The significant subsidiaries listed below, all of which are wholly owned by Care One, LLC, are included in the accompanying consolidated financial statements.

HEALTH CARE FACILITY OPERATORS

11 History Lane Operating Company, LLC
101 Whippany Road, LLC
301 Union Street, LLC
493 Black Oak Ridge Road, LLC
Bergen Care Home Health, LLC
Bergen Care Personal Touch, LLC
Care One at Birchwood, LLC
Care One at East Brunswick, LLC
Care One at Evesham Assisted Living, LLC
Care One at Hamilton, LLC
Care One at Madison Avenue, LLC
Care One at Moorestown, LLC
Care One at Parsippany Troy Hills, LLC
Care One at Stanwick, LLC
Care One at Teaneck, LLC
Care One at Wall, LLC
Care Two, LLC
Elmwood Evesham Associates, LLC
HCC, LLC
King James Care Center of Middletown, LLC
Millennium Healthcare Centers, LLC
Millennium Healthcare Centers II, LLC
The Rehabilitation Hospital at Raritan Bay Medical Center, LLC

REAL ESTATE COMPANIES - HEALTH CARE RELATED

101 Whippany Road Real Estate Company, LLC
301 Union Street Real Estate Company, LLC
493 Black Oak Ridge Road Real Estate Company, LLC
895 Westfield Avenue Real Estate Company, LLC
Care 3 New Jersey Master Tenant, LLC
Care One at Mercer, LLC
Perla Residential Development, LLC

CARE ONE, LLC AND SUBSIDIARIES
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NOTE 14 – CARE ONE, LLC SUBSIDIARIES (CONTINUED)

MANAGEMENT COMPANIES

Care One Management, Inc.
 Care One Management, LLC
 Care Services 173, LLC
 HealthBridge Management, LLC
 Senior Care Management, LLC

OTHER

51 Hudson Street Associates, LLC 1330 Inman Avenue, LLC
 1340 Inman Avenue, LLC
 3641 Lawrenceville Road, LLC
 Blauvelt Associates, LLC
 Lower Linden, LLC

NOTE 15 – LEASES

The Company leases real estate under operating lease agreements that have remaining terms ranging between 2 to 50 years. The Company's operating leases generally do not contain any material restrictive covenants or residual value guarantees. Operating lease cost is recognized on a straight-line basis over the lease term.

Supplemental balance sheet information related to leases were as follows:

	<u>2025</u>	<u>2024</u>
Operating leases:		
Operating lease right-of-use assets	\$ 12,190	\$ 13,260
Operating lease liabilities, current	\$ 1,128	\$ 1,095
Operating lease liabilities, non-current	11,456	12,584
Total operating lease liabilities	<u>\$ 12,584</u>	<u>\$ 13,679</u>

Supplemental income statement information related to leases were as follows:

	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 1,424	\$ 1,424
Total lease cost	<u>\$ 1,424</u>	<u>\$ 1,424</u>

CARE ONE, LLC AND SUBSIDIARIES
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NOTE 15 – LEASES (CONTINUED)

Supplemental cash flow information related to leases were as follows:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash outflows - payments on operating leases	\$ 1,450	\$ 1,436

Average lease term and discount rate was as follows:

	<u>2025</u>	<u>2024</u>
Weighted-average remaining lease term:		
Operating leases	33.99 years	32.79 years
Weighted-average discount rate:		
Operating leases	2.99%	2.93%

The aggregate future lease payments for operating leases as of December 31, 2025 were as follows:

	<u>Operating Leases</u>
Future Lease Payments	
2025	\$ 1,464
2026	1,478
2027	1,132
2028	969
2029	804
Thereafter	15,598
Total lease payments	<u>21,445</u>
Less imputed interest	(8,861)
Total present value of lease liabilities	<u>\$ 12,584</u>

CARE ONE, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS)

NOTE 16 – SUBSEQUENT EVENTS

Management evaluates the impact of subsequent events, events that occur after the balance sheet date but before the consolidated financial statements are issued, for potential recognition in the consolidated financial statements as of the balance sheet date or for disclosure in the notes to the consolidated financial statements. Management evaluated events occurring subsequent to December 31, 2025 through May 14, 2026, the date on which the accompanying consolidated financial statements were available to be issued.

