

## Risk Factors Comparison 2024-02-27 to 2023-03-16 Form: 10-K

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Our operations and financial results are subject to various risks and uncertainties that could adversely affect our business. You should consider carefully the risks and uncertainties described below before deciding to invest in our ~~Common common~~ **Stock stock**, in addition to other information contained in this Annual Report on Form 10- K, including our consolidated financial statements and related notes and" Management' s Discussion and Analysis of Financial Condition and Results of Operations." The following risks and uncertainties are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. If any of the following risks or others not specified below materialize, our business, financial condition and results of operations could be materially and adversely affected. In that case, the trading price of our ~~Common common~~ **Stock stock** could decline. The risks discussed below also include forward- looking statements, and our actual results may differ substantially from those discussed in these forward- looking statements. See " Cautionary Note Regarding Forward- Looking Statements. " Risk Factor Summary We are providing the following summary of the risk factors contained in our Form 10- K to enhance the readability and usefulness of our risk factor disclosures. This summary should be read in conjunction with the full risk factors contained in this Form 10- K and should not be relied upon as an exhaustive summary of the material risks facing our business. The order of presentation is not necessarily indicative of the level of risk that each factor poses to us. • Our liquidity position raises substantial doubt about our ability to continue as a going concern; • If we fail to comply with covenants related to our debt agreement or our Series A Senior Preferred Stock, it could result in the acceleration of some or all of our debt and preferred stock obligations; • We depend upon **reimbursement by** governmental payors through Medicare and Medicaid; • Growth in Medicaid expenditures is not anticipated; • Payments we receive from Medicare and Medicaid are subject to potential retroactive reduction; • We depend upon reimbursement by third- party payors; • Payments from workers' compensation payors may be reduced or eliminated; • Our payor contracts are subject to renegotiation or termination; • **Billing disputes with third- party payors may decrease realized revenue and may lead to requests for recoupment of past amounts paid;** • We are subject to risks associated with public health crises and epidemics / pandemics ; • ~~We are subject to risks related to COVID- 19, including the impact on our workforce of mandatory COVID- 19 vaccinations and reduced clinic visits ;~~ • We may be adversely affected by natural disasters, pandemics and other catastrophic events; • We are subject to increases in cost inflation and risks related to a potential recession; • We operate in a competitive industry; • We may **not be able to attract or retain clinical or corporate talent;** • **We may** be unable to use our net operating loss carryforwards **to offset future taxable income** ; • Rapid technological change ~~in our industry~~ presents us with significant risks and challenges; • We may be unable to maintain high levels of service and patient satisfaction; • Our current locations may become unattractive and attractive new locations may not be available for a reasonable price, if at all; • We may incur closure costs and losses; • Our ability to generate revenue is highly sensitive to the strength of the economies, demographics and populations of the local communities that we serve ; • ~~The size and expected growth of our addressable market has not been established with precision and may be smaller than estimated ;~~ • Our financial results could vary significantly from quarter to quarter and are difficult to predict; • As participants in Medicare and Medicaid programs, we are subject to various governmental laws and regulations; • An adverse inspection, review, audit or investigation could result in fines, penalties and other sanctions, including license revocation or exclusion from participation in the Medicare or Medicaid programs or one or more managed care payor networks; • **Our systems infrastructure may not adequately support our operations;** • The issuance of additional equity securities in the future would result in dilution to existing holders of our ~~Common common~~ **Stock stock** ; • We may issue debt or debt securities convertible into equity securities that are senior to our ~~Common common~~ **Stock stock** as to distributions or in liquidation; • Future issuances of our ~~Common common~~ **Stock stock** or securities convertible into or exchangeable for our ~~Common common~~ **Stock stock** , as well as sales of our ~~Common common~~ **Stock stock** in the public markets, or the perception of such issuances or sales, could depress the trading price of our ~~Common common~~ **Stock stock** ; • The price and volume of our ~~Common common~~ **Stock stock** have been volatile and fluctuates substantially; • We may be subject to ~~securities litigation~~ **legal proceedings** , which is expensive and could divert management attention; • The requirements of being a public company may strain our resources, divert management' s attention and affect our ability to attract and retain qualified members of our Board of Directors; • If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud which could subject us to regulatory sanctions, harm our business and operating results and cause the trading price of our ~~Common common~~ **Stock stock** to decline; • Our efforts to regain compliance and continue operating as an NYSE- listed public company involve continued significant costs and devotion of substantial management time, and may ultimately not be successful; and • Inaccurate or unfavorable analyst research reports or reduced analyst coverage could adversely affect our stock price and trading volume. Risks Relating to Liquidity Our liquidity position raises substantial doubt about our ability to continue as a going concern. The Company has negative operating cash flows, operating losses and net losses . **These results are, in the part, due to our current capital structure year. Based on current liquidity and trends experienced by projected cash use, the Company anticipates violation in recent years including a tight labor market for available physical therapy and other healthcare providers in the workforce, visit volume softness, decreases in rate per visit and increases in interest costs. If results of operations in the coming twelve months do not improve relative to the previous twelve months, the Company is at risk of insufficient funding to meet its \$ 30. 0 million obligations as they become due as well as non- compliance with its** minimum liquidity **financial** covenant under its 2022 Credit Agreement ~~within the next twelve months. As a result of the above factors, there is~~

substantial doubt about the Company's ability to continue as a going concern within the twelve months following the issuance date of the consolidated financial statements as of and for the period ended December 31, 2022. If the Company does not complete the Transaction as contemplated by the TSA or otherwise access additional financing, the Company will need to consider other alternatives, including pursuing separate amendments to or waivers of the minimum liquidity covenant, the requirement to deliver audited financial statements without certain going concern qualifications, and other requirements under the 2022 Credit Agreement, as well as raising funds from other sources, obtaining alternate financing, disposal of assets, or pursuing other strategic alternatives to improve its liquidity position and business results. There can be no assurance that the Company will be successful in completing the Transaction or accessing such alternative options or financing when needed. Failure to do so could have a material adverse impact on our business, financial condition, results of operations and cash flows, and may lead to events including bankruptcy, reorganization or insolvency. In addition, the report of the Independent Registered Public Accounting Firm accompanying the consolidated financial statements for the year ended December 31, 2022 contains an explanatory paragraph expressing substantial doubt about our ability to continue as a going concern. Absent an amendment or waiver, the 2022 Credit Agreement provides that the receipt of a report of the Independent Registered Public Accounting Firm containing an explanatory paragraph expressing substantial doubt about our ability to continue as a going concern could be an event of default, subject to certain exceptions. Pursuant to the TSA, the First Lien Lenders have agreed that, prior to the Outside Closing Date, they will forbear in the exercise of any rights, remedies, powers, privileges and defenses under the 2022 Credit Agreement arising on account of a default, alleged default or event of default (if any) resulting from the going concern explanatory paragraph in the report of the Independent Registered Public Accounting Firm accompanying the consolidated financial statements for the year ended December 31, 2022. However, if the transactions contemplated by the TSA are not consummated on its terms or at all, the First Lien Lenders could claim that a default or event of default has occurred under the 2022 Credit Agreement. If such claim is not waived by the First Lien Lenders and the Company is unsuccessful in disputing any such claims (including with respect to the applicability of one of the enumerated exceptions to the 2022 Credit Agreement requirement), the Company could be considered to have an event of default after the expiration of the applicable cure periods. In such event, all amounts outstanding under the 2022 Credit Facility, together with any accrued interest, could then be declared immediately due and payable and could be reclassified to current in the Company's consolidated financial statements **as of and for the period periods ended December 31, 2023**. A default on our obligations and an **and 2022** acceleration of our indebtedness by our lenders would have a material adverse impact on our business, financial **these** condition **conditions**; results of operations and cash flows, and may lead to events **continue to raise substantial doubt about** including bankruptcy, reorganization or insolvency. On March 15, 2023, the Company entered into **'s ability to continue as a** Transaction Support Agreement (**going concern. In response to the these** "TSA") with certain of **conditions, management plans included** refinancing the Company's debt under its first lien lenders under the 2022 Credit Agreement (the "First Lien Lenders") **and** improving operating results and cash flows. On June 15, 2023, the administrative agent **Company completed a debt restructuring transaction** under the its 2022 Credit Agreement **including: (i) a delayed draw new money financing in an aggregate principal amount of \$ 25. 0 million, comprised of (A) second lien paid- in- kind (" PIK") convertible notes (the " 2L Notes ") and (B) shares of Series B Preferred Stock (the " Series B Preferred Stock"), which will provide the holder thereof with voting rights such that the holders thereof will have the right to vote on an as- converted basis, (ii) the exchange of \$ 100. 0 million of the aggregate principal amount of the term loans under the 2022 Credit Agreement held by certain of the** holders of its Series A Senior Preferred Stock (the " Preferred Equityholders") **for 2L Notes and Series B** holders of the majority of its common stock (together with the First Lien Lenders and the Preferred **Stock** Equityholders, the " Parties"), setting forth the principal terms of a comprehensive transaction to enhance the Company's liquidity (the " Transaction"). Pursuant to the TSA, and subject to the terms and conditions thereof, the Parties have agreed to support, act in good faith and take all steps reasonably necessary and desirable to consummate the transactions referenced therein by June 15, 2023 (the " Outside Closing Date"). The TSA contemplates, among other things, (i) a delayed draw new money financing, available under certain circumstances until the 18 month anniversary of the closing date of the transactions, in an **and** aggregate principal amount equal to \$ 25. 0 million in the form of new second lien PIK exchangeable notes (" Second Lien PIK Exchangeable Notes"), (ii) exchange of \$ 100. 0 million of the aggregate principal amount of the term loans under the 2022 Credit Facility held by certain of the Preferred Equityholders for Second Lien PIK Exchangeable Notes, (iii) **certain** a reduction of the **other changes** thresholds applicable to the **terms of** minimum liquidity financial covenant under the 2022 Credit Agreement for certain periods, **including modifications** (iv) a waiver of the requirement to comply with the Secured Net Leverage Ratio financial covenant **covenants thereunder** under the 2022 Credit Agreement for the fiscal quarters ending June 30, 2024, September 30, 2024 and **relief from** December 31, 2024 and a modification of the levels and certain component definitions applicable thereto in the fiscal quarters ending after December 31, 2024, (v) waiver of the requirement **requirements related** for the Company to **the** deliver **delivery of independent** audited -- **audit reports** financial statements without certain **a** going concern qualifications for **explanatory paragraph. Holders of the 2L Notes will also receive additional 2L Notes upon** years ended December 31, 2022, December 31, 2023, and December 31, 2024, (vi) an increase in the **in- kind payment of** interest rate payable on **any outstanding 2L Notes** the existing term loans and revolving loans until the achievement of a specified financial metric and (vii) board representation and observer rights, and other changes to the governance of the Company. The **2L** Second Lien PIK Exchangeable Notes **are convertible into** would be exchangeable for shares of Class A common stock **of at a fixed conversion price. Additionally,** the Company **experienced improvements in operations** at a fixed price of \$ 0. 25, and the holders thereof would have the right to vote on corporate matters on an as- exchanged basis. The TSA contains certain representations, warranties and other agreements by the Company and Parties. In accordance with the TSA, the First Lien Lenders agreed that **resulted**, prior to the Outside Closing Date, they will forbear in the exercise **reduced levels** of **operating cash outflows during** any rights, remedies, powers, privileges and defenses under the 2022 Credit

