Risk Factors Comparison 2024-03-27 to 2023-03-30 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances or petroleum product releases at the property and may be held liable to a governmental entity or to third parties for property damage and for investigation and clean- up costs incurred by those parties in connection with the contamination. These laws typically impose clean- up responsibility and liability without regard to whether the owner knew of or caused the presence of the contaminants. Liability under these laws has been interpreted to be joint and several unless the harm is divisible and there is a reasonable basis for allocation of responsibility. The costs of investigation, remediation or removal of the substances may be substantial, and the presence of the substances, or the failure to properly remediate the property, may adversely affect the owner' s ability to sell or lease the property or to borrow using the property as collateral. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs it incurs in connection with the contamination. Persons who arrange for the disposal or treatment of hazardous or toxic substances also may be liable for the costs of removal or remediation of the substances at the disposal or treatment facility, whether or not the facility is owned or operated by the person. Finally, the owner of a site may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from a site. If we become subject to any of these claims, the costs involved could be significant and could have a material adverse effect on our business, financial condition, cash flows and results of operations. Risks Related to Our Corporate Organization and Structure Anti- takeover provisions in our governing documents, governing law, and material agreements may discourage, delay or prevent a merger or acquisition that our stockholders may consider favorable or prevent the removal of our current board of directors and management. Certain provisions of our Amended and Restated Certificate of Incorporation and our Amended and Restated By- laws may discourage, delay, or prevent a merger or acquisition that our stockholders may consider favorable or prevent the removal of our current board of directors and management. We have a number of anti- takeover devices in place that will hinder takeover attempts, including: a staggered board of directors consisting of three classes of directors, each of whom serve three- year terms; removal of directors only for cause, and only with the affirmative vote of at least a majority of the voting interest of stockholders entitled to vote; right of our directors to issue preferred stock from time to time with voting, economic and other rights superior to those of our common stock without the consent of our stockholders; provisions in our amended and restated certificate of incorporation and amended and restated by- laws limiting the right of our stockholders to call special meetings of stockholders; advance notice requirements for stockholders with respect to director nominations and actions to be taken at annual meetings; requirement for two- thirds stockholder approval for amendment of our by- laws and certain provisions of our Certificate of Incorporation; and no provision in our Amended and Restated Certificate of Incorporation for cumulative voting in the election of directors, which means that the holders of a majority of the outstanding shares of our common stock can elect all the directors standing for election. Further, ~~the~~ **we entered into an** ~~Investor~~ **investor** ~~Rights~~ **rights** ~~Agreement~~ **agreement with certain of our largest stockholders that** prohibits certain change of control transactions without the prior written consent of Conversant Fund A and the existence of a majority stockholder, such as Conversant, may also have the effect of deterring hostile takeovers, delaying or preventing changes in control or changes in management, or limiting the ability of our other stockholders to approve transactions that they may deem to be in the best interests of our company. Several of our loan documents and other material agreements also require approval in the event we undergo a change of control of our Company. These provisions may have the effect of delaying or preventing a change of control of the Company even if this change of control would benefit our stockholders. In addition to the anti- takeover provisions described above, we are subject to Section 203 of the Delaware General Corporation Law. Section 203 generally prohibits a person beneficially owning, directly or indirectly, 15 % or more of our outstanding common stock from engaging in a business combination with us for three years after the person acquired the stock. However, this prohibition does not apply if (A) our directors approve in advance the person' s ownership of 15 % or more of the shares or the business combination or (B) the business combination is approved by our stockholders by a vote of at least two- thirds of the outstanding shares not owned by the acquiring person. A substantial majority of the voting power of our issued and outstanding securities is held by a small group of stockholders. In November 