In February 2026, the Company refinanced two mortgage loans that matured in 2025. The first loan, originally dated October 2018 in the amount of \$25,000, matured on November 1, 2025 and was refinanced with a new maturity date of February 5, 2029. The refinanced loan bears interest at SOFR plus 2.59%, subject to a 5.95% floor. The second loan, entered into in October 2020 in the amount of \$63,906, related to five health care facilities, matured on October 9, 2025, and was extended through February 2026 prior to being refinanced. The refinanced loan has a maturity date of February 28, 2027.



Services Provided by SAX LLP

Independent Auditor's Report on Supplementary Information

Members

Care One, LLC and Subsidiaries

We have audited the consolidated financial statements of Care One, LLC and Subsidiaries (the "Company") as of and for the years ended December 31, 2025 and 2024, and have issued our report thereon, dated May 14, 2026, which contains an unmodified opinion on those consolidated financial statements. See pages 1-2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in cursive script that reads "Sax LLP".

Parsippany, New Jersey

May 14, 2026

CARE ONE, LLC AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET (IN THOUSANDS)
DECEMBER 31, 2025

	Millenium Healthcare Centers, LLC	Millenium Healthcare Centers II, LLC	HCC, LLC	Care One at Birchwood, LLC	Elmwood Evesham Associates, LLC and Affiliate	Care One at Parsippany- Troy Hills, LLC	Care Two, LLC	Care One at East Brunswick, LLC
Cash and cash equivalents	\$ 282	\$ 170	\$ 57	\$ 51	\$ 282	\$ 100	\$ 105	\$ 71
Restricted cash escrow deposits	-	-	-	-	-	-	-	-
Resident accounts receivable	3,209	4,482	1,407	1,163	1,717	2,186	853	1,994
Other receivable	17	-	-	-	-	-	-	-
Prepaid expenses and other current assets	29	29	12	(2)	30	3	(5)	10
Due from affiliates	141,894	106,535	52,202	22,256	33,737	34,399	17,457	24,723
Total Current Assets	145,431	111,216	53,678	23,468	35,766	36,688	18,410	26,798
Total Property and Equipment - net	14,723	32,937	3,214	2,259	10,243	10,714	11,686	3,897
Goodwill - net	1,753	1,224	5,557	920	-	-	-	-
Licenses - net	-	-	8	376	3	1,942	1,279	1,483
Net operating lease - right of use ("ROU") asset	-	-	-	-	-	-	-	-
Other	8	24	(4)	9	4	(12)	7	(40)
Total Other Assets	16,484	34,185	8,775	3,564	10,250	12,644	12,972	5,340
Total Assets	\$ 161,915	\$ 145,401	\$ 62,453	\$ 27,032	\$ 46,016	\$ 49,332	\$ 31,382	\$ 32,138
Current Liabilities								
Deferred income and refundable advances - current portion	\$ 1,424	\$ 762	\$ 57	\$ 82	\$ 509	\$ 664	\$ 635	\$ 66
Lines of credit	-	-	-	-	-	1,906	-	1,239
Current maturities of long-term debt	6,663	72,672	-	-	1,708	-	-	-
Current maturities of related party loans payable	-	-	(1,500)	(1,500)	-	-	(1,500)	-
Accounts payable	2,419	2,290	1,543	1,193	1,463	1,631	1,513	1,073
Accrued expenses	1,322	2,459	506	1,280	1,123	1,839	3,132	1,378
Accrued interest payable	371	342	161	110	89	133	156	83
Operating lease obligation, current portion	-	-	-	-	-	-	-	-
Total Current Liabilities	12,199	78,525	767	1,165	4,892	6,173	3,936	3,839
Long-Term Liabilities								
Long-term debt - net	82,067	(27)	27,340	18,781	15,496	21,460	28,010	13,684
Operating lease obligation, net of current portion	-	-	-	-	-	-	-	-
Long-term portion of related party loans payable	-	-	-	-	-	-	-	-
Fair value of interest rate swap agreements	(705)	-	-	-	-	1,134	-	-
Total Long-Term Liabilities	81,362	(27)	27,340	18,781	15,496	22,594	28,010	13,684
Total Liabilities	93,561	78,498	28,107	19,946	20,388	28,767	31,946	17,523
Members' Equity (Deficit)								
Members' accumulated deficit	67,649	66,903	34,346	7,086	25,628	21,699	(564)	14,615
Accumulated other comprehensive income (loss)	705	-	-	-	-	(1,134)	-	-
Total Members' Equity (Deficit)	68,354	66,903	34,346	7,086	25,628	20,565	(564)	14,615
Total Liabilities and Members' Equity (Deficit)	\$ 161,915	\$ 145,401	\$ 62,453	\$ 27,032	\$ 46,016	\$ 49,332	\$ 31,382	\$ 32,138