Agreement arising on account of an alleged default or event of default (if any) resulting from the going concern explanatory paragraph in the independent auditors' report accompanying the consolidated financial statements for the year ended December 31, 2022-2023 (relative to the same period in the prior year. A continued improvement in business results is necessary as there remains a risk that the Company may fail to meet its minimum liquidity covenant or be unable to fund anticipated cash requirements and obligations as they become due in the future" Credit Agreement Forbearance"). The Parties' obligations under the TSA are, and the closing of the Transaction is, subject to various customary terms and conditions set forth therein, including the execution and delivery of definitive documentation and approval by the Company's stockholders **plan is to continue its efforts to improve its operating results and cash flow through increases to clinical staffing levels, improvements in clinician productivity, controlling costs and capital expenditures and increases in patient visit volumes, referrals and rate per visit**. There is ~~can be~~ no assurance that the **Company's plan** transactions contemplated by the TSA will be consummated successful in any of these respects. **If the Company's plan does not result in improvement in these aspects in future periods that results in sufficient cash flow from operations, the Company will need to consider other alternatives, such as raising additional financing, obtaining funds from other sources, disposal of assets, or pursuing other strategic alternatives to improve its business, results of operations and financial condition. There can be no assurance that the Company will be successful in accessing such alternative options or financing if or when needed. Failure to do so could have a material adverse impact on the terms our business, financial condition, results of operations and cash flows, and may lead to events including bankruptcy, reorganization or insolvency. Management plans have not been fully implemented and, as described above, on a timely basis or at all result, the Company has concluded that management's plans do not alleviate substantial doubt about the Company's ability to continue as a going concern**. We may be unable to generate sufficient cash and may be required to take other actions, which may not be successful, to satisfy our obligations. To the extent our operating cash flows, together with our cash on hand and access to our revolving credit facility, become insufficient to cover our liquidity and capital requirements, including funds for any future acquisitions and other corporate transactions, we may be required to seek third-party financing or an alternative liquidity or capital transaction. There can be no assurance that we would be able to obtain any required financing, or complete an alternative liquidity or capital transaction, on a timely basis or at all. Further, lenders and other financial institutions could require us to agree to more restrictive covenants, grant liens on our assets as collateral and / or accept other terms that are not commercially beneficial to us in order to obtain financing. Such terms could further restrict our operations and exacerbate any impact on our results of operations and liquidity. We have outstanding indebtedness and may incur additional debt in the future. We have outstanding indebtedness that could have detrimental consequences on our ability to obtain additional debt or other financing as needed for working capital, acquisition costs, other capital expenditures or general corporate purposes. We cannot be certain that cash flow from operations will be sufficient to allow us to pay principal and interest on the debt, support operations and meet other obligations. If we do not have the resources to meet our obligations, we may be required to refinance all or part of our outstanding debt, sell assets or borrow more money. We may not be able to do so on acceptable terms, in a timely manner, or at all. If we are unable to refinance our debt on acceptable terms, we may be forced to dispose of our assets on disadvantageous terms, potentially resulting in losses. Defaults under our debt agreement could have a material adverse effect on our business, prospects, liquidity, financial condition or results of operations. Certain of our borrowings and other obligations are based upon variable rates of interest, which could result in higher expense in the event of increases in interest rates. Borrowings under the 2022 Credit Agreement are subject to variable rates of interest and subject us to interest rate risk. During **2023 and** 2022, a rising interest rate environment was observed and interest rates may continue to rise again in the future. Such increases in interest rates would increase interest payment obligations under the 2022 Credit Agreement and could have a negative effect on our cash flow and / or financial condition. At times, we have sought to reduce our exposure to interest rate fluctuations by entering into interest rate hedging arrangements. However, any hedging arrangements we enter into may not fully mitigate our interest rate risk, may prove disadvantageous or may create additional risks. Our outstanding indebtedness and our Series A Senior Preferred Stock contains covenants that may limit certain operating and financial decisions. Non-compliance with these covenants may result in the acceleration of our indebtedness which could lead to bankruptcy, reorganization or insolvency. Our **2022 credit Credit agreement Agreement** contains restrictive and financial covenants, and the Certificate of Designation for our Series A Senior Preferred Stock contains provisions that impose significant operating and financial restrictions that may limit our ability to take actions that may be in our long-term best interest. Our **2022 credit Credit agreement Agreement** contains customary representations and warranties, events of default, reporting and other affirmative covenants and negative covenants including, but not limited to, requirements related to the delivery of independent audit reports without certain going concern qualifications, limitations on indebtedness, liens, investments, negative pledges, dividends, junior debt payments, fundamental changes and asset sales and affiliate transactions. **The Second Lien Note Purchase Agreement includes affirmative and negative covenants (other than financial covenants) that are substantially consistent with the 2022 Credit Agreement, as well as customary events of default. Based on the terms of the 2023 Debt Restructuring, the Company is temporarily relieved from the requirements related to the delivery of independent audit reports without a going concern explanatory paragraph**. The financial covenants also require us to maintain minimum liquidity or a secured net leverage ratio as of each fiscal quarter end, which we may be unable to meet. In addition, the Certificate of Designation for our Series A Senior Preferred Stock contains provisions that may likewise impose significant operating and financial restrictions on our business. If an Event of Noncompliance (as defined in the Certificate of Designation) occurs, then the holders of a majority of the then outstanding shares of Series A Senior Preferred Stock (but excluding any shares of Series A Senior Preferred Stock then held by Advent International Corporation or its controlled affiliates) (the "Majority Holders") have the right to demand that the Company engage in a sale / refinancing process for the Series A Senior Preferred Stock. Failure to comply with our **debt 2022 Credit agreement Agreement, Second Lien Note Purchase Agreement or the Certificate of Designation or for** our Series A Senior

Preferred Stock could have a material adverse effect on our business, prospects, liquidity, financial condition or results of operation. If we are unable to cure covenant defaults within any applicable grace periods or obtain waivers or acceptable refinancing, such defaults could result in the acceleration of some or all of our indebtedness, which could lead to bankruptcy, reorganization or insolvency.

**Risks Relating to our Business and Industry** We depend upon governmental payors through Medicare and Medicaid reimbursement and decreases in Medicare reimbursement rates may adversely affect our financial results. A significant portion of our net patient revenue is derived from governmental third- party payors. In **2022-2023**, approximately **24-23**. 2 % of our net patient revenue was derived from Medicare and Medicaid. In recent years, through legislative and regulatory actions, the federal government has made substantial changes to various payment systems under the Medicare program. Additional reforms or other changes to these payment systems may be proposed or adopted, either by the U. S. Congress (“ Congress ”) or by the ~~Centers for Medicare & Medicaid Services (“ CMS ”)~~, including bundled payments, outcomes- based payment methodologies and a shift away from traditional fee- for- service reimbursement. If revised regulations are adopted, the availability, methods and rates of Medicare reimbursements for services of the type furnished at our facilities could change. Some of these changes and proposed changes could adversely affect our business strategy, operations and financial results. The Medicare program reimburses outpatient rehabilitation providers based on the ~~Medicare Physician Fee Schedule (“ MPFS ”)~~. **In recent years** ~~Beginning in January 2021~~, the physical therapy industry **has** observed ~~a reduction~~ **reductions** of Medicare reimbursement rates ~~of approximately 3 % in accordance with the MPFS for therapy services~~. Beginning in January 2022, the physical therapy industry observed a reduction of Medicare reimbursement rates of approximately 0. 75 %, as well as a 15 % decrease in payments for services performed by physical therapy assistants. Additionally, ~~a further reduction through resuming sequestration was postponed. Sequestration~~ reductions resumed at 1 % after March 31, 2022, and by an additional 1 % after June 30, 2022, which resulted in an overall reduction of 2 % in reimbursement rates related to sequestration after June 30, 2022. In July 2022, the CMS released its proposed 2023 MPFS which called for an approximate 4. 5 % reduction in the calendar year 2023 conversion factor. In December 2022, the Consolidated Appropriations Act (2023) was signed into law. The Consolidated Appropriations Act (2023) provides partial relief related to Medicare cuts including 2. 5 % relief in 2023 and 1. 25 % relief in 2024. As a result, the reimbursement rate reduction beginning in January 2023 was approximately 2. 0 % . **In November 2023, the CMS released its final 2024 MPFS. The final fee schedule called for an approximate 3. 4 % reduction in the calendar year 2024 conversion factor which led to further reductions in reimbursement rates beginning in 2024, unless these reductions are otherwise mitigated through a Congressional measure** . Statutes, regulations and payment rules governing the delivery of therapy services to Medicare and Medicaid beneficiaries are complex and subject to interpretation. Compliance with such laws and regulations requires significant expense and management attention and can be subject to future government review and interpretation, as well as significant regulatory actions, including fines, penalties and exclusion from the Medicare and Medicaid programs if we are found to be in non-compliance. Any required actions to return to compliance, or any challenges to such regulatory actions, could be costly and time consuming and may not result in a favorable reversal of any such fines, penalties or exclusions. Given the history of frequent revisions to the Medicare and Medicaid programs and their complexity, reimbursement rates and rules, we may not continue to receive reimbursement rates from Medicare or Medicaid that sufficiently compensate us for services or, in some instances, cover operating costs. Limits on reimbursement rates or the scope of services being reimbursed could have a material adverse effect on our revenue, financial condition and results of operations. Additionally, any delay or default by the federal or state governments in making Medicare or Medicaid reimbursement payments could materially and adversely affect our business, financial condition and results of operations. We anticipate the federal and state governments to continue their efforts to contain growth in Medicaid expenditures, which could adversely affect our revenue and profitability. Medicaid spending has increased rapidly in recent years, becoming a significant component of state budgets. This, combined with slower state revenue growth, has led the federal government and many states to institute measures aimed at controlling the growth of Medicaid spending, and in some instances reducing aggregate Medicaid spending. We expect these state and federal efforts to continue for the foreseeable future. Furthermore, not all of the states in which we operate have elected to expand Medicaid as part of federal healthcare reform legislation. There can be no assurance that the program, on the current terms or otherwise, will continue for any particular period of time beyond the foreseeable future. Historically, state budget pressures have translated into reductions in state spending. In addition, an economic downturn, coupled with sustained unemployment, may also impact the number of enrollees in managed care programs as well as the profitability of managed care companies, which could result in reduced reimbursement rates. If Medicaid reimbursement rates are reduced or fail to increase as quickly as our costs, or if there are changes in the rules governing the Medicaid program that are disadvantageous to our business, our business and results of operations could be materially and adversely affected. Payments we receive from Medicare and Medicaid are subject to potential retroactive reduction. Payments we receive from Medicare and Medicaid can be retroactively adjusted during the claims settlement process or as a result of post- payment audits. Payors may disallow our requests for reimbursement, or recoup amounts previously reimbursed, based on determinations by the payors or their third- party audit contractors that certain costs are not reimbursable because the documentation provided was inadequate or because certain services were not covered or were deemed medically unnecessary. Significant adjustments, recoupments or repayments of our Medicare or Medicaid revenue, and the costs associated with complying with audits and investigations by regulatory and governmental authorities, could adversely affect our financial condition and results of operations. Additionally, from time to time we become aware, either based on information provided by third- parties and / or the results of internal reviews, of payments from payor sources that were either wholly or partially in excess of the amount that we should have been paid for the services provided. We are also subject to regular post- payment inquiries, investigations and audits of the claims we submit to Medicare and Medicaid for payment for our services. These post-payment reviews have increased as a result of government cost- containment initiatives. Overpayments may result from a variety of factors, including insufficient documentation to support the services rendered or the medical necessity of such services, or

other failures to document the satisfaction of the necessary conditions of payment. We are required by law in most instances to refund the full amount of the overpayment after becoming aware of it, and failure to do so within requisite time limits imposed by applicable law could lead to significant fines and penalties being imposed on us. Furthermore, initial billing of and payments for services that are unsupported by the requisite documentation and satisfaction of any other conditions of payment, regardless of our awareness of the failure at the time of the billing or payment, could expose us to significant fines and penalties. We and / or certain of our operating companies could also be subject to exclusion from participation in the Medicare or Medicaid programs in some circumstances, in addition to any monetary or other fines, penalties or sanctions that we may incur under applicable federal and / or state law. Our repayment of any overpayments, as well as any related fines, penalties or other sanctions that we may be subject to, and any costs incurred in responding to requests for records or pursuing the reversal of payment denials, could be significant and could have a material and adverse effect on our results of operations and financial condition. From time to time we are also involved in various external governmental investigations, subpoenas, audits and reviews, including in connection with our claims for reimbursement and associated payments. Reviews, audits and investigations of this sort can lead to governmental subpoenas or other actions, which can result in the assessment of damages, civil or criminal fines or penalties, or other sanctions, including restrictions or changes in the way we conduct business, loss of licensure or exclusion from participation in government programs. Failure to comply with applicable laws, regulations and rules could have a material and adverse effect on our results of operations and financial condition. Furthermore, becoming subject to these governmental subpoenas, investigations, audits and reviews can require us to incur significant legal and document production expenses as we cooperate with the governmental authorities, regardless of whether the particular investigation, audit or review leads to the identification of underlying issues. We depend upon reimbursement by third- party payors. A significant portion of our revenue is derived from third- party payors. In ~~2022-2023~~, approximately ~~57-58~~, 6 % of our net patient revenue was derived from commercial payors. These private third- party payors attempt to control healthcare costs by contracting with healthcare providers to obtain services on a discounted basis. We believe that this trend may continue and may limit reimbursement for healthcare services in the future. In addition, Company claims are closely scrutinized, and failure to submit accurate and complete clinical documentation, including specific documentation by the service provider, could result in adverse actions taken by the payor. Further, if insurers or managed care companies from whom we receive substantial payments were to reduce the amounts they pay for services, our profit margins may decline, or we may lose patients if we choose not to renew our contracts with these insurers at lower rates. In addition, in certain geographical areas, our clinics must be approved as providers by key health maintenance organizations and preferred provider plans. Failure to obtain or maintain these approvals would adversely affect our financial results. If payments from workers' compensation payors are reduced or eliminated, our revenue and profitability could be adversely affected. In ~~2022-2023~~, approximately ~~12-11~~, 4-7 % of our net patient revenue was derived from workers' compensation payors. State workers' compensation laws and regulations vary and changes to state laws could result in decreased reimbursement by third- party payors for physical therapy services, which could have an adverse impact on our revenue. Further, payments received under certain workers' compensation arrangements may be based on pre- determined state fee schedules, which may be impacted by changes in state funding. Any modification to such schedules that reduces our ability to receive payments from workers' compensation payors could be significant and could have a material adverse effect on our results of operations and financial condition. We may continue to experience unfavorable changes in rates and payor and service mix shifts toward lower reimbursing payor classes as opposed to higher reimbursing classes such as workers' compensation and auto personal injury. These changes may reflect longer term trends in our markets. Adverse changes in payor mix and / or payor rates are likely to adversely affect our results of operations in future periods, which effects may be material. Our payor contracts are subject to renegotiation or termination, which could result in a decrease in our revenue or profits. The majority of our payor contracts are subject to termination by either party. Such contracts are routinely amended (sometimes through unilateral action by payors with respect to payment policies), renegotiated, subjected to bidding processes with our competitors, or terminated altogether. Oftentimes in the renegotiation process, certain lines of business may not be renewed or a payor may enlarge its provider network or otherwise change the way it conducts its business in a way that adversely impacts our revenue. In other cases, a payor may reduce its provider network in exchange for lower payment rates. Our revenue from a payor may also be adversely affected if the payor alters its utilization management expectations and / or administrative procedures for payments and audits, changes its order of preference among the providers to which it refers business or imposes a third- party administrator, network manager or other intermediary. **Billing disputes with third- party payors may decrease realized revenue and may lead to requests for recoupment of past amounts paid. From time to time, payors dispute our billing or coding for services provided and we deal with requests for recoupment from third- party payors in the ordinary course of business. Third- party payors may decide to deny payment or recoup payment for services that they contend to have been not medically necessary, against their coverage determinations, or for which they have otherwise overpaid, and we may be required to refund reimbursements already received. Claims for recoupment also require the time and attention of our management and other key personnel, which can serve as a distraction from operating our business. If a third- party payor successfully challenges a payment to us for prior services provided was in breach of contract or otherwise contrary to policy or law, they may recoup payment, of which amounts could be significant and would impact our operating results and financial condition. We may also decide to negotiate and settle with a third- party payor in order to resolve an allegation of overpayment. In the past, we have negotiated and settled these types of claims with third- party payors in order to avoid the costs of potential litigation. We may be required to resolve further disputes in the future. We can provide no assurance that we will not receive similar claims for recoupment from other third- party payors in the future. Any of these outcomes, including recoupment or reimbursements, could have a material and adverse effect on our business, operating results, and financial condition.** We are subject to risks associated with public health crises and epidemics / pandemics, such as COVID- 19 (including variants and any future emerging variants). Our operations expose us to