2021, we issued 41, 250 shares of our Series A Preferred Stock to affiliates of Conversant Capital LLC. The holders of our Series A Preferred Stock are generally entitled to vote with the holders of our common stock on all matters submitted for a vote of holders of shares of common stock (voting together with the holders of shares of common stock as one class) on an as- converted basis. As of December 31, ~~2022~~ **2023** , the Conversant Investors collectively owned a majority of the voting power of the Company' s issued and outstanding securities. Pursuant to ~~the~~ **our** ~~Investor~~ **investor** ~~Rights~~ **rights** ~~Agreement~~ **agreement** , Conversant Fund A is entitled to designate four individuals to be appointed to the Company' s board of directors, including the Chairperson, and Silk **Partners LP** is entitled to designate two individuals to be appointed to the Company' s board of directors, in each case so long as they and their respective permitted transferees and affiliates maintain minimum aggregate holdings of our stock as described in further detail in the ~~Investor~~ **investor** ~~Rights~~ **rights** ~~Agreement~~ **agreement** . Notwithstanding the fact that all directors are subject to fiduciary duties to us and to applicable law, the interests of these stockholders and their respective director designees may differ from the interests of our security holders as a whole or of our other directors. Additionally, the consent of the holders of a majority of the outstanding shares of Series A Preferred Stock is required in order for us to take certain actions, including issuances of securities that are senior to, or equal in priority with, the Series A Preferred Stock, significant acquisitions, change of control transactions and

incurrence of indebtedness in excess of a certain amount. As a result, the holders of Series A Preferred Stock have the ability to influence the outcome of certain matters affecting our governance and capitalization. The issuance of shares of our Series A Preferred Stock reduced the relative voting power of holders of our common stock, and the conversion of those shares into shares of our common stock would dilute the ownership of common stockholders and may adversely affect the market price of our common stock. The holders of our Series A Preferred Stock are entitled to vote, on an as- converted basis, together with holders of our common stock on all matters submitted to a vote of the holders of our common stock, which reduces the relative voting power of the holders of our common stock. In addition, the conversion of our Series A Preferred Stock into common stock would dilute the ownership interest of existing holders of our common stock, and any conversion of the Series A Preferred Stock would increase the number of shares of our common stock available for public trading, which could adversely affect prevailing market prices of our common stock. Our Series A Preferred Stock has rights, preferences and privileges that are not held by, and are preferential to the rights of, our common stockholders, which could adversely affect our liquidity and financial condition. The holders of our Series A Preferred Stock have the right to receive a payment on account of the distribution of assets on any voluntary or involuntary liquidation, dissolution, or winding up of our business before any payment may be made to holders of any other class or series of capital stock. In addition, dividends on the Series A Preferred Stock accrue and are cumulative at the rate of 11. 0 % per annum, compounding quarterly. Any declaration of dividends is at the discretion of the Company' s Board of Directors. If the Board does not declare a dividend in respect of any dividend payment date, the amount of such accrued and unpaid dividend is added to the liquidation preference and compounds quarterly thereafter. During the ~~year~~ **years** ended December 31, **2023 and** 2022, **accrued and unpaid dividends of $ 5. 0 million and** $ 2. 3 million **, respectively, were** ~~of accrued and unpaid dividends was~~ added to the liquidation preference of the Series A Preferred Stock, which will be payable under the redemption features. The holders of our Series A Preferred Stock also have certain redemption rights, including the right to require us to repurchase all or any portion of the Series A Preferred Stock upon prior written notice of certain change of control events for a repurchase price equal to the greater of (i) the proceeds that would have been received in respect of the shares of Series A Preferred Stock in such change of control if they were converted into common stock immediately prior to such change of control and (ii) an amount in cash equal to 100 % of the then- current liquidation preference thereof plus all accrued but unpaid dividends. These dividend and share repurchase obligations could impact our liquidity and reduce the amount of cash flows available for working capital, capital expenditures, growth opportunities, acquisitions, and other general corporate purposes. Our obligations to the holders of our Series A Preferred Stock could also limit our ability to obtain additional financing, which