See Independent Auditor's Report on Supplementary Information.

CARE ONE, LLC AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET (IN THOUSANDS)
DECEMBER 31, 2025

	Care one at Moorestown, LLC	Care One at Stanwick, LLC and Affiliate	Care One at Wall, LLC	Care One at Teaneck, LLC	Care One at Mercer, LLC	Care One at Madison Avenue, LLC	Care One at Hamilton, LLC	The Rehabilitation Hospital at Raritan Bay Medical Center, LLC
Cash and cash equivalents	\$ 48	\$ 75	\$ 9	\$ 18	\$ -	\$ 46	\$ 23	\$ -
Restricted cash escrow deposits	-	1	-	-	-	-	326	-
Resident accounts receivable	1,478	133	2,075	2,697	(14)	1,726	4	3,589
Other receivable	-	-	-	3	-	-	-	-
Prepaid expenses and other current assets	10	1	(9)	(7)	-	9	32	(21)
Due from affiliates	37,562	14,069	41,455	48,298	9,299	(6,250)	10,625	45,041
Total Current Assets	39,098	14,279	43,530	51,009	9,285	(4,469)	11,010	48,609
Total Property and Equipment - net	3,577	23,665	5,341	8,181	-	6,423	6,053	255
Goodwill - net	-	-	-	-	-	-	-	-
Licenses - net	-	8	5	700	-	1,852	-	29
Net operating lease - right of use ("ROU") asset	-	-	-	-	-	8,164	-	1,154
Other	(24)	9	34	(8)	(33)	19	44	154
Total Other Assets	3,553	23,682	5,380	8,873	(33)	16,458	6,097	1,592
Total Assets	\$ 42,651	\$ 37,961	\$ 48,910	\$ 59,882	\$ 9,252	\$ 11,989	\$ 17,107	\$ 50,201
Current Liabilities								
Deferred income and refundable advances - current portion	\$ 254	\$ 519	\$ 204	\$ 71	\$ -	\$ 124	\$ 603	\$ -
Lines of credit	-	-	1,204	-	-	-	-	-
Current maturities of long-term debt	17,485	4,466	-	21,091	-	1,176	1,454	-
Current maturities of related party loans payable	(1,500)	(1,500)	-	-	-	-	-	-
Accounts payable	788	420	2,229	1,532	-	1,072	506	2,122
Accrued expenses	1,269	781	(223)	1,314	(779)	1,372	197	2,048
Accrued interest payable	36	115	81	115	-	72	91	-
Operating lease obligation, current portion	-	-	-	-	111	64	-	327
Total Current Liabilities	18,332	4,801	3,495	24,123	(668)	3,880	2,851	4,497
Long-Term Liabilities								
Long-term debt - net	9,920	21,247	13,354	(146)	(5)	12,167	18,935	-
Operating lease obligation, net of current portion	-	-	-	-	-	8,092	-	856
Long-term portion of related party loans payable	-	-	-	-	-	-	-	-
Fair value of interest rate swap agreements	-	-	-	-	-	-	-	-
Total Long-Term Liabilities	9,920	21,247	13,354	(146)	(5)	20,259	18,935	856
Total Liabilities	28,252	26,048	16,849	23,977	(673)	24,139	21,786	5,353
Members' Equity (Deficit)								
Members' accumulated deficit	14,399	11,913	32,061	35,905	9,925	(12,150)	(4,679)	44,848
Accumulated other comprehensive income (loss)	-	-	-	-	-	-	-	-
Total Members' Equity (Deficit)	14,399	11,913	32,061	35,905	9,925	(12,150)	(4,679)	44,848
Total Liabilities and Members' Equity (Deficit)	\$ 42,651	\$ 37,961	\$ 48,910	\$ 59,882	\$ 9,252	\$ 11,989	\$ 17,107	\$ 50,201