risks associated with public health crises and epidemics / pandemics, such as the COVID- 19 pandemic that ~~has~~ spread globally since ~~beginning in~~ early 2020. The COVID- 19 pandemic (~~including variants and any future emerging variants~~) ~~has had~~ , and ~~may continue to have~~ , a material and adverse impact on our operations, including ~~through~~ restrictions on the operation of physical locations, ~~potential~~ cancellations of physical therapy patient appointments, clinical staff unavailable to work due to sickness or exposure and a decline in the scheduling of new or additional patient appointments. Due to these impacts and measures, we ~~have experienced~~ , and ~~may continue to experience~~ , significant and unpredictable reductions and cancellations of patient visits. The spread of COVID- 19, and the related global, national and regional policy response ~~has~~ also led to disruption and volatility in the global capital markets, which ~~increases~~ **increased** economic uncertainty and the cost of, and adversely impacts access to, capital. The COVID- 19 pandemic ~~has~~ caused economic impacts with potentially extended duration, and could directly or indirectly cause a global recession, continued elevated wage inflation, inflation in the cost of goods, services and other operating inputs, changes in the market interest rate environment and other economic impacts. **The ~~Despite the World Health Organization declaring an end to the global health emergency associated with the~~ COVID- 19 pandemic ~~has in~~ May 2023, the full extent of its future** impacted -- **impact remains unknown** the global economy and **difficult** caused significant macroeconomic uncertainty. Infection rates have varied across the country in which we operate. As we have experienced with recent variants, there may be additional waves of infection, which could be more contagious than prior waves. Governmental authorities have implemented numerous and constantly evolving measures to **predict** try to contain the virus, such as travel bans and restrictions, masking recommendations and mandates, vaccine recommendations and mandates, limits on gatherings, quarantines, shelter-in-place orders and business shutdowns. **The future impact of** Government measures intended to address the COVID- 19 pandemic **and any direct or indirect resulting impacts on our performance will depend on certain developments** , such as mandatory quarantines **including the duration and spread of the virus and its newly identified strains** , effectiveness and adoption rates of vaccine **vaccines** mandates and regular testing requirements **other therapeutic remedies** , could also **the potential for continued or reinstated restrictive policies enforced by federal, state and local governments, and the** impact the availability of our employees **the virus on** or our workforce **other workers or** could lead to attrition of key employees or reduced visits. Our financial results have been , **all of which create uncertainty** and **cannot** are expected to continue to be , negatively impacted **predicted**. **While we expect the disruption caused** by the COVID- 19 pandemic. Visits per day decreased approximately 50. 5 % , 27. 9 % and **resulting impacts** 24. 4 % in the quarters ended June 30, 2020, September 30, 2020 and December 31, 2020, respectively, in relation to **diminish over time, the** comparative prior year periods. While we **cannot predict the length of such impacts, and if such impacts continue for an extended period, it could** have a experienced relative increases in quarterly visits per day following the low point in the quarter ended June 30, 2020, we continue **continued effect** to experience lower aggregate patient volumes in many geographic areas in which we operate as compared to prior to the pandemic. Visits per day during the year ended December 31, 2022 were approximately 86. 7 % of visits per day during the year ended December 31, 2019. The current economic conditions resulting from COVID- 19 have significantly impacted consumer behavior, which have reduced, and could continue to reduce, customer spend on certain medical procedures, including physical therapy, in both the **Company' s** short- and medium- term. Furthermore, we are unable to predict the impact that COVID- 19 may have going forward on our business, results of operations or , financial **condition and cash flows** position of any of our major payors , which could impact each payor to a varying degree and at different times and could ultimately impact our own financial performance. Certain of our competitors may also be **material** better equipped to weather the impact of COVID- 19 and be better able to address changes in customer demand. **Any** Additionally, enhanced cleaning, sanitization and social distancing protocols, mask policy for all clinicians, patients and support staff and screening protocols for all employees and patients designed to identify possible COVID- 19 symptoms, and initiatives we may take in the future **public health crisis** , require expenditures of time and resources that we would otherwise be investing in growing the business and could result in slower growth and opportunity costs. The COVID- 19 pandemic , **or epidemic** could cause any of the impacts described above to recur or could cause other unpredictable events, including events that could impact our ability to access funds from financial institutions and capital markets on terms favorable to us, or at all , and there can be no assurance that the COVID- 19 pandemic will not materially impact our results of operations and financial position in the future. Further, even though certain vaccines have been widely distributed and accepted in some geographies, there can be no assurance that the vaccines will ultimately be successful in limiting or stopping the spread of COVID- 19, either over the long- term or against new, emerging variants of COVID- 19. Even after the COVID- 19 pandemic subsides, the U. S. economy and other major global economies may experience a recession, and we anticipate our business and operations could be materially adversely affected by a prolonged recession in the U. S. and other major markets. Therefore, it remains difficult to predict the ultimate impact of the pandemic on our results of operations and financial position. In addition to the extent that COVID- 19 adversely affects our results of operations or financial position, it may also heighten the other risks described in this Item 1A- Risk Factors. The full extent to which the COVID- 19 pandemic and the various governmental responses to it impact our business, operations and financial results will depend on numerous other evolving factors that we may not be able to accurately predict, including: • the duration and scope of the pandemic; • the effectiveness of vaccines against COVID- 19 (including against emerging variant strains); • governmental, business and individual actions that have been and continue to be taken in response to the pandemic, and the resulting impacts on our patient volumes and other aspects of our business; • the impact on our workforce of mandatory COVID- 19 vaccination of employees; • availability and size of the clinical labor force, competition for the employment of clinical labor and wage inflation related to clinical labor; • our ability to comply with the requirements necessary to retain the Coronavirus Aid, Relief, and Economic Security Act provider relief funds we received; • the effect on our patient, physician and facility referral sources and demand and ability to pay for physical therapy services; • disruptions of or restrictions on the ability of our employees to travel and to work, including as a result of their health and well- being; • availability of third- party providers to whom we outsource portions of our internal business functions, including billing and

administrative functions relating to revenue cycle management; • increased cybersecurity risks as a result of remote working conditions; • the availability and cost of accessing the capital markets; • our ability to pursue, diligence, finance and integrate acquisitions; • our ability to comply with financial and operating covenants in our debt, preferred stock and operating lease agreements; and • potential for goodwill, intangible and other asset impairment charges. Furthermore, COVID-19 could increase the magnitude of many of the other risks described herein and have other adverse effects on our operations that we are not currently able to predict. Additionally, we may also be required to delay or limit our internal strategies in the short- and medium-term by, for example, redirecting significant resources and management attention away from implementing our strategic priorities or executing opportunistic corporate development transactions. The magnitude of the effect of COVID-19 on our business will depend, in part, on the length and severity of the COVID-19-related restrictions (including the effects of any “re-opening” actions and plans) and other limitations on our ability to conduct its business in the ordinary course. The longer the pandemic continues, the more severe the impacts described above will be on our business (which may also be disproportionately larger in certain local areas compared to the national level). The extent, length and consequences of the COVID-19 pandemic are uncertain and impossible to predict. COVID-19 and other similar outbreaks, epidemics or pandemics could have a material adverse effect on our business, financial condition, results of operations and cash flows, and could cause significant volatility in the trading prices of our securities. We are subject to, and may also heighten the other risks described related to the impact on our workforce of mandatory COVID-19 vaccination of employees. We operate in this Item 1A certain states that currently mandate COVID-19 vaccines for healthcare workers. **Risk Factors** While certain states have removed vaccination requirements, or allow for alternative methods to comply with such vaccination requirements, it is not possible to predict potential changes to these regulations or the impact that these regulations may have on the Company or its workforce. Similar mandatory vaccination or testing requirements that may become applicable to our employees, at the federal, state or local levels, may result in employee attrition and could have a material adverse effect on our business, including future revenue, costs and results of operations. We are subject to increases in the cost inflation necessary for the provision of our services and we may not be able to fully offset this cost inflation on a timely basis or at all. Many of the components of our cost of services are subject to price increases that are attributable to factors beyond our control, including but not limited to, costs of clinician services and other professional services, contract labor, janitorial services, support staff services and clinic supplies. In the latter part of 2021 and continuing in 2022 and 2023, input costs have increased materially and at a historically high rate. The pressures of input cost inflation may continue. To the extent we are unable to offset present and future input cost increases, our operating results could be materially and adversely affected. We operate in a competitive industry, and if we are not able to compete effectively, our business, financial condition and results of operations may be harmed. Current or potential patients may seek competitive services in lieu of our services. **We face competition from a range of entities, some of which have superior resources or other competitive advantages.** If we are unable to compete successfully in the physical therapy industry, our business, financial condition and results of operations could be materially adversely affected. The outpatient physical therapy market is rapidly evolving and highly competitive, and subject to vertical integration. Such vertical integration could reduce the market opportunity for our services. Competition may intensify in the future as existing competitors and new entrants introduce new physical therapy services and platforms. We currently face competition from a range of companies, including other incumbent providers of physical therapy consultation services, that are continuing to grow and enhance their service offerings and develop more sophisticated and effective service platforms. In addition, since there are limited capital expenditures required for providing physical therapy services, there are few financial barriers to enter the industry. Other companies could enter the healthcare industry in the future and divert some or all of our business. Competition from specialized physical therapy service providers, healthcare providers, hospital systems and other parties may result in continued pricing and volume pressures, which would be likely to lead to price and volume declines in certain of our services, all of which could negatively impact our sales, profitability and market share. Referrals and other methods of driving patient volumes are important to our profitability. We have implemented and are implementing strategies to improve our level of referrals, and if these measures are not successful, or if we are not able to successfully capture referrals or visit demand, it could lead to a decline in patient volumes and revenues, which could negatively impact our profitability and market share. Some competitors may have greater name recognition, longer operating histories and significantly greater resources than us. Further, our current or potential competitors may be acquired by third-parties with greater available resources. As a result, our competitors may be able to respond more quickly and effectively than us to new or changing opportunities, technologies, standards or client requirements and may have the ability to initiate or withstand substantial price competition. In addition, current and potential competitors have established, and may in the future establish, cooperative relationships with vendors of complementary products, technologies or services to increase the availability of their services in the marketplace. Accordingly, new competitors or alliances may emerge that have greater market share, a larger client base, more widely adopted proprietary technologies, greater marketing expertise, greater financial resources or larger sales forces than ours, which could put us at a competitive disadvantage. Our competitors could also be better positioned to serve certain geographies or segments of the physical therapy market, which could create additional price and volume pressure. As we expand into new geographical areas, we may encounter competitors with stronger relationships or recognition in the community in such new areas, which could give those competitors an advantage in obtaining new patients or retaining existing ones. We also compete for physical therapists and, **in recent years,** we experienced elevated levels of attrition **relative to historical levels** during periods of 2021 and 2022, which has had and may continue to have adverse effects on our business, financial condition, results of operations, as well as our ability to open new clinics. We have taken and are continuing to take actions to increase hiring, reduce attrition and optimize clinician hours based on available workforce, but the impact of hiring and attrition has impacted overall profitability through wage inflation, greater benefits, and increases in other employee costs, as well as required a higher use of contract labor in difficult to staff markets. These labor market dynamics and level of competition are likely to continue. The ultimate impact on our business and industry remains