could have an adverse effect on our financial condition. The preferential rights could also result in divergent interests between the holders of our Series A Preferred Stock and holders of our common stock. We are a holding company with no operations and rely on our operating subsidiaries to provide us with funds necessary to meet our financial obligations. We are a holding company with no material direct operations. Our principal assets are the equity interests we directly or indirectly hold in our operating subsidiaries. As a result, we are dependent on loans, distributions and other payments from our subsidiaries to generate the funds necessary to meet our financial obligations. Our subsidiaries are legally distinct from us and have no obligation to make funds available to us. Risks Related to Other Market Factors Various factors, including general economic conditions such as rising inflation, could adversely affect our financial performance and other aspects of our business. General economic conditions, such as inflation, the consumer price index, commodity costs, fuel and other energy costs, competition in the labor market, costs of salaries, wages, benefits and insurance, interest rates and tax rates, affect our facility operating, general and administrative, and other expense. We have no control or limited ability to control such factors. Current global economic conditions and uncertainties, the potential for failures or realignments of financial institutions and the related impact on available credit may affect us and our business partners, landlords, counterparties and residents or prospective residents in an adverse manner including, but not limited to, reducing access to liquid funds or credit increasing the cost of credit, limiting our ability to manage interest rate risk, increasing the risk that certain of our business partners, landlords or counterparties would be unable to fulfill their obligations to us, and other impacts which we are unable to fully anticipate. Our non- labor operating expenses have historically comprised of approximately one- third of our total operating expenses and are subject to inflationary pressures. The United States consumer price index increased **3. 4 % during 2023, as compared to an increase of** 6. 5 % ~~during~~ **in** 2022 ~~, with food and energy prices increasing above 10 %~~ . **Our** ~~Despite our mitigation efforts and with higher occupancy, for 2022 our~~ non- labor operating expense in our ~~same- store~~ community portfolio ~~increased~~ **decreased** approximately $ ~~4.~~ 0 **. 8** million ~~, or 6. 8 %,~~ compared to the prior year ~~. For 2023, we expect to continue to experience inflationary pressures~~ . Future offerings of equity securities by us may adversely affect the market price of our common stock. We have increased, and may again in the future, attempt to increase, our capital resources by offering additional equity securities. Additional equity offerings may dilute the economic and voting rights of our existing stockholders and / or reduce the market price of our common stock. Our decision to issue equity securities in a future offering will depend on market conditions and other factors, some of which are beyond our control. We cannot predict or estimate the amount, timing or nature of our future offerings. Thus, holders of our common stock bear the risk of our future offerings reducing the market price of our common stock and diluting their holdings in our Company. Further, pursuant to the Registration Rights Agreement between the Company and the Conversant Investors in compliance with certain agreements to which the Company is a party, we are required to register the resale of shares of common stock that are either outstanding or issuable upon conversion of Series A Preferred Stock and the exercise of outstanding warrants. The resale of a substantial number of shares of common stock in the public market, or the perception that such resale might occur, could cause the market price of our common stock to decline. Any shares sold in a registered resale will be freely tradable without restriction under the Securities Act. While we cannot predict the size of future resales or distributions of our common stock, if there is a perception that such resales or distributions could occur, or if the holders of our securities registered for resale sell a large number of the registered securities, the market price for our common stock could be adversely affected. The price of our common stock has fluctuated substantially over the past several