See Independent Auditor's Report on Supplementary Information.

CARE ONE, LLC AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET (IN THOUSANDS)
DECEMBER 31, 2025

	493 Black Oak Ridge Road, LLC 301 Union Street, LLC	11 History Lane Operating Company, LLC	King James Care Center of Middletown, LLC	101 Whippany Road, LLC	Management Companies (combined)	Care One, LLC and other	Total Care One, LLC
Cash and cash equivalents	\$ 277	\$ 37	\$ 131	\$ 73	\$ -	\$ 9,720	\$ 11,575
Restricted cash escrow deposits	489	-	-	-	1,147	2,994	4,957
Resident accounts receivable	5,244	103	1,056	1,393	-	499	36,994
Other receivable	-	-	-	-	39,434	5,173	44,627
Prepaid expenses and other current assets	12	14	5	5	801	172	1,130
Due from affiliates	103,274	(16,113)	8,841	(8,154)	35,519	(752,498)	4,171
Total Current Assets	109,296	(15,959)	10,033	(6,683)	76,901	(733,940)	103,454
Total Property and Equipment - net	34,348	2,232	7,402	23,025	4,593	22,129	236,897
Goodwill - net	-	-	-	-	-	-	9,454
Licenses - net	1,598	-	945	1,500	-	5,701	17,429
Net operating lease - right of use ("ROU") asset	-	-	-	-	1	2,871	12,190
Other	35	29	16	27	703	773	1,774
Total Other Assets	35,981	2,261	8,363	24,552	5,297	31,474	277,744
Total Assets	\$ 145,277	\$ (13,698)	\$ 18,396	\$ 17,869	\$ 82,198	\$ (702,466)	\$ 381,198
Current Liabilities							
Deferred income and refundable advances - current portion	\$ 741	\$ 313	\$ 53	\$ 536	\$ 2	\$ -	\$ 7,619
Lines of credit	-	-	851	-	-	-	5,200
Current maturities of long-term debt	2,265	-	4,978	6,254	2	9,494	149,708
Current maturities of related party loans payable	(3,000)	(1,500)	-	(1,500)	100	13,500	100
Accounts payable	2,345	361	2,198	1,329	7,556	13,915	49,498
Accrued expenses	4,459	790	1,764	1,130	(17,599)	36,121	45,683
Accrued interest payable	423	87	60	94	(88)	33	2,564
Operating lease obligation, current portion	-	-	-	-	-	626	1,128
Total Current Liabilities	7,233	51	9,904	7,843	(10,027)	73,689	261,500
Long-Term Liabilities							
Long-term debt - net	69,714	15,926	4,624	16,776	(2)	-	389,321
Operating lease obligation, net of current portion	-	-	-	-	1	2,507	11,456
Long-term portion of related party loans payable	-	-	-	-	1,767	(10)	1,757
Fair value of interest rate swap agreements	-	-	-	-	-	-	429
Total Long-Term Liabilities	69,714	15,926	4,624	16,776	1,766	2,497	402,963
Total Liabilities	76,947	15,977	14,528	24,619	(8,261)	76,186	664,463
Members' Equity (Deficit)							
Members' accumulated deficit	68,330	(29,675)	3,868	(6,750)	90,459	(778,652)	(282,836)
Accumulated other comprehensive income (loss)	-	-	-	-	-	-	(429)
Total Members' Equity (Deficit)	68,330	(29,675)	3,868	(6,750)	90,459	(778,652)	(283,265)
Total Liabilities and Members' Equity (Deficit)	\$ 145,277	\$ (13,698)	\$ 18,396	\$ 17,869	\$ 82,198	\$ (702,466)	\$ 381,198