difficult to predict, but may have a material adverse impact on our results of operations, cash flows and financial condition. Moreover, we expect that competition will continue to increase as a result of consolidation in the healthcare industry. Many healthcare industry participants are consolidating to create integrated healthcare systems with greater market power, including, in some cases, integrating physical therapy services with their core medical practices. As provider networks and managed care organizations consolidate, thus decreasing the number of market participants, competition to provide services like ours may become more intense, and the importance of establishing and maintaining relationships with key industry participants will become greater. Rapid technological change ~~in our industry~~ presents us with significant risks and challenges. The healthcare market is characterized by rapid technological change, changing consumer requirements, short product lifecycles and evolving industry standards. Our success will depend on our ability to enhance our brands with next- generation technologies and to develop, acquire and market new services to access new consumer populations. Moreover, we may not be successful in developing, using, selling or maintaining new technologies effectively or adapting solutions to evolving client requirements or emerging industry standards, and, as a result, our business, financial condition and results of operations could be materially adversely affected. In addition, we have limited insight into trends that might develop and later affect our business, and which could lead to errors in our analysis of available data or in predicting and reacting to relevant business, legal and regulatory trends and healthcare reform. Further, there can be no assurance that technological advances by one or more of our current or future competitors will not result in our present or future solutions and services becoming uncompetitive or obsolete. If any of these events occur, it could harm our business. Inability to maintain high levels of service and patient satisfaction could adversely affect our business. Failure to retain and attract sufficient numbers of qualified personnel could strain our human resources department and impede our growth or result in ineffective growth. In addition, if demand for our services increases, we need to increase our patient services and other personnel, as well as our network of partners, to provide personalized patient service. If we are not able to continue to provide high quality physical therapy services with high levels of patient satisfaction, our reputation, as well as our business, results of operations and financial condition could be adversely affected. Our current locations may become unattractive, and attractive new locations may not be available for a reasonable price, if at all, which could adversely affect our business. The success of any of our clinics depends in substantial part on their locations. There can be no assurance that the current locations will continue to be attractive as demographic patterns and trade areas change. For example, neighborhood or economic conditions where our clinics are located could decline in the future, thus resulting in potentially reduced patient visits. In addition, rising real estate prices in some areas may restrict our ability to lease new desirable locations or increase the cost of operating in such locations. If desirable locations cannot be obtained at reasonable prices, our ability to execute our growth strategies could be adversely affected, and we may be impacted by declines in patient visits as a result of the deterioration of certain locations, each of which could materially and adversely affect our business and results of operations. We may continue to close clinics and incur closure costs and losses. The competitive, economic or reimbursement conditions in the markets in which we operate, in addition to labor market conditions and liquidity considerations, may require us to reorganize or close certain clinics. ~~Additionally, there is no guarantee that we will not have to close clinics in the future as a result of COVID-19 or its variants, execute measures designed to reduce the spread of COVID-19, or experience clinical staffing challenges, whether related to COVID-19 or labor market dynamics.~~ Any clinic closures, reorganization or related business disruptions may have a material and adverse effect on our results of operations. In each of fiscal ~~year~~ **years 2023 and 2022 and 2021**, we closed ~~or sold~~ **40 and 23 clinics**, ~~, respectively~~. In the event a clinic is reorganized or closed, we may incur losses and closure costs, including, but not limited to, lease obligations, severance and write- down or write- off of goodwill, intangible assets or other assets. We may determine to sell one or more of our clinics, and any such divestiture could adversely affect our continuing business. We periodically evaluate our various businesses, services lines and clinics and may, as a result, consider the divestiture, wind down or exit of one or more of those clinics. Divestitures have inherent risks, including the inability to find potential buyers with favorable terms, the expense of selling the service line or clinic, the possibility that any anticipated sale will be delayed or will not occur and the potential delay or failure to realize the perceived strategic or financial merits of the divestment. Our ability to generate revenue is highly sensitive to the strength of the economies in which we operate and the demographics and populations of the local communities that we serve. Our revenues depend upon a number of factors, including, among others, the size and demographic characteristics of local populations and the economic condition of the communities that our locations serve. In the case of an economic downturn in a market, the utilization of physical therapy services by the local population of such market, and our resulting revenues and profitability in that market, could be adversely affected. Our revenues could also be affected by negative trends in the general economy that affect consumer spending, such as a recession or similar economic downturn. Furthermore, significant demographic changes in, or significant outmigration from, the neighborhoods where our clinics are located could reduce the demand for our services, all of which could materially and adversely affect our business and results of operations. ~~The size and expected growth of our addressable market has not been established with precision and may be smaller than estimated. Our estimates of the addressable market are based on a number of internal and third- party estimates and assumptions. While we believe our assumptions and the data underlying our estimates are reasonable, these assumptions and estimates may not be correct. Accordingly, the expected growth in the market for physical therapy services may prove to be inaccurate, and the actual size of our total addressable market and resulting growth rates may be materially lower than expected.~~ Risks Relating to Our Operations We depend upon the cultivation and maintenance of relationships with the physicians and other referral sources in our markets. Our success is partially dependent upon referrals from physicians in the communities our clinics serve and our ability to maintain good relationships with these physicians and other referral sources. Physicians referring patients to our clinics are free to refer their patients to other therapy providers or to their own physician owned therapy practices. If we are unable to successfully cultivate and maintain strong relationships with such physicians and other referral sources (including as a result of negative publicity (whether true or not)), our business may be negatively impacted and our net revenues may decline. In addition, our relationships with referral



sources are subject to extensive laws and regulations, and if those relationships with referral sources are found to be in violation of those requirements, we may be subject to significant civil, criminal and / or administrative penalties, exclusion from participation in government programs, such as Medicare and Medicaid, and / or reputational harm. **The impacts of weather,** We operate our business in regions subject to natural disasters, **climate change** and other catastrophic events **may** - and any **disruption to our business resulting from such natural disasters or climate change would** adversely affect our **revenue** **revenues** and results of operations. We operate our business in regions **that normally experience snow and ice during the winter months, and that are** subject to severe weather and natural disasters, including hurricanes, floods, fires, earthquakes and other catastrophic events. **A significant number** For example, in February 2021, the state of Texas experienced unprecedented cold weather, resulting in power outages across the state. Nearly all of our clinics **are located** in Texas were impacted by the weather **states that are subject to periodic winter storms**, with all clinics closing for at least one day. Additionally, in September and October 2022, the effects of Hurricane **hurricanes Jan and other severe storm systems which have** negatively impacted **certain** clinic operations in the **past southeast region of the U. S.** Any natural disaster or impacts from climate change could adversely affect our ability to conduct business and provide services to our customers, and the insurance we maintain may not be adequate to cover losses resulting from any business interruption resulting from a natural disaster or other catastrophic event. Future acquisitions may use significant resources, may be unsuccessful and could expose us to unforeseen liabilities. We have historically acquired outpatient physical therapy clinics and it is an important part of our long- term growth strategy. Failure to successfully identify and complete acquisitions would likely result in slower growth. Even if we are able to identify appropriate acquisition targets, we may not be able to execute transactions on favorable terms or integrate targets in a manner that allows us to fully realize the anticipated benefits of these acquisitions. Acquisitions may involve significant cash expenditures, potential debt incurrence and operational losses, dilutive issuances of equity securities and expenses that could have an adverse effect on our financial condition and results of operations. Acquisitions also involve numerous risks, including: • the difficulty and expense of integrating acquired personnel into our business; • the diversion of management's time from existing operations; • the potential loss of key employees of acquired companies and existing customers of the acquired companies that may not be familiar with our brand or services; • the difficulty of assignment and / or procurement of managed care contractual arrangements; and • the assumption of the liabilities and exposure to unforeseen liabilities of acquired companies, including liabilities for failure to comply with healthcare regulations. Failure of our third- party customer service and technical support providers to adequately address customers' requests could harm our business and adversely affect our financial results. Our customers rely on our customer service support organization to resolve issues with our services. We outsource a portion of our customer service and technical support activities to third- party service providers. We depend on these third- party customer service and technical support representatives working on our behalf, and expect to continue to rely on third- parties in the future. This strategy presents risks to the business due to the fact that we may not be able to influence the quality of support as directly as we would be able to do if our own employees performed these activities. Our customers may react negatively to providing information to, and receiving support from, third- party organizations, especially if these third- party organizations are based overseas. If we encounter problems with our third- party customer service and technical support providers, our reputation may be harmed, our ability to sell our services could be adversely affected, and we could lose customers and associated revenue. Our systems infrastructure may not adequately support our operations. We believe our future success will depend in large part on establishing an efficient and productive **information technology ("IT")** systems infrastructure that is able to provide operational intelligence and support our platform. Our systems infrastructure is designed to address interoperability challenges across the healthcare continuum and any failure of our systems infrastructure to identify efficiencies or productivity may impact the execution of our strategies and have a significant impact on our business and operating results. Our inability to continue improving our clinical systems and data infrastructure could impact our ability to perform and continue improving outcomes for patients. Failure by us to maintain financial controls and processes over billing and collections or disputes with third- parties could have a significant negative impact on our financial condition and results of operations. The collection of accounts receivable requires constant focus and involvement by management, as well as ongoing enhancements of information systems and billing center operating procedures. There can be no assurance that we will be able to improve upon or maintain our current levels of collectability and days sales outstanding in future periods. Further, some of our patients or payors may experience financial difficulties, or may otherwise fail to pay accounts receivable when due, resulting in increased write- offs. If we are unable to properly bill and collect our accounts receivable, our financial condition and results of operations will be adversely affected. In addition, from time to time we are involved in disputes with various parties, including our payors and their intermediaries regarding their performance of various contractual or regulatory obligations. These disputes sometimes lead to legal and other proceedings and cause us to incur costs or experience delays in collections, increases in our accounts receivable or loss of revenue. In addition, in the event such disputes are not resolved in our favor or cause us to terminate our relationships with such parties, there may be an adverse impact on our financial condition and results of operations. Legal and Regulatory Risks Relating to Our Business Our operations are subject to extensive regulation. Our operations are subject to extensive federal, state and local government laws and regulations, **such as which may impact**: • **Medicare facility** and **professional licensure / permits** Medicaid reimbursement rules and regulations (as discussed above); • **conduct** federal and state anti-kickback laws, which prohibit the knowing and willful offer, payment, solicitation or receipt of **operations** any bribe, **including financial relationships among** kickback, rebate or other remuneration in return for ordering, leasing, purchasing or recommending or arranging for, or to induce, the referral of an individual, or the ordering, purchasing or leasing of items or services covered, in whole or in part, by any federal healthcare program **providers**, such as Medicare **fraud** and **abuse, and** Medicaid; • the Physician **physician** Self-Referral Law and analogous state self- referral prohibition statutes, which, subject to limited exceptions, prohibits physicians from referring Medicare or Medicaid patients to an entity for the provision of certain<sup>11</sup> designated health services," including physical therapy, if the physician or a member of such physician's immediate family has a

direct or indirect financial relationship (including an ownership interest or a compensation arrangement) with an entity, and prohibits the entity from billing Medicare or Medicaid for such "designated health services"; • **addition of facilities** the federal False Claims Acts (the "False Claims Acts"), which impose civil and **services** / or criminal penalties against any person or entity that knowingly submits or causes to be submitted a claim that the person knew or should have known (i) to be false or fraudulent; (ii) for items or services not provided or provided as claimed; or (iii) was provided by an **and** individual not otherwise qualified or who was excluded from participation in federal healthcare programs. The False Claims Acts also impose penalties for requests for payment that otherwise violate conditions of participation in federal healthcare programs or other healthcare compliance laws; • **coding** U. S. C. 42 U. S. Code § 1320a—7, **billing** the Exclusions Statute of the Social Security Act, which subjects healthcare providers to exclusion from participation in federal healthcare programs if they engage in Medicare fraud, patient neglect or abuse / felony convictions related to fraud, breach of fiduciary duties or other financial misconduct related to healthcare service delivery; • the civil monetary penalty statute and associated regulations, which authorizes the government agency to impose civil money penalties, an **and** assessment, and program exclusion for various forms of fraud and abuse; and • the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), which created new federal criminal statutes that prohibit knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program or obtain, by means of false or fraudulent pretenses, representations or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, regardless of the payor (e. g., public or private) and knowingly and willfully falsifying, concealing or covering up by any trick or device a material fact or making any materially false statements in connection with the delivery of, or payment for, healthcare benefits, items or services relating to healthcare matters. Similar to the federal Anti-Kickback Law, a person or entity can be found guilty of violating HIPAA without actual knowledge of the statute or specific intent to violate it. In recent years, there have been heightened coordinated civil and criminal enforcement efforts by both federal and state government agencies relating to the healthcare industry, and physical therapy providers, in particular, have been subject to increased enforcement. We believe we are in substantial compliance with all laws, but differing interpretations or enforcement of these laws and regulations could subject our current practices to allegations of impropriety or illegality or could require us to make changes in our methods of operations, facilities, equipment, personnel, services and capital expenditure programs and increase our operating expenses. If we fail to comply with these extensive laws and government regulations, we could become ineligible to receive government program reimbursement, suffer civil or criminal penalties or be required to make significant changes to our operations. In addition, we could be forced to expend considerable resources responding to an investigation or other enforcement action under these laws or regulations. **For a more complete description of certain of these laws and regulations, refer to "Governmental Regulations and Supervision" within Part I, Item 1. Business.** In conducting our business, we are required to comply with applicable state laws regarding fee- splitting and professional corporation laws. The laws of some states restrict or prohibit the "corporate practice of medicine," meaning business corporations cannot provide medical services through the direct employment of medical providers, or by exercising control over medical decisions by medical providers. In some states, such restrictions explicitly apply to physical therapy services; in others, those restrictions have been interpreted to apply to physical therapy services or are not fully developed. Specific restrictions with respect to enforcement of the corporate practice of medicine or physical therapy vary from state to state and certain states in which we operate may present higher risk than others. Each state has its own professional entity laws and unique requirements for entities that provide professional services. Further, states impose varying requirements on the licenses that the stockholders, directors, officers, and professional employees of professional corporations must possess. Many states also have laws that prohibit non- physical therapy entities, individuals or providers from sharing in or splitting professional fees for patient care ("fee- splitting"). Generally, these laws restrict business arrangements that involve a physical therapist sharing professional fees with a referral source, but in some states, these laws have been interpreted to extend to management agreements between physical therapists and business entities under some circumstances. Such laws and regulations vary from state to state and are enforced by governmental, judicial, law enforcement or regulatory authorities with broad discretion. Accordingly, we cannot be certain that our interpretation of certain laws and regulations is correct with respect to how we have structured our operations, service agreements and other arrangements with physical therapists in the states in which we operate. The enforcement environment in any state in which we operate could also change, leading to increased enforcement of existing laws and regulations. If a court or governing body determines that we, or the physical therapists whom we support, have violated any of the fee- splitting laws or regulations, or if new fee- splitting laws or regulations are enacted, we or the physical therapists whom we support could be subject to civil or criminal penalties, our contracts could be found legally invalid and unenforceable (in whole or in part), or we could be required to restructure our contractual arrangements with our licensed providers of physical therapy (which may not be completed on a timely basis, if at all, and may result in terms materially less favorable to us), all of which may have a material adverse effect on our business. We face inspections, reviews, audits and investigations under federal and state government programs and payor contracts. These audits could have adverse findings that may negatively affect our business, including our results of operations, liquidity, financial condition and reputation. As a result of our participation in the Medicare and Medicaid programs, we are subject to various governmental inspections, reviews, audits, subpoenas and investigations to verify our compliance with these programs and applicable laws and regulations. Payors may also reserve the right to conduct audits. We also periodically conduct reviews of our regulatory compliance. While our facilities intend to comply with the federal requirements for properly billing, coding and documenting claims for reimbursement, there can be no assurance that these audits will determine that all applicable requirements are fully met at the facilities that are reviewed. **We may be subject to various external governmental investigations, subpoenas, audits and reviews. Certain adverse governmental investigations, subpoenas, audits and reviews may require us to refund amounts we have been paid and / or pay fines and penalties as a result of these inspections, reviews, audits and investigations, which could have a material adverse effect on our business and operating**