years and may continue to fluctuate substantially in the future. Our stock price has been, and may continue to be, subject to significant fluctuations as a result of a variety of factors, which are described throughout this Annual Report on Form 10- K, including those factors discussed under this section entitled " Risk Factors. " Some of these factors are beyond our control. We may fail to meet the expectations of our stockholders or securities analysts at some point in the future, and our stock price could decline as a result. This volatility may prevent you from being able to sell your common stock at or above the price you paid for your common stock. **Our trading volume may not provide adequate liquidity for investors. Our common stock is listed on the New York Stock Exchange. However, the average daily trading volume in our common stock is significantly less than that of larger public companies. A public trading market having the desired depth, liquidity and orderliness depends on the presence of a sufficient number of willing buyers and sellers for our common stock at any given time. This presence is impacted by general economic and market conditions and investors' views of us. Because our trading volume is limited relative to larger public companies, any significant sales of our shares of common stock could cause a decline in the market value and price per share of our common stock.** ITEM 1B. UNRESOLVED STAFF COMMENTS. None **. ITEM 1C. CYBERSECURITY Cybersecurity Risk Management and Strategy We have developed and implemented a cybersecurity framework intended to assess, identify, and manage risks from threats to the security of our information, systems, products, and network using a risk- based approach. The framework is informed in part by the National Institute of Standards and Technology (" NIST ") Cybersecurity Framework, NIST 800- 53 and International Organization for Standardization 27001 (" ISO 27001 ") Framework, although this does not imply that we meet all technical standards, specifications, or requirements under the NIST or ISO 27001. Our key cybersecurity processes include the following: • Risk- based controls for information systems and information on our networks: We seek to maintain an information technology infrastructure that implements physical, administrative and technical controls that are calibrated based on risk and designed to protect the confidentiality, integrity and availability of our information systems and information stored on our networks, including customer information, personal information, intellectual property and proprietary information. • Cybersecurity incident response plan and testing: We have a cybersecurity incident response plan and dedicated team to respond to cybersecurity incidents. When a cybersecurity incident occurs or we identify a vulnerability, we have a strategic partner (a Managed Security Service Provider (" MSSP ")) that is responsible for leading the initial assessment of priority and severity. Our cybersecurity team assists in responding to incidents depending on severity levels and seeks to improve our cybersecurity incident management plan through periodic tabletops or simulations at the enterprise level. • Training: We provide security awareness training to help our employees understand their information protection and cybersecurity responsibilities at the Company. We also provide additional role- based training to some employees based on customer requirements, regulatory obligations, and industry risks. • Supplier risk assessments: We have implemented a third- party risk management process that includes expectations regarding information and cybersecurity. That process, among other things, provides for us to perform cybersecurity assessments on certain suppliers based on an assessment of their risk profile and a related rating process. We also seek contractual commitments from key suppliers to appropriately secure and maintain their information technology systems and protect our information that is processed on their systems. • Third- party assessments of the Company: We have engaged third- party cybersecurity companies to periodically assess our cybersecurity posture and to assist in identifying and remediating risks from cybersecurity threats. We also consider cybersecurity, along with other risks to us, within our enterprise risk management framework. The enterprise risk management framework includes internal reporting at the enterprise level, with consideration of key risk indicators, trends and countermeasures for cybersecurity and other types of significant risks. In the last fiscal year, we have not identified risks from known cybersecurity threats, including any prior cybersecurity incidents, which have materially affected us, including our operations, business strategy, results of operations, cash flow or financial condition. Cybersecurity Governance The Audit Committee of our Board of Directors is responsible for board- level oversight of risks from cybersecurity threats, and the Audit Committee reports back to the full Board of Directors about this and other areas within its responsibility. As part of its oversight role, the Audit Committee receives reporting about the Company' s practices, programs, notable threats or incidents and other developments related to cybersecurity throughout the year, including through periodic updates, from our Chief Technology Officer. Our Chief Technology Officer reports to our Chief Executive Officer and leads the Company' s overall cybersecurity function, including the assessment and management of cybersecurity risks. The Chief Technology Officer has over 25 years of experience in managing and leading information technology or cybersecurity teams and participates in various cybersecurity organizations. The Chief Technology Officer