See Independent Auditor's Report on Supplementary Information.

CARE ONE, LLC AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF OPERATIONS (IN THOUSANDS)

YEAR ENDED DECEMBER 31, 2025

		Millenium Healthcare Centers, LLC	Millenium Healthcare Centers II, LLC	HCC, LLC	Care One at Birchwood, LLC	Elmwood Evesham Associates, LLC and Affiliate	Care One at Parsippany- Troy Hills, LLC	Care Two, LLC	Care One at East Brunswick, LLC
Revenues									
Net Patient Service revenue	\$	45,766	\$ 47,175	\$ 16,259	\$ 15,369	\$ 25,160	\$ 24,566	\$ 20,621	\$ 17,580
Other Income		-	-	-	-	-	-	-	-
Management fees - affiliates		214	215	14	5	147	17	32	1
Total Revenue		45,980	47,390	16,273	15,374	25,307	24,583	20,653	17,581
Operating Expenses									
Salaries, wages and benefits and other operating expenses		33,877	36,352	15,808	16,060	22,386	19,300	17,671	16,425
Depreciation expense		1,398	2,420	300	367	917	1,277	1,452	452
Total Operating Expenses		35,275	38,772	16,108	16,427	23,303	20,577	19,123	16,877
Income from Operations		10,705	8,618	165	(1,053)	2,004	4,006	1,530	704
(Gain) on disposal of assets		-	-	-	-	-	-	-	-
Other (Income)		103	87	26	38	55	90	81	86
Interest Expense (net)		(4,278)	(3,213)	(1,965)	(1,346)	(1,136)	(1,469)	(1,973)	(920)
Total Other Income (Expense)		(4,175)	(3,126)	(1,939)	(1,308)	(1,081)	(1,379)	(1,892)	(834)
Pretax Income (Loss)	\$	6,530	\$ 5,492	\$ (1,774)	\$ (2,361)	\$ 923	\$ 2,627	\$ (362)	\$ (130)
Income Tax		-	-	-	-	-	-	-	-
Net Income (Loss)	\$	6,530	\$ 5,492	\$ (1,774)	\$ (2,361)	\$ 923	\$ 2,627	\$ (362)	\$ (130)

See Independent Auditor's Report on Supplementary Information.

CARE ONE, LLC AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF OPERATIONS (IN THOUSANDS)