**results. Furthermore, the legal, document production and other costs associated with complying with these inspections, reviews, subpoenas, audits or investigations could be significant.** An adverse inspection, review, audit or investigation could result in: • refunding amounts we have been paid pursuant to the Medicare or Medicaid programs or from payors; • state or federal agencies imposing fines, penalties and other sanctions on us; • temporary suspension of payment for new patients; • decertification or exclusion from participation in the Medicare or Medicaid programs or one or more payor networks; • self-disclosure of violations to applicable regulatory authorities; • damage to our reputation; and • loss of certain rights under, or termination of, our contracts with payors. ~~We may be subject to various external governmental investigations, subpoenas, audits and reviews. Certain adverse governmental investigations, subpoenas, audits and reviews may require us to refund amounts we have been paid and / or pay fines and penalties as a result of these inspections, reviews, audits and investigations, which could have a material adverse effect on our business and operating results. Furthermore, the legal, document production and other costs associated with complying with these inspections, reviews, subpoenas, audits or investigations could be significant.~~ Our facilities are subject to extensive federal and state laws and regulations relating to the privacy of individually identifiable information. HIPAA required the Health and Human Services Department to adopt standards to protect the privacy and security of individually identifiable health- related information. The privacy regulations extensively regulate the use and disclosure of individually identifiable health- related information. The regulations also provide patients with significant rights related to understanding and controlling how their health information is used or disclosed. The security regulations require healthcare providers to implement administrative, physical and technical practices to protect the security of individually identifiable health information that is maintained or transmitted electronically. ~~The Health Information Technology for Electronic and Clinical Health Act (“HITECH ”)~~, which was signed into law in 2009, enhanced the privacy, security and enforcement provisions of HIPAA by, among other things establishing security breach notification requirements, allowing enforcement of HIPAA by state attorneys general and increasing penalties for HIPAA violations. Violations of HIPAA or HITECH could result in civil or criminal penalties. In addition to HIPAA, there are numerous federal and state laws and regulations addressing patient and consumer privacy concerns, including unauthorized access or theft of personal information. State statutes and regulations vary from state to state. Lawsuits, including class actions and actions by state attorneys general, directed at companies that have experienced a privacy or security breach also can occur. We have established policies and procedures in an effort to ensure compliance with these privacy related requirements. However, if there is a breach of these privacy related requirements, we may be subject to various penalties and damages and may be required to incur costs to mitigate the impact of the breach on affected individuals. Our business may be adversely impacted by healthcare reform efforts, including repeal of or significant modifications to the ACA. In recent years, Congress and certain state legislatures have considered and passed a number of laws that are intended to result in significant changes to the healthcare industry. However, there is significant uncertainty regarding the future of the Patient Protection and Affordable Care Act (“ ACA ”), the most prominent of these reform efforts. The law has been subject to legislative and regulatory changes and court challenges, and the prior presidential administration and certain members of Congress have stated their intent to repeal or make additional significant changes to the ACA, its implementation or its interpretation. In 2017, the Tax Cuts and Jobs Acts was enacted, which, effective January 1, 2019, among other things, removed penalties for not complying with ACA’ s individual mandate to carry health insurance. Because the penalty associated with the individual mandate was eliminated, a federal judge in Texas ruled in December 2018 that the entire ACA was unconstitutional. On December 18, 2019, the Fifth Circuit U. S. Court of Appeals upheld the lower court’ s finding that the individual mandate is unconstitutional and remanded the case back to the lower court to reconsider its earlier invalidation of the full ACA. On March 2, 2020, the United States Supreme Court (the “ Supreme Court ”) granted the petitions for writs of certiorari to review this case and on June 17, 2021, the Supreme Court dismissed this case without specifically ruling on the constitutionality of the ACA. These and other efforts to challenge, repeal or replace the ACA may result in reduced funding for state Medicaid programs, lower numbers of insured individuals, and reduced coverage for insured individuals. There is uncertainty regarding whether, when and how the ACA will be further changed or challenged, what alternative provisions, if any, will be enacted, and the impact of alternative provisions on providers and other healthcare industry participants. Government efforts to repeal or change the ACA or to implement alternative reform measures could cause our revenues to decrease to the extent such legislation reduces Medicaid and / or Medicare reimbursement rates. Our failure to comply with labor and employment laws could result in monetary fines and penalties. Worker health and safety ( ~~OSHA~~ **Occupational Safety and Health Administration** and similar state and local agencies); family medical leave (the Family Medical Leave Act), wage and hour laws and regulations, equal employment opportunity and non- discrimination requirements, among other laws and regulations relating to employment, apply to us. Failure to comply with such laws and regulations could result in the imposition of consent orders or civil and criminal penalties, including fines, which could damage our reputation and have an adverse effect on our results of operations or financial condition. The regulatory framework for privacy issues is rapidly evolving and future enactment of more restrictive laws, rules or regulations and / or future enforcement actions or investigations could have a materially adverse impact on us through increased costs or restrictions on our business, and noncompliance could result in regulatory penalties and significant legal liability. ~~There is~~ **We have been an and inherent risk of liability may continue to be involved in legal proceedings** the provision of healthcare services; damage to our reputation or our failure to adequately insure against losses, including from substantial claims and litigation, could have an adverse impact on our operations, financial condition or prospects. From time to time, we are party to legal proceedings, governmental audits and investigations that arise in the ordinary course of our business. There is an inherent risk of liability in the provision of healthcare services. We are also subject to actual and potential claims, lawsuits and investigations outside of the ordinary course of business. Refer to Note ~~18-17~~ - Commitments and Contingencies of our consolidated financial statements included in Part II, Item 8 of this Form 10-K for examples of claims to which we are subject. Such claims, legal proceedings, governmental audits and investigations may involve large claims and significant costs to defend. In such cases, coverage under our insurance

programs would not be adequate to protect us. Additionally, our insurance policies are subject to annual renewal and our insurance premiums could be subject to material increases in the future. We cannot ensure that we will be able to maintain our insurance on acceptable terms in the future, or at all. A successful claim in excess of, or not covered by, our insurance policies could have a material adverse effect on our business, financial condition, results of operations, cash flow, capital resources and liquidity. Even where our insurance is adequate to cover claims against us, damage to our reputation in the event of a judgment against us, or continued increases in our insurance costs, could have an adverse effect on our business, financial condition, results of operations, cash flow, capital resources, liquidity, or prospects.

**Risks Relating to Our Human Resources** Our facilities face competition for experienced physical therapists and other clinical providers and clinical staff that may increase labor costs and reduce profitability. Our ability to retain and attract clinical talent is critical to our ability to provide high quality care to patients and successfully cultivate and maintain strong relationships in the communities we serve. If we cannot recruit and retain our base of experienced and clinically skilled therapists and other clinical providers, management and support personnel, our business may decrease and our revenues may decline and / or operating margins may decrease as a result of **increased hiring, training and retention costs or** higher use of contract labor in difficult to staff markets. We compete with other healthcare providers in recruiting and retaining qualified management, physical therapists and other clinical staff and support personnel responsible for the daily operations of our business, financial condition and results of operations **and** ~~We have recently experienced elevated rates of attrition when compared~~ **observed a competitive labor market that is currently subject to inflationary** historical levels, which has had ~~and~~ **other pressure** may continue to have adverse effects on our business, financial condition, results of operations, as well as our ability to open new clinics. As we implement actions aimed to reduce attrition, increase hiring of physical therapists and optimize clinician hours based on available workforce, we expect to experience increases in our labor costs, primarily due to higher wages and greater benefits required to retain and attract qualified healthcare personnel, as well as higher contract labor costs until clinical staffing levels are achieved, and such increases may adversely affect our profitability. Furthermore, while **While** we attempt to manage overall labor costs in the most efficient way, our efforts to manage them may have limited effectiveness and may lead to increased turnover, **reduced profitability** and other challenges. Our ability to attract and retain talented executives and corporate employees. We are dependent on our ability to retain and attract corporate talent. ~~We have recently~~ **During 2022 and 2021, we** experienced significant turnover in our senior management team and across our corporate organization. Our business may be adversely affected by the transitions in our senior management team, and turnover at the senior management level may create instability within the Company, which could disrupt and impede our day- to- day operations, internal controls and our ability to fully implement our business plan and initiatives. In addition, management transition inherently causes some loss of institutional knowledge, which can negatively affect strategy and execution, and our results of operations and financial condition could be negatively impacted as a result. We compete for corporate talent within the healthcare industry and more broadly. Competition for such personnel is intense, and we may not be able to attract, assimilate or retain other highly qualified corporate personnel in the future. The inability to attract and retain **the necessary personnel could cause increased employee turnover and harm to our business, results of operations, cash flow and financial condition. Our share- based compensation incentives may not be effective in attracting, retaining and motivating key personnel and employees. The Company adopted the ATI Physical Therapy 2021 Equity Incentive Plan (the " 2021 Plan") under which it may grant equity interests of the Company, in the form of stock options, stock appreciation rights, restricted stock awards and restricted stock units, to members of management, key employees and independent directors of the Company and its subsidiaries. We believe the granting of non- cash share- based compensation is important to our ability to attract and retain key personnel and employees. Additionally, the employment agreements for members of our senior leadership team include compensation terms in the form of share- based awards at specified amounts. The maximum number of shares reserved for issuance under the 2021 Plan is approximately 1. 2 million. As of December 31, 2023, approximately 0. 2 million shares were available for future grant. With the current number of shares available for future grant, the Company would need to amend, subject to stockholder approval, the 2021 Plan to increase the share reserve in order to fulfill the upcoming share- based compensation terms of its senior leadership employment agreements and provide share- based awards to other key personnel and employees. There can be no assurance that such stockholder approval would be obtained and, if we are unable to obtain such approval, we may be unable to retain our existing employees and attract additional qualified candidates, which could adversely impact our business and results of operations. If such stockholder approval were to be obtained, and if we were to grant future share- based awards to senior management, key personnel and employees, we would incur additional share- based compensation expense and the ownership of existing stockholders would be further diluted. Furthermore, in light of our recent low market capitalization and decreases in share price, our non- cash share- based compensation incentives may not be effective in attracting, retaining and motivating our senior management team, key personnel and employees. If our share- based compensation incentives under the 2021 Plan are not effective, the Company may need to explore alternative cash or non- cash compensation to retain senior management, key personnel and employees, which may lead to incurring higher compensation costs or may otherwise prove less effective. The inability to appropriately compensate and motivate** the necessary personnel could cause increased employee turnover and harm to our business, results of operations, cash flow and financial condition. We face licensing and credentialing barriers, and associated variability across states is a risk to timely delivery of productive talent. The scope of licensing laws differs from state to state, and the application of such laws to the activities of physical therapists and other clinical providers is often unclear. Given the nature and scope of the solutions and services that we provide, we are required to maintain physical therapy licenses and registrations for us and our providers in certain jurisdictions and to ensure that such licenses and registrations are in good standing. These licenses require us and our providers to comply with the rules and regulations of the governmental bodies that issued such licenses. Our providers are also required to be credentialed with payors prior to providing services to health plan

patients, and completion of the credentialing process, if delayed, may delay our ability to provide services to health plan patients. Our providers' failure to comply with such rules and regulations could result in significant administrative penalties or the suspension of a license or the loss of a license, as well as credentialing delays, all of which could negatively impact our business.