collaborates with operation vice presidents and department vice presidents to identify and analyze cybersecurity risks to us; considers industry trends; implements controls, as appropriate and feasible, to mitigate these risks; and enables business leaders to make risk- based business decisions that implicate cybersecurity considerations. The Chief Technology Officer meets with senior leadership to review and discuss our cybersecurity program, including emerging cyber risks, threats, and industry trends. The Chief Technology Officer also supervises efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, including by collaborating with external security personnel and internal business stakeholders, and incorporating threat intelligence and other information obtained from governmental, public, or private sources to inform our cybersecurity technologies and processes** . ITEM 2. PROPERTIES. Our executive and administrative offices are located at ~~16301 Quorum Drive~~ **14755 Preston Road** , Suite ~~160A~~ **810** , ~~Addison~~ **Dallas** , Texas ~~75001~~ **75254** , and consist of approximately ~~6~~ **8** , ~~500~~ **900** square feet. ~~The~~ **Our** sublease on the premises extends through ~~March~~ **January** 31, ~~2023~~ **2025** ~~. Effective April 1, 2023, the Company' s corporate offices will be located at 14755 Preston Road, Suite 810 Dallas, Texas 75254~~ . As of December 31, ~~2022~~ **2023** , we owned or managed the senior housing communities referred to in Part I, Item 1 above under the caption " Operating Communities. " ITEM 3. LEGAL

PROCEEDINGS. We have claims incurred in the normal course of our business. Most of these claims are believed by management to be covered by insurance, subject to normal reservations of rights by the insurance companies and possibly subject to certain exclusions in the applicable insurance policies. Whether or not covered by insurance, these claims, in the opinion of management, and based on advice of legal counsel, should not have a material effect on our consolidated financial statements if determined adversely to us. ITEM 4. MINE SAFETY DISCLOSURES. Not applicable. PART II ITEM 5. MARKET FOR REGISTRANT' S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES. (a) Market Information and Holders of the Registrant' s Common Equity and Related Stockholder Matters. The Company' s shares of common stock are listed for trading on the NYSE under the symbol " SNDA. " As of February 28 **March 25** , 2023 **2024** , there were 41 known registered stockholders of record of the Company' s common stock. Securities Authorized for Issuance Under Equity Compensation Plans The following table presents information relating to the Company' s equity compensation plans as of December 31, 2022 **2023** : Plan CategoryNumber of Securities tobe Issued UponExercise of OutstandingOptions, Warrants andRightsWeighted- AverageExercise Price of theOutstandingOptions, Warrantsand RightsNumber of SecuritiesRemaining Available forFuture Issuance UnderEquity Compensation Plans (Excluding SecuritiesReflected in First Column) Equity compensation plans approved by security holders — $ — 545 **601** , 214 **617** Equity compensation plans not approved by security holders — — — Total — $ — 545 **601** , 214 **617** (b) Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities **. No activity as of December 31, 2023. During the first quarter of 2024, we completed the 2024 Private Placement pursuant to which we issued and sold an aggregate of 5, 026, 318 Shares of our common stock to certain of our largest stockholders, including the Conversant Investors, at a price of $ 9. 50 per share for gross proceeds of approximately $ 47. 8 million. We used approximately $ 15. 4 million of the proceeds from the Private Placement to fund the remaining cash portion of the purchase price for the Protective Life Loan Purchase. We expect to use the remaining proceeds from the Private Placement for capital expenditure projects at our senior living communities, working capital, potential acquisition opportunities and other general corporate purposes** . (c) Purchases of Equity Securities by the Issuer and Affiliated Purchasers. The following information is provided pursuant to Item 703 of Regulation S- K. The information set forth in the table below reflects information regarding the aggregate shares repurchased by the Company pursuant to its share repurchase program (as described below) as of December 31, 2022 **2023** . PeriodTotal Number ofShares Purchased (1) AveragePricePaid perShareTotal Number ofShares Purchased asPart of PubliclyAnnounced Plans orProgramsApproximate DollarValue of Sharesthat May Yet BePurchased Under thePlans or Programs (2) Total at September 30, 202232 **202332** , 941 $ 104. 10 32, 941 $ 6, 570, 222 October 1 – October 31, 2022 **2023** — — — 6, 570, 222 November 1 – November 30, 2022 **2023** — — — 6, 570, 222 December 1 – December 31, 2022 **2023** — — — 6, 570, 222 Total at December 31, 202232 **202332** , 941 $ 104. 10 32, 941 $ 6, 570, 222