YEAR ENDED DECEMBER 31, 2025

		Care one at Moorestown, LLC	Care One at Stanwick, LLC and Affiliate	Care One at Wall, LLC	Care One at Teaneck, LLC	Care One at Mercer, LLC	Care One at Madison Avenue, LLC	Care One at Hamilton, LLC	The Rehabilitation Hospital at Raritan Bay Medical Center, LLC
Revenues									
Net Patient Service revenue	\$	15,888	\$ 8,450	\$ 20,543	\$ 22,540	\$ -	\$ 18,380	\$ 7,957	\$ 28,637
Other Income		-	-	-	-	-	-	-	-
Management fees - affiliates		54	187	2	(4)	-	21	34	424
Total Revenue		15,942	8,637	20,545	22,536	-	18,401	7,991	29,061
Operating Expenses									
Salaries, wages and benefits and other operating expenses		14,291	6,836	17,731	17,738	-	17,491	6,596	32,249
Depreciation expense		501	1,306	552	716	-	1,053	662	2,496
Total Operating Expenses		14,792	8,142	18,283	18,454	-	18,544	7,258	34,745
Income from Operations		1,150	495	2,262	4,082	-	(143)	733	(5,684)
(Gain) on disposal of assets		-	-	-	-	-	-	-	-
Other (Income)		15	32	51	39	-	42	32	134
Interest Expense (net)		(89)	(1,469)	(897)	(1,279)	4	(908)	(1,078)	17
Total Other Income (Expense)		(74)	(1,437)	(846)	(1,240)	4	(866)	(1,046)	151
Pretax Income (Loss)	\$	1,076	\$ (942)	\$ 1,416	\$ 2,842	\$ 4	\$ (1,009)	\$ (313)	\$ (5,533)
Income Tax		-	-	-	-	-	-	-	-
Net Income (Loss)	\$	1,076	\$ (942)	\$ 1,416	\$ 2,842	\$ 4	\$ (1,009)	\$ (313)	\$ (5,533)

See Independent Auditor's Report on Supplementary Information.

CARE ONE, LLC AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF OPERATIONS (IN THOUSANDS)

YEAR ENDED DECEMBER 31, 2025

	493 Black Oak Ridge Road, LLC 301 Union Street, LLC	11 History Lane Operating Company, LLC	King James Care Center of Middletown, LLC	101 Whippany Road, LLC	Management Companies (combined)	Care One, LLC and other	Groupings	Eliminations	Total Care One, LLC
Revenues									
Net Patient Service revenue	\$ 52,711	\$ 5,686	\$ 14,635	\$ 18,516	\$ -	\$ 4,728	\$ -	\$ -	\$ 431,167
Other Income	-	-	-	-	-	-	1,959	-	1,959
Management fees - affiliates	11	156	2	152	51,668	(41,825)	(1,032)	18,510	29,005
Total Revenue	52,722	5,842	14,637	18,668	51,668	(37,097)	927	18,510	462,131
Operating Expenses									
Salaries, wages and benefits and other operating expenses	41,346	5,780	13,350	15,235	55,524	(22,839)	928	18,510	418,645
Depreciation expense	2,173	1,307	883	1,517	1,665	126	(2,247)	-	21,293
Total Operating Expenses	43,519	7,087	14,233	16,752	57,189	(22,713)	(1,319)	18,510	439,938
Income from Operations	9,203	(1,245)	404	1,916	(5,521)	(14,384)	2,246	-	22,193
(Gain) on disposal of assets	-	-	-	-	-	-	(1,601)	-	(1,601)
Other (Income)	99	19	25	50	40	66	-	-	1,210
Interest Expense (net)	(3,370)	(1,099)	(663)	(350)	-	164	(646)	-	(27,963)
Total Other Income (Expense)	(3,271)	(1,080)	(638)	(300)	40	230	(2,247)	-	(28,354)
Pretax Income (Loss)	\$ 5,932	\$ (2,325)	\$ (234)	\$ 1,616	\$ (5,481)	\$ (14,154)	\$ (1)	\$ -	\$ (6,161)
Income Tax	-	-	-	-	-	-	-	-	-
Net Income (Loss)	\$ 5,932	\$ (2,325)	\$ (234)	\$ 1,616	\$ (5,481)	\$ (14,154)	\$ (1)	\$ -	\$ (6,161)

See Independent Auditor's Report on Supplementary Information.