**Risks Relating to Our Information Technology** We rely on information technology in critical areas of our operations, and a disruption relating to such technology could harm our financial condition. We rely on IT systems in critical areas of our operations, including our electronic medical records system and systems supporting revenue cycle management, and financial and operational reporting, among others. We have legacy IT systems that IT is continuing to upgrade and modernize. If one of these systems were to fail or cause operational or reporting interruptions, or if we decide to change these systems or hire outside parties to provide these systems, we may fail to execute on such system changes or suffer disruptions, which could have a material adverse effect on our operation, results of operations and financial condition. In addition, we may underestimate the costs, complexity and time required to develop and implement new systems. We use software vendors and network and cloud providers in our business and if they cannot deliver or perform as expected or if our relationships with them are terminated or otherwise change, it could have a material adverse effect on our business, financial condition and results of operations. Our ability to provide our services and support our operations requires that we work with certain third- party providers, including software vendors and network and cloud providers, and depends on such third- parties meeting our expectations in timeliness, quality, quantity and economics. Our third- party suppliers may be unable to meet such expectations due to a number of factors. We might incur significant additional liabilities if the services provided by these third- parties do not meet our expectations, if they terminate or refuse to renew their relationships with us or if they were to offer their services on less advantageous terms. We rely on internally developed software applications and systems to conduct our critical operating and administrative functions. We also depend on our software vendors to provide long- term software maintenance support for our information systems. In addition, while there are backup systems in many of our operating facilities, we may experience an extended outage of network services supplied by these vendors or providers that could impair our ability to deliver our solutions, which could have a material adverse effect on our business, financial condition and results of operations. We are a target of attempted cyber and other security threats and must continuously monitor and develop our IT networks and infrastructure to prevent, detect, address and mitigate the risk of unauthorized access, misuse, computer viruses and other events that could have a security impact or which may cause a violation of HIPAA or HITECH and subject us to potential legal and reputational harm. In the normal course of business, our IT systems hold sensitive patient information including patient demographic data, eligibility for various medical plans including Medicare and Medicaid and protected health information subject to HIPAA and HITECH. We also contract with third- party vendors to maintain and store our patients' individually identifiable health information. Numerous state and federal laws and regulations address privacy and information security concerns resulting from our access to our patients' and employees' personal information. Additionally, we utilize those same systems to perform our day- to- day activities, such as receiving referrals, assigning clinicians to patients, documenting medical information and maintaining an accurate record of all transactions. While we have not experienced any known **, material** attacks on our IT systems that have compromised patient data, our IT systems and those of our vendors that process, maintain and transmit such data are subject to computer viruses, cyber- attacks, including ransomware attacks, or breaches. We maintain our IT systems with safeguard protection against cyber- attacks including active intrusion protection, firewalls and virus detection software. We adhere to (and require our third- party vendors to adhere to) policies and procedures designed to ensure compliance with HIPAA and HITECH regulations. We have developed and tested a response plan in the event of a successful attack and maintain commercial insurance related to a cyber- attack. However, these safeguards do not ensure that a significant cyber- attack could not occur. A successful attack on our or our third- party vendors' IT systems could have significant consequences to the business, including liability for compromised patient information, business interruption, significant civil and criminal penalties, lawsuits, reputational harm and increased costs to us, any of which could have a material adverse effect on our financial condition and results of operations. In addition, insider or employee cyber and security threats are increasingly a concern for all large companies, including us. Our future results could be adversely affected due to the theft, destruction, loss, misappropriation or release of protected health information, other confidential data or proprietary business information, operational or business delays resulting from the disruption of IT systems and subsequent mitigation activities, or regulatory action taken as a result of such incidents. We provide our employees with training and regular reminders on important measures they can take to prevent breaches. We routinely identify attempts to gain unauthorized access to our systems. However, given the rapidly evolving nature and proliferation of cyber threats, there can be no assurance our training and network security measures or other controls will detect, prevent or remediate security or data breaches in a timely manner or otherwise prevent unauthorized access to, damage to, or interruption of our systems and operations. Accordingly, we may be vulnerable to losses associated with the improper functioning, security breach, or unavailability of our information systems, as well as any systems used in acquired company operations.

**Risks Relating to Our Accounting and Financial Policies** We currently outsource, and from time to time in the future may outsource, a portion of our internal business functions to third- party providers. Outsourcing these functions has significant risks, and our failure to manage these risks successfully could materially adversely affect our business, results of operations and financial condition. We currently, and from time to time in the future, may outsource portions of our internal business functions, including billing and administrative functions relating to revenue cycle management, to third- party providers. These third- party providers may not comply on a timely basis with all of our requirements, or may not provide us with an acceptable level of service. In addition, reliance on third- party providers could have significant negative consequences, including significant disruptions in our operations and significantly increased costs to undertake such operations, either of which could damage our relationships with our customers. We could experience a reduction in revenue due to inability to collect from patients, overpayments, claim denials, recoupments or governmental and third- party audits all of which may impact our profitability and cash flow. If our estimates or judgments relating to our accounting policies prove to be incorrect, our results of operations could

be adversely affected. The preparation of financial statements in conformity with U. S. **generally accepted accounting principles ("GAAP")** requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes included elsewhere in this Form 10-K. The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Significant estimates and judgments used in preparing financial statements include those related to the determination of the revenue transaction price for current transactions and estimation of expected collections on our accounts receivable, assumptions and estimates related to realizability of deferred tax assets, assumptions and estimates related to the valuation of goodwill and intangible assets, among others. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors. **The 2L Notes are accounted for as liabilities at fair value and the changes in value could have a material effect on our financial results. The 2L Notes are accounted for as a liability in the Company's consolidated balance sheets. The Company has made an irrevocable election to account for the 2L Notes under the fair value option in accordance with Accounting Standards Codification ("ASC") Topic 825, Financial Instruments, in lieu of bifurcating certain features in the Second Lien Note Purchase Agreement. As such, the 2L Notes are initially recorded as a liability at estimated fair value and are subject to re-measurement at each balance sheet date with changes in fair value recognized in the Company's consolidated statements of operations. As a result of the recurring fair value measurement, our financial statements and results of operations may materially fluctuate quarterly, based on factors which are outside of our control. Due to the recurring fair value measurement, we expect to recognize non-cash gains or losses each reporting period and the amount of such gains or losses could be material and variable.** The IPO Warrants are accounted for as liabilities and the changes in value of the IPO Warrants could have a material effect on our financial results. The Company accounts for its outstanding Public Warrants and Private Placement Warrants assumed as part of the Business Combination **transaction on June 16, 2021 between Wilco Holdco, Inc. and FAII (the "Business Combination")** in accordance with the guidance contained in **ASC Topic Accounting Standards Codification 815-40, "Derivatives and Hedging- Contracts on an Entity's Own Equity"** ("ASC 815-40"). As such, the IPO Warrants are accounted for as derivative liabilities and are subject to re-measurement at each balance sheet date. Changes in fair value are reported in earnings as a non-cash gain or loss in the Company's consolidated statements of operations. As a result of the recurring fair value measurement, our financial statements and results of operations may materially fluctuate quarterly, based on factors which are outside of our control. Due to the recurring fair value measurement, we expect to recognize non-cash gains or losses on the IPO Warrants each reporting period and the amount of such gains or losses could be material and variable. The Earnout Shares and Vesting Shares are accounted for as liabilities and the changes in value of these shares could have a material effect on our financial results. We account for the potential Earnout Shares and the Vesting Shares as liabilities in accordance with the guidance in **ASC Topic Accounting Standards Codification 480, "Distinguishing Liabilities from Equity,"** and **ASC Topic 815-40, "Derivatives and Hedging — Contracts on an Entity's Own Equity,"** which provide for the remeasurement of the fair value of such shares at each balance sheet date and changes in fair value are recognized in our **consolidated** statements of operations. As a result of the recurring fair value measurement, our financial statements and results of operations may materially fluctuate quarterly, based on factors which are outside of our control. Due to the recurring fair value measurement, we expect to recognize non-cash gains or losses each reporting period and the amount of such gains or losses could be material and variable. **During 2022 and 2021, we recognized impairments** **Impairments** of our goodwill **and or** other intangible assets, which represent a significant portion of our total assets. **Any further impairment charges** may be material and have a material adverse effect on our business, financial condition, and results of operations. As of December 31, **2022-2023**, we had \$ **286-289.5-7** million of goodwill and \$ **246-245.6-9** million of trade name and other intangible assets recorded on our consolidated balance sheet, **excluding amounts reclassified as held for sale**. We test such assets for impairment at least annually on the first day of the fourth quarter of each year or on an interim basis whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Impairment may result from, among other things, increased attrition, adverse market conditions, adverse changes in applicable laws or regulations, including changes that affect the services we offer, lower visit volumes, lower revenue reimbursement rates, compressed operating margins and a variety of other factors. The amount of any quantified impairment must be expensed immediately as a charge to results of operations. Depending on future circumstances, it is possible that we may never realize the full value of our intangible assets. **In recent periods** Refer to Part II, **we recognized impairments** Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 5- Goodwill, Trade Name and Other Intangible Assets to our consolidated financial statements included in Part II, Item 8, of this Form 10-K for further discussion of our goodwill and **other** intangible assets. **During 2022, which represent a significant portion of our total assets. As** the **carrying amounts of** Company determined that factors primarily driven by potential changes in discount rates and decreases in share price constituted interim triggering events requiring further analysis with respect to potential impairments to goodwill and the trade name intangible asset. Accordingly, we performed interim quantitative impairment testing as of March 31, 2022, June 30, 2022, September 30, 2022 and December 31, 2022, and, as a result thereof, we recorded non-cash impairment charges in the line item goodwill, intangible and other asset impairment charges of \$ 486.3 million in the Company's consolidated statements of operations during the year ended December 31, 2022. Further impairments of all or part of our goodwill or other identifiable assets may have a material adverse effect on our business, financial condition or results of operations. Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions, estimates and market factors. Estimating the fair value of the Company's reporting unit and the indefinite-lived intangible asset requires us to make assumptions and estimates regarding our future plans, as well as industry, economic and regulatory conditions. These assumptions and estimates include projected future revenue growth rates, EBITDA margins, terminal growth rates, discount rates, relevant market

multiples, royalty rates and other market factors. If current expectations of future growth rates, margins and cash flows are not met, or if market factors outside of our control change significantly, then our reporting unit or the indefinite-lived intangible asset might become impaired in the future, negatively impacting our operating results and financial position. As the carrying amounts of the Company's goodwill and trade name indefinite-lived intangible asset were impaired during **as of December 31, 2022 and written down to fair value**, those amounts are more susceptible to an impairment risk if there are unfavorable changes in assumptions and estimates. **To Further impairments of all or part of our goodwill or the other extent that identifiable assets may have a material adverse effect on our business, financial conditions- condition deteriorate further,** or if changes in key assumptions and estimates differ significantly from results of operations. Refer to Part II, Item 7, management **Management's expectations Discussion and Analysis of Financial Condition and Results of Operations and Note 5- Goodwill, Trade Name and** it may be necessary to record additional impairment charges in the **Other future Intangible Assets to our consolidated financial statements included in Part II, Item 8, of this Form 10- K for further discussion of our goodwill and intangible assets.** Our ability to utilize our net operating loss carryforwards and certain other tax attributes may be limited. We have incurred significant cumulative net taxable losses in the past. Our deferred tax assets as of December 31, 2022-2023 include federal net operating losses, or NOLs, of \$ 68-77. 9-8 million and state NOLs of \$ 35-39. 5 1 million. Our unused NOLs generally carry forward to offset future taxable income, if any, until such unused losses expire, if subject to expiration. The earliest net operating loss will expire by statute in 2023-2024 for state net operating losses, and in 2036 for federal net operating losses. We may be unable to use these NOLs to offset income before such unused NOLs expire. In addition, if a corporation undergoes an "ownership change" (generally defined as a greater than 50 percentage-point cumulative change in the equity ownership of certain stockholders over a rolling three-year period) under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the "Code"), the corporation's ability to use its pre-change NOL carryforwards and other pre-change tax attributes to offset future taxable income or taxes may be limited. This limitation is based in part on the pre-change equity value of the corporation, with a lower equity value resulting in a lower and more severe limitation. **On June 15, 2023, we experienced an ownership change for purposes of Section 382 of the Internal Revenue Code of 1986, as amended. The net operating losses and interest expense carryovers in existence as of the date of the ownership change remain available to offset future taxable income during the carryforward periods based on limitations under Section 382.** We may experience an additional "ownership change" as a result of future changes in our stock ownership (including the impact of issuance or conversion of new shares, or other transactions or events impacting our stock ownership), some of which changes may not be within our control. If we are unable to use NOL carryforwards before they expire or they become subject to limitation, it could have a material adverse effect on our business, financial condition and results of operations. If we **experience are unable to remediate the material weaknesses in the future our- or otherwise fail to maintain an effective system of** internal control over financial reporting related to income taxes, or if we identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal control over financial reporting, this may result in material misstatements of our consolidated financial statements or failure to meet our periodic reporting obligations. **We are required to produce consolidated financial statements in accordance with the requirements of U. S. GAAP.** Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. **A material weakness is a deficiency, We are required by federal securities laws to document and test or our internal control procedures a combination of deficiencies, in order to satisfy the requirements of the Sarbanes- Oxley Act of 2002, which requires annual management assessments of the effectiveness of our** internal control over financial reporting such that. **As a non- accelerated filer as defined by Rule 12b- 2 of there-- the Exchange Act,** is a reasonable possibility that a material misstatement of our annual or our interim financial statements **independent registered public accounting firm** will not be required to issue an annual report that addresses prevented or detected on a timely basis. In connection with the preparation effectiveness of the Company's consolidated financial statements, material weaknesses related to the income tax provision were identified in our internal control over financial reporting as **pursuant to Section 404 (b)** of December 31, **the Sarbanes- Oxley Act of 2021- 2002 until**. The Company did not design and maintain an effective control environment commensurate with our financial reporting requirements as we did **are not- no maintain longer a non- accelerated filer** sufficient complement of tax personnel with the appropriate mix of competent resources and financial reporting experience. **We may** Additionally, the Company did not design and maintain effective controls related to the income tax provision, including controls related to valuation allowances associated with the realizability of deferred tax assets. The material weaknesses will not be **able to** considered remediated until management completes the remediation plan described in Part II, Item 9A of this Form 10- K, and the enhanced controls operate for a sufficient period of time and management has concluded **conclude**, through testing, **on an ongoing basis** that the related controls are effective. The Company will monitor the effectiveness of its remediation plan and will refine its remediation plan as appropriate. If we identify any new material weaknesses in the future, any such newly identified material weaknesses could limit our ability to prevent or detect a misstatement of our accounts or disclosures that could result in a material misstatement of our annual or interim financial statements. In such case, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports in addition to applicable stock exchange listing requirements, investors may lose confidence in our financial reporting and our stock price may decline as a result. We cannot assure you that the measures we have **effective** taken to date, or any measures we may take in the future, will be sufficient to remediate the Company's material weaknesses related to income taxes or to avoid potential additional future material weaknesses in our internal controls **control** over financial reporting **in accordance with applicable law, or our independent registered public accounting firm may not be able to issue an unqualified attestation report if we conclude that our internal control over financial reporting is not effective. We have found material weaknesses in our internal control over financial reporting in the past and cannot assure that in the future we will not find additional material weaknesses. If we fail to maintain effective internal control over financial reporting, or our independent registered**