(1) Does not include shares withheld to satisfy tax liabilities due upon the vesting of restricted stock, all of which have been reported in Form 4 filings relating to the Company. The average price paid per share for such share withholding is based on the closing price per share on the vesting date of the restricted stock or, if such date is not a trading day, the trading day immediately prior to such vesting date. (2) On January 22, 2009, the Company' s board of directors approved a share repurchase program that authorized the Company to purchase up to $ 10. 0 million of the Company' s common stock. On January 14, 2016, the Company announced that its board of directors approved a continuation of the share repurchase program. The repurchase program does not obligate the Company to acquire any particular amount of common stock and the share repurchase authorization has no stated expiration date. All shares that have been acquired by the Company under this program were purchased in open- market transactions. The Company may evaluate whether to acquire additional shares of common stock under this program at its discretion. ITEM 6. **[** RESERVED **]** . ITEM 7. MANAGEMENT' S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS. This Management' s Discussion and Analysis of Financial Condition and Results of Operations (" MD & A ") is intended to help provide an understanding of our business and results of operations. This MD & A should be read in conjunction with our audited consolidated financial statements and the related notes thereto included elsewhere in this Annual Report on Form 10- K. This report, including the following MD & A, contains forward- looking statements regarding future events or trends that should be read in conjunction with the risks, uncertainties and other factors described under " Cautionary Note Regarding Forward- Looking Statements " and " Item 1A. Risk Factors " in this Annual Report on Form 10- K. Actual results may differ materially from those projected in such statements as a result of such risks, uncertainties and other factors. Overview The following discussion and analysis addresses (i) the Company' s results of operations on a historical consolidated basis for the years ended December 31, **2023 and** 2022 and 2021 , and (ii) liquidity and capital resources of the Company, and should be read in conjunction with the Company' s historical consolidated financial statements and the selected financial data contained elsewhere in this Annual Report on Form 10- K. The Company is one of the leading owner- operators of senior housing communities in the United States. The Company' s operating strategy is to provide value to its senior living residents by providing quality senior living services at reasonable prices, while achieving and sustaining a strong, competitive position within its geographically concentrated regions, as well as continuing to enhance the performance of its operations. The Company generally provides senior living services to the 75 population, including independent living, assisted living, and memory care services at reasonable prices. Many of the Company' s communities offer a continuum of care to meet each of their resident' s needs as they change over time. This continuum of care, which integrates independent living, assisted living, and memory care that may be bridged by home care through independent home care agencies, sustains our residents' autonomy and independence based on their physical and mental abilities. As of December 31, 2022 **2023** , the Company operated 72 **71** senior housing communities in 18 states with an aggregate capacity of approximately 8, 000 residents, including 62 **61** senior housing communities that the Company owned and 10 communities that the Company **managed on behalf of** third **parties** - party managed . Corporate Events and Transactions Corporate Name Change **Fannie Mae Loan Modification** On November 9 **June 29** , 2021 **2023** , the Company filed **entered into** a **forbearance agreement (" Fannie**

Forbearance ” ~~Certificate of Amendment to the Company’ s Amended~~ and **“ Fannie Forbearance Agreement ”)** ~~Restated Certificate of Incorporation, as amended,~~ with ~~the Delaware Secretary~~ **Fannie Mae for all 37** of **its encumbered communities** ~~State to effect the change of the Company’ s name from" Capital Senior Living Corporation" to “ Sonida Senior Living~~ , ~~Inc. ”~~ effective as of ~~November 15~~ **June 1** , ~~2021~~ **2023 (“ Fannie Forbearance Effective Date ”)** . **Under the Fannie Forbearance, Fannie Mae agreed to forbear on its remedies otherwise available under the community mortgages and Master Credit Facility (“ MCF ”) in connection with reduced debt service payments made by the Company during the forbearance period. In connection with the Fannie Forbearance, the Company made a $ 5. 