CARE ONE, LLC AND SUBSIDIARIES

STATISTICAL INFORMATION (UNAUDITED)

YEAR ENDED DECEMBER 31, 2025

	Millenium Healthcare Centers, LLC	Millenium Healthcare Centers II, LLC	HCC, LLC	Care One at Birchwood, LLC	Elmwood Evesham Associates, LLC and Affiliate	Care One at Parsippany- Troy Hills, LLC	Care Two, LLC	Care One at East Brunswick, LLC
Patient Days								
Private	53,257	24,370	3,794	2,837	22,442	29,247	29,910	2,333
Medicare	21,169	30,880	10,474	7,196	9,237	10,201	6,480	10,246
Total Insurance and Managed Care	10,022	10,517	5,975	7,492	8,789	3,872	5,562	10,326
Medicaid	3,934	8,073	11,334	17,186	17,979	17,324	11,510	11,807
Other	-	385	98	246	-	-	96	-
Total Patient Days	88,382	74,225	31,675	34,957	58,447	60,644	53,558	34,712
PER RESIDENT DAY INFORMATION								
Total Revenue	520.24	638.47	513.78	439.81	432.99	405.36	385.63	506.48
Operating Expense								
Nursing	113.91	167.59	177.66	171.09	125.84	108.78	116.32	160.85
Dietary	29.01	30.26	30.68	24.99	28.21	24.05	31.12	25.51
Therapy	43.22	46.91	41.87	37.30	46.25	24.74	26.28	51.59
Ancillary Expenses	28.49	40.02	43.41	40.84	24.47	17.22	21.97	40.43
Administration	36.60	46.91	46.42	47.69	41.56	35.49	39.00	43.49
Plant & Utilities	18.69	16.77	24.36	20.04	15.78	15.39	16.44	18.32
Housekeeping & Laundry	14.08	16.44	15.19	12.83	11.08	12.80	12.91	14.06
Activities	6.78	9.69	5.92	5.35	6.44	6.93	8.30	5.82
Admissions & Marketing	12.26	14.16	7.60	9.01	10.42	8.28	11.34	9.74
Social Service	2.72	3.47	3.64	4.53	3.40	1.51	2.90	4.06
Employee Benefits and Payroll Taxes	41.33	50.89	50.66	44.71	34.94	33.13	10.97	55.00
Bad Debt Expense	5.82	9.11	18.77	12.89	7.54	5.29	7.27	12.30
Insurance Expense	4.36	5.47	7.42	6.19	5.47	4.39	5.85	6.69
Management fee	26.01	31.92	25.45	21.95	21.59	20.25	19.28	25.32
Rent expense	-	0.14	-	-	-	-	-	-
Depreciation and Amortization	15.82	32.60	9.46	10.50	15.69	21.05	27.11	13.01
Total Operating Expenses	399.10	522.35	508.51	469.91	398.68	339.30	357.06	486.19

See Independent Auditor's Report on Supplementary Information.

CARE ONE, LLC AND SUBSIDIARIES

STATISTICAL INFORMATION (UNAUDITED)