public accounting firm is unable to provide us with an unqualified attestation report on our internal control, we could be required to take costly and time-consuming corrective measures, be required to restate the affected historical financial statements, be subjected to investigations and / or sanctions by federal and state securities regulators, and be subjected to civil lawsuits by security holders. Any of the foregoing could also cause investors to lose confidence in our reported financial information and in us and would likely result in a decline in the market price of our stock and in our ability to raise additional financing if needed in the future. Risks Relating to Ownership of Our Common Stock Our stock price may change significantly and our trading volume may be volatile, which could result in rapid and substantial losses for our stockholders, who may lose all or part of their investment as a result. The trading price of our Common common Stock stock is volatile. An active, liquid and orderly market for our common stock may not be sustained, which could depress the trading price of our common stock or cause it to be highly volatile or subject to wide fluctuations. You may not be able to resell your shares at an attractive price due to a number of factors such as those listed in “Risks Relating to Our Business and Industry” and the following: • results of operations that vary from the expectations of securities analysts and investors; • changes in expectations as to our future financial performance, including financial estimates and investment recommendations by securities analysts and investors or other unexpected adverse developments in our financial results, guidance or other forward-looking information, or industry, geographical or market sector trends; • declines in the market prices of stocks generally; • strategic actions by us or our competitors; • announcements by us or our competitors of significant contracts, acquisitions, joint ventures, other strategic relationships or capital commitments; • any significant change in our management; • changes in general economic, political or market conditions or trends in our industry or markets; • changes in business or regulatory conditions, including new laws or regulations or new interpretations of existing laws or regulations applicable to our business; • future sales of our Common common Stock stock or other securities; • investor perceptions or the investment opportunity associated with our Common common Stock stock relative to other investment alternatives; • the public’s response to press releases or other public announcements by us or third parties, including • our filings with the SEC; • our liquidity position and the potential risks relating to refinancing, alternative liquidity arrangements or capital transactions; • failure to comply with covenants related to our debt agreement or our Series A Senior Preferred Stock; • litigation involving us, our industry, or both, or investigations by regulators into our operations or those of our competitors; • guidance, if any, that we provide to the public, any changes in this guidance or our failure to meet this guidance; • the development and sustainability of an active trading market for our stock; • actions by institutional or activist stockholders; • changes in accounting standards, policies, guidelines, interpretations or principles; and • other events or factors, including those resulting from natural disasters, war, acts of terrorism, health pandemics or responses to these events. These broad market and industry fluctuations may adversely affect the market price of our Common common Stock stock, regardless of our actual operating performance. In addition, price volatility may be greater if the public float and trading volume of our Common common Stock stock is low. Because there are no current plans to pay cash dividends on our Common common Stock stock for the foreseeable future, you are unlikely to receive any return on investment unless you sell your Common common Stock stock for a price greater than that which you paid for it. We intend to retain future earnings, if any, for future operations, expansion and debt repayment and there are no current plans to pay any cash dividends for the foreseeable future. The declaration, amount and payment of any future dividends on shares of our Common common Stock stock will be at the sole discretion of our Board. We have no direct operations and no significant assets other than our ownership of our subsidiaries from whom we will depend on for distributions, and whose ability to pay dividends may be limited by covenants of our current and any future indebtedness we or our subsidiaries incur. As a result, you are unlikely to receive any return on an investment in our Common common Stock stock unless you sell our Common common Stock stock for a price greater than that which you paid for it. If securities analysts do not publish research or reports about our business or if they downgrade our stock or our sector, our stock price and trading volume could decline. The trading market for our Common common Stock stock will rely in part on the research and reports that industry or financial analysts publish about us or our business. We will not control these analysts. In addition, some financial analysts may have limited expertise with our model and operations. Furthermore, if one or more of the analysts who do cover us downgrade our stock or industry, or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business, the price of our stock could decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline. We are a smaller reporting company and a non-accelerated filer, and the reduced disclosure requirements available to us may make our common stock less attractive to investors. Under the SEC rules, smaller reporting companies (“SRCs”) may choose to comply with scaled financial and non-financial disclosure requirements in their annual and quarterly reports and registration statements relative to non-SRCs. In addition, companies that are not “accelerated filers” can take advantage of additional regulatory relief. Whether a company is an accelerated filer or a SRC is determined on an annual basis. As long as we qualify as a non-accelerated filer and / or a SRC, we will be permitted to and we intend to rely on some or all of the accommodations available to such companies. These accommodations include, but are not limited to: • Not being required to provide an auditor’s attestation of management’s assessment of internal control over financial reporting required by Section 404 (b) of the Sarbanes-Oxley Act; • Reduced financial disclosure obligations, including that SRCs need only provide two years of financial statements rather than three years; • Reduced non-financial disclosure obligations, including regarding the description of their business, management’s discussion and analysis of financial condition and results of operations, market risk, executive compensation, transactions with related persons, and corporate governance; and • Later deadlines for the filing of annual and quarterly reports compared to accelerated filers. We will continue to qualify as a SRC and non-accelerated filer for so long as (a) our public float is less than \$ 75 million as of the last day of our most recently completed second fiscal quarter or (b) our public float is \$ 75 million or more but less than \$ 700 million and we reported annual revenues



of less than \$ 100 million for our most recently completed fiscal year. We may choose to take advantage of some, but not all, of the available accommodations. We cannot predict whether investors will find our common stock less attractive if we rely on these accommodations or if these accommodations will make it more challenging for investors to analyze our results of operations and financial prospects. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and the price of our common stock may be more volatile.

Future issuances or sales, or the perception of future issuances or sales, by us or our stockholders of ~~Common common Stock stock~~ or other voting securities or securities convertible into or exchangeable for our ~~Common common Stock stock~~ in the public market or otherwise could cause the market price for our ~~Common common Stock stock~~ to decline. The issuance or sale of shares of ~~Common common Stock stock~~ or other voting securities or securities convertible into or exchangeable for shares of ~~Common common Stock stock~~ in the public market or otherwise, or the perception that such issuances or sales could occur, could harm the prevailing market price of shares of ~~Common common Stock stock~~. These issuances or sales, or the possibility that these issuances or sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that the Company deems appropriate. The ~~Common common Stock stock~~ reserved for future issuance under our equity incentive plans will become eligible for sale in the public market once those shares are issued, subject to provisions relating to various vesting agreements, lock-up agreements and, in some cases, limitations on volume and manner of sale applicable to affiliates under Rule 144. As of December 31, ~~2022-2023~~, the aggregate number of shares of ~~Common common Stock stock~~ reserved for future issuance under our equity incentive plans is ~~10-0.92~~ million. The compensation committee of our Board may determine the exact number of shares to be reserved for future issuance under our equity incentive plans ~~at its discretion~~, **subject to shareholder approval**. We have filed a registration statement on Form S- 8 under the Securities Act to register shares of ~~Common common Stock stock~~ issuable pursuant to our equity incentive plans and, accordingly, such shares are available for sale in the open market. **In the future, we may also issue our securities in connection with investments or acquisitions. The amount of shares of common stock issued in connection with an investment or acquisition could constitute a material portion of our then-outstanding shares of common stock. Any issuance of additional securities in connection with investments or acquisitions may result in additional dilution to ATI' s stockholders. The 2L Notes are convertible into common stock, and the exchange-conversion of some or our all 2L Notes into common stock would dilute the ownership interest of our existing stockholders and may adversely affect our stock price. Pursuant to the terms of the Second Lien PIK-Exchangeable-Note Purchase Agreement, holders of the 2L Notes that may be issued in convert their 2L Notes into common stock at their option. Additionally, on or after June 15, 2025 and subject to certain conditions, the Company may, at its option, elect to convert (a " Forced Conversion ") a portion of the outstanding 2L Notes into the number of shares of common stock based on the Conversion Price the then future as contemplated in effect. Any issuance by the TSA would us of our common stock upon conversion of our 2L Notes will dilute the ownership interests- interest and voting rights of our the Company' s-existing stockholders and, as we would-could be required to deliver have a dilutive effect on our earnings per shares- share. Furthermore, of Common Stock to the exchanging noteholders with respect to any principal upon exchange of any of the Second Lien PIK-Exchangeable Notes. Pursuant to the TSA, when issued, the Second Lien PIK-Exchangeable Notes would be exchangeable at the option of their holders prior to their maturity. Prior to any such exchange, the holders of the Second Lien PIK-Exchangeable Notes would have the right to vote on corporate matters on an as-exchanged basis. Any sales in the public market of our the shares of Common common Stock stock issuable upon such exchange-conversion of the 2L Notes could adversely affect prevailing market prices of our Common common stock. The Series B Preferred Stock stapled to. In addition, the anticipated exchange 2L Notes provide voting rights which will dilute the voting interests of our existing stockholders. Pursuant to the terms of the Second Lien PIK-Exchangeable Notes- Note into Purchase Agreement, the Series B Preferred Stock represent voting rights only, with the number of votes being equal to the number of shares of our Common common stock that each share of Series B Preferred Stock could depress the-is assumed convertible for at a conversion price of our Common Stock. There is no assurance that the transactions contemplated by the TSA will be consummated on the terms as described above, on a timely basis or at all. In the future, we may also issue our securities in connection with investments or acquisitions. The amount of shares of Common Stock issued in connection with an investment or acquisition could constitute a material portion of our then-outstanding shares of Common Stock. Any issuance of additional securities in connection with investments or acquisitions may result in additional dilution to ATI' s stockholders. We may redeem unexpired IPO Warrants prior to their exercise at a time that is disadvantageous to the warrant holders, thereby making such warrant holders' warrants worthless. We have the ability to redeem outstanding IPO Warrants prior to their expiration, at a price of \$ 0-12.87 01 per warrant, provided that the last reported sales price of the Common Stock equals or exceeds \$ 18.00 per share (the " Voting Rights Conversion Price"). As a result, the voting rights associated with the Series B Preferred Stock will dilute the voting interests of our existing stockholders, for as any 20 trading days within a 30 trading-day period ending on the third trading day prior to the date we give notice of redemption. Redemption of the outstanding IPO Warrants could force warrant holders to (i) exercise the IPO Warrants and pay the exercise price therefor at a time when it may be disadvantageous to do so, (ii) sell the IPO Warrants at the then-current market price when the warrant holder might otherwise wish to hold onto such IPO Warrants or (iii) accept the nominal redemption price which, at the time the outstanding IPO Warrants are called for redemption, is likely to be substantially less than the market value of the IPO Warrants. None of the Private Placement Warrants will be redeemable by us so long as such they are held by their initial purchasers or their permitted transferees. In addition, we may redeem the IPO Warrants after they become exercisable for a number of shares of Common Series B Preferred Stock remain outstanding determined based on the redemption date and the fair market value of our Common Stock. Any such redemption may have similar consequences to a cash redemption described above. If we are unable to maintain compliance with New York Stock Exchange (" NYSE ") listing standards, our securities may be delisted, which could negatively impact the price of our securities and your ability to sell them.**