0 million principal payment in July 2023. The Fannie Forbearance was the first of a two- step process to modify all existing mortgage loan agreements with Fannie Mae by October 2023 under proposed loan modification agreement, as defined in the Fannie Forbearance (“ Loan Modification Agreements. ”) Terms outlined in an agreed upon term sheet accompanying the Fannie Forbearance were included in the Loan Modification Agreements as the final step to modify the various 37 Fannie Mae community mortgages and MCF prior to the expiration of the Fannie Forbearance, which was subsequently extended to October 6, 2023. The Company entered into Loan Modification Agreements with Fannie Mae on October 2, 2023. The material terms of the Loan Modification Agreements are as follows: • Maturities on 18 community mortgages, ranging from July 2024 to December 2026, have been extended to December 2026. The remaining 19 communities under the MCF have existing maturities in January 2029. • The Company is not required to make scheduled principal payments due under the 18 community mortgages and 19 communities under the MCF through the revised maturity date of December 2026 or 36 months from the Fannie Forbearance Effective Date, respectively. • The monthly interest rate will be reduced by a 1. 5 % weighted average on all 37 communities for 12 months from the Fannie Forbearance Effective Date and deferred until it is contractually waived in June 2024 so long as there is no event of default (the “ Fannie Interest Abatement Period ”). • The Company is required to make a second principal payment of $ 5. 0 million with respect to the Fannie Mae debt which is due on June 1, 2024, the one- year anniversary of the Fannie Forbearance Effective Date. • The Company provided a full corporate guaranty in the amount of $ 5. 0 million related to the second principal payment of $ 5. 0 million (the “ Second Payment Guaranty ”). This guaranty will fully expire upon payment of the second $ 5. 0 million principal payment. •** In addition ~~,~~ **to** the **Second Payment Guaranty above, the** Company ~~’ s board~~ **also provided a $ 10. 0 million guaranty (the “ Supplemental Fannie Guaranty ”). After the expiration** of ~~directors adopted~~ **24 months from the Fannie Forbearance Effective Date, Sonida may discharge the full amount of the Supplemental Fannie Guaranty by making a $ 5. 0 million principal payment to Fannie Mae on its community mortgages and / or its MCF. • In the first twelve months following the effective date of the Loan Modification Agreements, the Company is required to escrow 50 % of Net Cash Flow less Debt Service (as defined in the Fannie mortgages and MCF) on** an ~~amendment~~ **aggregate basis over all 37 Fannie Mae communities. The excess cash flow will be deposited into a lender- controlled capital expenditure reserve on a monthly basis** to **support** the **re- investment into certain communities** ~~Company’ s Second Amended and Restated Bylaws to reflect the Company’ s new legal name~~ , ~~effective~~ as **mutually determined by** ~~of November 15, 2021. In conjunction with~~ the ~~Name Change, the ticker symbol of the~~ Company ~~’ s common stock~~ **and Fannie Mae. The Company will be able to draw down such amounts** on **qualifying projects** ~~the New York Stock Exchange changed from" CSU" to “ SNDA. ” The CUSIP number for the Company’ s common stock following the effectiveness of the Name Change remained unchanged. Investment Agreement On October 1, 2021, the Company entered into an Amended and Restated Investment Agreement (the" A & R Investment Agreement") with Conversant Dallas Parkway (A) LP (“ Conversant Fund A ”) and Conversant Dallas Parkway (B) LP (" Conversant Fund B" and, together with Conversant Fund A, the “ Conversant Investors ”), affiliates of Conversant Capital LLC, which amended and restated in its entirety the Investment Agreement that the Company entered into with the Conversant Investors on July 22, 2021 (the “ Original Investment Agreement ”). Pursuant to the A & R Investment Agreement, (i) the Conversant Investors purchased from the Company, and the Company sold to the Conversant Investors, in a private placement (the “ Private Placement ”) pursuant to Section 4 (a) (2) of the Securities Act of 1933,~~ as ~~amended (~~ the **capital expenditures are incurred. As** ~~“ Securities Act ”), 41, 250 shares~~ of **December 31** ~~newly designated Series A convertible preferred stock~~ , ~~par value~~ **2023, the Company has funded** $ 0. **2 million into such escrow account. As of December 31** ~~01 per share (the “ Series A Preferred Stock ”)~~ , ~~at a price per share equal to~~ **2023, the Company had drawn down** $ **10.** ~~1, 000; and 1, 650, 000 shares of common stock, par value $~~ 0 **million** ~~. 01 per share, at a price per share equal to $ 25; (ii) the Conversant Investors received 1, 031, 250 warrants, each evidencing the right to purchase one share~~ of ~~common stock at a price per share of $ 40 and with an exercise expiration date of five years after~~ the **Equity Commitment** ~~Closing Date; (iii) the Company amended the terms of its previously announced rights offering under the Original Investment Agreement to allow the holders of record of its outstanding shares of common stock at the close of business on September 10, 2021 the right to purchase at $ 30 per share, 1. 1 shares of common stock for each share of common stock held (the “ Rights Offering ”), in each case~~ as more fully described in the ~~A & R Investment Agreement~~ **“ Conversant Equity Commitment ” below. As of December 31, 2023, $ 3. 