YEAR ENDED DECEMBER 31, 2025

	Care one at Moorestown, LLC	Care One at Stanwick, LLC and Affiliate	Care One at Wall, LLC	Care One at Teaneck, LLC	Care One at Mercer, LLC	Care One at Madison Avenue, LLC	Care One at Hamilton, LLC	The Rehabilitation Hospital at Raritan Bay Medical Center, LLC
Patient Days								
Private	8,844	23,634	5,171	2,485	-	3,792	24,754	-
Medicare	9,806	-	14,022	18,267	-	10,099	-	7,472
Total Insurance and Managed Care	9,771	-	7,284	9,307	-	6,057	-	7,228
Medicaid	1,026	2,116	10,150	-	-	18,452	3,332	-
Other	97	47	122	343	-	3	-	-
Total Patient Days	29,544	25,797	36,749	30,402	-	38,403	28,086	14,700
PER RESIDENT DAY INFORMATION								
Total Revenue	539.61	334.81	559.06	741.26	-	479.17	284.52	1,976.92
Operating Expense								
Nursing	160.18	114.84	170.77	183.65	-	173.14	80.76	750.73
Dietary	29.26	20.46	26.70	43.08	-	25.45	26.52	24.76
Therapy	56.89	-	46.32	68.18	-	35.02	-	238.61
Ancillary Expenses	39.94	1.03	45.29	59.34	-	31.18	0.41	474.02
Administration	41.73	43.64	40.45	54.35	-	44.65	34.14	150.58
Plant & Utilities	19.63	22.14	16.62	17.21	-	17.89	14.65	27.17
Housekeeping & Laundry	14.76	5.58	14.27	16.21	-	13.63	8.88	38.86
Activities	7.07	11.83	5.04	7.38	-	6.13	9.13	0.04
Admissions & Marketing	14.18	14.31	7.69	11.67	-	7.79	10.45	48.16
Social Service	3.76	3.78	3.78	6.51	-	3.63	3.24	12.69
Employee Benefits and Payroll Taxes	47.32	6.41	56.52	58.59	-	43.78	27.28	175.88
Bad Debt Expense	16.26	(0.98)	14.83	12.86	-	13.31	1.68	76.02
Insurance Expense	5.77	5.20	6.34	7.35	-	6.09	3.48	7.02
Management fee	26.98	16.74	27.89	37.06	-	23.96	14.23	98.85
Rent expense	-	-	-	-	-	9.83	-	70.41
Depreciation and Amortization	16.96	50.62	15.02	23.55	-	27.43	23.56	169.77
Total Operating Expenses	500.69	315.60	497.53	606.99	-	482.91	258.41	2,363.57

See Independent Auditor's Report on Supplementary Information.

CARE ONE, LLC AND SUBSIDIARIES

STATISTICAL INFORMATION (UNAUDITED)

YEAR ENDED DECEMBER 31, 2025

	493 Black Oak Ridge Road, LLC 301 Union Street, LLC	11 History Lane Operating Company, LLC	King James Care Center of Middletown, LLC	101 Whippany Road, LLC	Management Companies (combined)	Care One, LLC and other	Eliminations	Total Care One, LLC
Patient Days								
Private	36,257	18,636	4,084	22,717	-	-	-	318,564
Medicare	28,189	-	7,387	6,304	-	-	-	207,429
Total Insurance and Managed Care	16,287	-	3,046	3,428	-	-	-	124,963
Medicaid	20,250	3,911	17,159	13,648	-	-	-	189,191
Other	455	184	61	78	-	-	-	2,215
Total Patient Days	101,438	22,731	31,737	46,175	-	-	-	842,362
PER RESIDENT DAY INFORMATION								
Total Revenue	519.75	256.97	461.21	404.30	-	-	-	549.91
Operating Expense								
Nursing	142.11	109.95	148.18	120.58	-	-	-	154.88
Dietary	26.74	25.03	26.10	25.37	-	-	-	28.82
Therapy	37.32	(0.08)	31.64	20.84	-	-	-	40.96
Ancillary Expenses	35.58	0.52	23.93	18.41	-	-	-	37.02
Administration	35.51	39.20	47.22	40.23	-	-	-	97.06
Plant & Utilities	15.26	18.43	19.99	17.48	-	-	-	18.14
Housekeeping & Laundry	15.68	8.75	13.43	11.57	-	-	-	14.03
Activities	6.60	7.88	5.84	7.61	-	-	-	7.05
Admissions & Marketing	8.98	13.85	5.71	13.82	-	-	-	16.31
Social Service	3.57	3.33	3.28	4.37	-	-	-	3.64
Employee Benefits and Payroll Taxes	40.35	6.71	56.95	21.10	-	-	-	58.36
Bad Debt Expense	9.53	2.46	8.96	3.61	-	-	-	11.02
Insurance Expense	4.39	5.37	6.40	4.70	-	-	-	5.73
Management fee	25.98	12.85	23.03	20.22	-	-	-	1.07
Rent expense	-	-	-	-	-	-	-	3.75
Depreciation and Amortization	21.43	57.51	27.81	32.86	-	-	-	27.95
Total Operating Expenses	429.03	311.76	448.47	362.77	-	-	-	525.79

See Independent Auditor's Report on Supplementary Information.