In order to maintain our listing on the NYSE, we are required to comply with certain rules and listing standards of the NYSE, including those regarding minimum stockholders' equity, minimum share price, minimum market value of publicly held shares and various additional requirements. The NYSE has previously notified the Company that, due to the average closing price of the Company's Common common Stock stock, it was below the trading price criteria of the exchange NYSE. The notice has had no immediate impact on the listing of the Company's Common common Stock stock on the NYSE, subject to the Company's compliance with the NYSE's other continued listing requirements. The Company has submitted a plan of compliance to the NYSE addressing how we intend intended to regain compliance. In connection with regaining compliance, on June 14, 2023, the Company effected the Reverse Stock Split. The Reverse Stock Split was approved by the Company's stockholders at the Company's 2023 Annual Meeting of Stockholders held on June 13, 2023, and the final reverse split ratio was subsequently approved by the Company's board of directors on June 14, 2023. The Company's common stock commenced trading on a reverse split- adjusted basis on June 15, 2023. On August 1, 2023, we were notified by the NYSE that the calculation of the Company's average stock price for the 30 trading days ended July 31, 2023, indicated that the Company's average stock price was above the NYSE's minimum requirement of \$ 1. The Company is no longer considered below the minimum share price continued listing criterion. The Reverse Stock Split may adversely affect the liquidity of the shares of our common stock given the reduced number of shares outstanding following the reverse split, especially if the reverse split- adjusted market price of our common stock does not generate greater investor interest. Furthermore, there can be no assurance that such reverse split will continue to be sufficient to satisfy the minimum share price requirement. On June 28, 2023, the NYSE notified the Company that, due to the Company's average market capitalization, it was below the minimum market capitalization criteria of the exchange. The notice had no immediate impact on the listing of the Company's common stock on the NYSE, subject to the Company's compliance with the NYSE's other continued listing requirements. In accordance with applicable NYSE procedures, the Company submitted a plan of compliance (the " Plan") advising the NYSE of the definitive action (s) the Company has taken, or is taking, that would bring it into compliance with the continued listing standards within the 18 months of receipt of the notice. The NYSE reviewed and accepted the Plan as a reasonable demonstration of an ability to conform to the relevant standards in the 18- month period. The Company's common stock will continue to be listed and traded on the NYSE during the 18- month period, subject to the Company's compliance with the other continued listing standards of the NYSE and continued periodic review by the NYSE of the Company's progress with respect to its Plan. There can be no assurance that the Company will be able to meet its goals set forth in the Plan. If we are unable to satisfy the NYSE rules and listing standards, or are unable to make progress on our plan Plan of compliance, our securities could be subject to delisting. If the NYSE were to delist our securities from trading, we could face significant consequences, including, but not limited to, the following : • a limited availability for market quotations for our securities; • reduced liquidity with respect to our securities; • a determination that our Common common Stock stock is a " penny stock," which will require brokers trading in our Common common Stock stock to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our Common common Stock stock ; • limited amount of news and analyst coverage; and • a decreased ability to issue additional securities or obtain additional financing in the future. Anti- takeover provisions in our organizational documents could delay or prevent a change of control. Certain provisions of our Second Third Amended and Restated Certificate of Incorporation, as amended, and our Amended and Restated Bylaws may have an anti- takeover effect and may delay, defer or prevent a merger, acquisition, tender offer, takeover attempt or other change of control transaction deemed undesirable by our Board that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders. These provisions provide for, among other things: • there is no cumulative voting with respect to the election of our Board ; • the division of our Board into three classes, with only one class of directors being elected in each year ; • the ability of our Board to issue one or more series of preferred stock; • advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at our annual meetings; • certain limitations on convening special stockholder meetings; • limiting the ability of stockholders to act by written consent; • the ability of our Board to fill a vacancy created by the expansion of our Board or the resignation, death or removal of a director in certain circumstances; • providing that our Board is expressly authorized to adopt, amend, alter or repeal our bylaws; • the removal of directors only for cause; and • that certain provisions may be amended only by the affirmative vote of at least 65 % (for amendments to the indemnification provisions) or 66. 7 % (for amendments to the provisions relating to the board of directors) of the shares of our Common common Stock stock entitled to vote generally in the election of our directors. These anti- takeover provisions could make it more difficult for a third- party to acquire us, even if the third- party's offer may be considered beneficial by many of our stockholders. As a result, our stockholders may be limited in their ability to obtain a premium for their shares. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law (" DGCL "), which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any " interested " stockholder for a period of three years following the date on which the stockholder became an " interested " stockholder. Our Amended and Restated Bylaws designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or stockholders. Our Amended and Restated Bylaws provide that, subject to limited exceptions, any (i) derivative action or proceeding brought on our behalf, (ii) action asserting a claim of breach of a fiduciary duty owed by any director, officer, stockholder or employee to us or our stockholders, (iii) action asserting a claim arising pursuant to any provision of the DGCL, our Second Third Amended and Restated Certificate of Incorporation, as amended, or our Amended

and Restated Bylaws or (iv) action asserting a claim governed by the internal affairs doctrine shall, to the fullest extent permitted by law, be exclusively brought in the Court of Chancery of the State of Delaware (" Delaware Court of Chancery" or the " Court of Chancery") or, if such court does not have subject matter jurisdiction thereof, another state or federal court located within the State of Delaware. Our Amended and Restated Bylaws also provide that, to the fullest extent permitted by law, the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and to have consented to the provisions of the Amended and Restated Bylaws described above. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. This exclusive forum provision does not apply to claims under the Exchange Act but does apply to other state and federal law claims including actions arising under the Securities Act. Section 22 of the Securities Act, however, creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, there is uncertainty as to whether a court would enforce such a forum selection provision as written in connection with claims arising under the Securities Act, and investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. If a court were to find these provisions of our Amended and Restated Bylaws inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition.

**The Preferred Equityholders** A recent decision of the Delaware Court of Chancery may create uncertainty regarding the validity of some of our authorized and issued shares of Common Stock. On March 2, 2023, we filed a petition in the Delaware Court of Chancery pursuant to Section 205 of the DGCL, seeking validation of an amendment to our certificate of incorporation increasing the authorized shares of our Class A Common Stock (as further described below) and the shares issued pursuant thereto. At a **group** special meeting of the stockholders of the Company held on June 15, 2021 (the " Special Meeting "), a majority of the then-outstanding shares of the Company's Class A Common Stock and Class F Common Stock, voting together as a single class, voted to approve the Company's Second Amended and Restated Certificate of Incorporation, which, among other things, increased the authorized shares of the Company's Class A Common Stock from 200,000,000 shares to 450,000,000 shares (the " Class A Increase Amendment "). Notwithstanding the fact that the proxy statement relating to the Special Meeting did not disclose that a separate vote of the Class A Common Stock was required, a majority of the then-outstanding shares of Class A Common Stock voted in favor of the Class A Increase Amendment. A recent decision of the Court of Chancery has created uncertainty regarding the validity of the Class A Increase Amendment and whether a separate vote of the majority of the then-outstanding shares of Class A Common Stock would have been required under Section 242 (b) (2) of the DGCL. The Company continues to believe that a separate vote of Class A Common Stock was not required to approve the Class A Increase Amendment. However, in light of the recent Court of Chancery decision, the Company filed a petition in the Court of Chancery pursuant to Section 205 of the DGCL seeking validation of the Class A Increase Amendment and the shares issued pursuant thereto to resolve any uncertainty with respect to those matters. Section 205 of the DGCL permits the Court of Chancery, in its discretion, to validate potentially defective corporate acts and stock after considering a variety of factors. While the Company believes that a separate vote of Class A Common Stock was not required to approve the Class A Increase Amendment at the Special Meeting, and therefore that all of the currently outstanding shares of Class A Common Stock of the Company are validly issued, if the Company is not successful in the Section 205 proceeding, the uncertainty with respect to the Company's capitalization resulting from the Court of Chancery's decision referenced above could have a material adverse effect on the Company, including its ability to complete financing transactions, until the underlying issues are definitively resolved. On March 3, 2023, the Court of Chancery granted the motion to expedite and set a hearing date for the petition to be heard. The hearing has been set for March 17, 2023. As a " controlled company " within the meaning of NYSE listing standards, we qualify for exemptions from certain corporate governance requirements. We have the opportunity to elect any of the exemptions afforded a controlled company. Because Advent International Corporation (" Advent ") controls more than a majority of our total voting power, we are a " controlled company " within the meaning of NYSE Listing Standards. Under NYSE rules, a company of which more than 50 % of the voting power is held by another person or group of persons acting together is a " controlled company " and may elect not to comply with the following NYSE rules regarding corporate governance: • the requirement that a majority of its board of directors consist of independent directors; • the requirement that compensation of its executive officers be determined by a majority of the independent directors of the board or a compensation committee comprised solely of independent directors with a written charter addressing the committee's purpose and responsibilities; and • the requirement that director nominees be selected, or recommended for the board's selection, either by a majority of the independent directors of the board or a nominating committee comprised solely of independent directors with a written charter addressing the committee's purpose and responsibilities. We are utilizing the benefits of a controlled company currently but remain subject to and comply with the requirements that our independent directors hold regular executive sessions and that our audit committee consists entirely of independent directors. Advent has significant influence over us. As **When considering the voting rights associated with the Series B Preferred Stock attached to the 2L Notes issued as part of the December 31, 2022-2023 Debt Restructuring**, Advent beneficially **the Preferred Equityholders as a group own** approximately 56 **more than 50 . 10** % of our **Common common** Stock stock votes. **The Preferred Equityholders also have the ability to convert their 2L Notes into common stock, which could lead to the group owning an even greater percentage of our common stock. Furthermore, the Company's Board of Directors will be fully declassified commencing with the 2024 annual meeting of the stockholders and all directors will be elected annually by the 2024 annual meeting**. As long as **Advent the Preferred Equityholders own** or **controls** **control** a significant percentage of our outstanding voting power, **it** **they** will have the

ability to significantly influence all corporate actions requiring stockholder approval, including the election and removal of directors and the size of our Board, any amendment to our certificate of incorporation or bylaws, or the approval of any merger or other significant corporate transaction, including a sale of substantially all of our assets. ~~Advent's~~, **subject to any applicable restrictions set forth in the Company's 2022 Credit Agreement. The Preferred Equityholders** influence over our management could have the effect of delaying or preventing a change in control or otherwise discouraging a potential acquirer from attempting to obtain control of us, which could cause the market price of our ~~Common common Stock stock~~ to decline or prevent stockholders from realizing a premium over the market price for our ~~Common common Stock stock~~. ~~Advent~~ **The Preferred Equityholders'** interests may not align with our interests as a company or the interests of our other stockholders. Accordingly, ~~Advent~~ **the Preferred Equityholders** could cause us to enter into transactions or agreements of which other stockholders would not approve or make decisions with which other stockholders would disagree. ~~Further, Advent is in the business of making investments in companies and may acquire and hold interests in businesses that compete directly or indirectly with us. Advent may also pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. In recognition that partners, members, directors, employees, stockholders, agents and successors of Advent and its successors and affiliates and any of their respective managed investment funds and portfolio companies may serve as our directors or officers, the Second Amended and Restated Certificate of Incorporation provides, among other things, that none of Advent or any partners, members, directors, employees, stockholders, agents or successors of Advent and its successors and affiliates and any of their respective managed investment funds and portfolio companies has any duty to refrain from engaging directly or indirectly in the same or similar business activities or lines of business that we do (except as otherwise expressly provided in any agreement entered into between us and such exempted person). In the event that any of these persons or entities acquires knowledge of a potential transaction or matter which may be a corporate opportunity for itself and us, we will not have any expectancy in such corporate opportunity, and these persons and entities will not have any duty to communicate or offer such corporate opportunity to us and may pursue or acquire such corporate opportunity for themselves or direct such opportunity to another person. These potential conflicts of interest could have a material adverse effect on our business, financial condition and results of operations if, among other things, attractive corporate opportunities are allocated by~~ **Advent the Preferred Equityholders** to themselves or their other affiliates. **If the Series A Senior Preferred Stock were to be redeemed, it may not be economically favorable to the Company and may lead to material adverse consequences for the Company and its other stakeholders. The Company has the right to redeem the Series A Senior Preferred Stock, in whole or in part, at any time (subject to certain limitations on partial redemptions). Based on the voting rights associated with the Series B Preferred Stock attached to the 2L Notes issued as part of the 2023 Debt Restructuring, the Company determined that redemption of the Series A Senior Preferred Stock is no longer solely within the control of the Company. If the Series A Senior Preferred Stock were to be redeemed prior to certain dates, the Company would have to pay certain redemption price premiums related to early redemption, which could be greater than the stated value, may not be economically favorable to the Company and may lead to material adverse consequences for the Company or its other stakeholders.** There is currently no market for our Series I Warrants and Series II Warrants and a market for our Series I Warrants and Series II Warrants may not develop, which would adversely affect the liquidity and price of our Series I Warrants and Series II Warrants. Our Series I Warrants and Series II Warrants are not listed or traded on any stock exchange and there is currently no market for our Series I Warrants and Series II Warrants. Warrant holders therefore have no access to trading price or volume information about prior market history on which to base their investment decision. Furthermore, an active trading market for our Series I Warrants and Series II Warrants may never develop or, if developed, it may not be sustained. You may be unable to sell your Series I Warrants and Series II Warrants unless a market can be established and sustained. 52