5 million remains in the Equity Commitment. The Company has determined that the Fannie loan modification is a troubled debt restructuring where the total cash outflows exceed the current carrying value of the debt. The Company incurred restructuring costs of $ 0. 7 million in the year ended December 31, 2023. These costs are included in deferred loan costs as of December 31, 2023 and will be amortized over the new lives of the Fannie Mae loans** . In addition, ~~pursuant to~~ the ~~A & R Investment~~ **Company paid $ 3. 1 million in transaction costs related to the loan modifications that was expensed as general and administrative expenses in the year ended December 31, 2023. 2023 Ally Loan Amendment On June 29, 2023, and concurrent with the Fannie Forbearance, we executed a second amendment (“ 2023 Ally Amendment ”) to our Refinance Facility (“ Ally Term Loan ” or “ Ally Term Loan** Agreement ~~, the Conversant Investors agreed to partially backstop the~~ **”) and an amended guaranty (“ Second** Amended ~~Rights Offering up~~ **Ally Guaranty ”) with Ally Bank with terms as follows: • With respect** to **the Second Amended Ally Guaranty, Ally will grant**

the Company, as guarantor, a waiver (“ Limited Payment Guaranty Waiver ” or “ Waiver ”) of the Liquid Assets minimum requirement of $ ~~50~~ 13 . ~~5~~ 0 million for a 12- month period. On July 1, 2024, a new Liquid Assets Threshold of $ 7. 0 million will be effective, with such threshold increasing $ 1. 0 million per month through the ~~purchase~~ earlier of ~~additional shares of~~ the release of the Waiver period or December 31, 2024. • During the Waiver period, a new and temporary Liquid Assets minimum threshold (“ Limited Payment Guaranty Waiver Minimum Threshold ”) will be established. The Limited Payment Guaranty Waiver Minimum Threshold is $ 6. 0 million and is measured weekly. If breached, the “ Excess Cash Flow Sweep ” is triggered and all excess cash from the communities collateralizing the Ally Term Loan will be swept into an “ Equity Cure Fund ”, as defined in the Ally Term Loan Agreement. As provided for in the Ally Amendment, the Excess Cash Flow Sweep, if triggered, will cease upon the achievement of meeting or exceeding the Limited Payment Guaranty Waiver Minimum Threshold for four consecutive weeks. Consistent with the Ally Term Loan, all amounts held in escrow (i. e., Debt Service Escrow and IRC Reserve (defined below)) will be included and combined with the Company ~~'~~ ’ s ~~common stock~~ unrestricted cash for purposes of measurement against the Limited Payment Guaranty Waiver Minimum Threshold. • During the Waiver period, Ally will collect the equivalent of the monthly Ally Term Loan principal payment (as provided for in the Ally Term Loan Agreement) of approximately $ 117, 000 through an Ally controlled escrow (“ Waiver Principal Reserve Account ”). • Upon meeting the Ally Term Loan’ s Liquid Assets Threshold of $ 13. 0 million, the Company may elect to remove the Waiver, with initial terms in the Ally Term Loan applicable again, except as described further below. • In July 2023, we were required to fund $ 2. 3 million to an interest rate cap reserve (“ IRC Reserve ”) held by Ally, which represented the quoted cost of a one- year interest rate cap on the full $ 88. 1 million notional value of the Ally Term Loan at a 2 ~~$ 30 per share~~ . ~~In consideration~~ 25 % SOFR strike rate. On December 1, 2023, the Company entered into a new SOFR- based interest rate cap transaction for ~~the backstop commitments of the Conversant Investors, the Company paid to the Conversant Investors, as a premium, 174, 675 shares of common stock. On or after the closing date under the A & R Investment Agreement, the Company may from time to time request additional investments from the Conversant Investors in shares of Series A Preferred Stock for investment in accretive capital expenditures and acquisitions post- closing up to~~ an aggregate notional amount of ~~equal to~~ $ 88. 1 million at a cost of $ 2. 4 million. The interest rate cap agreement has a 12- month term and caps the floating interest rate portion of our indebtedness with Ally Bank at 2. 25 %. Until the terms of the Limited Payment Guaranty Waiver have expired or have been met and elected at the Company’ s discretion, the IRC Reserve is required to be replenished to its replacement cost. • To the extent either the Second Payment Guaranty or Supplemental Fannie Guaranty have not been discharged, any uncured monetary event of default under the Fannie Forbearance will constitute a cross default under the Ally Amendment, resulting in the immediate trigger of a full excess cash flow sweep for the communities collateralizing the Ally Term Loan as well as additional performance and liquidity reporting requirements. • Subsequent to the Waiver period, all funds in the Waiver Principal Reserve Account as well as any funds swept into the Equity Cure Fund will be released to the Company. The foregoing description of the Fannie Forbearance, the 2023 Ally Amendment, Second Amended Ally Guaranty, and the Loan Modification Agreements and the transactions contemplated thereby do not purport to be complete and are subject to, and qualified in their entirety by, the full text of the Fannie Forbearance, the Ally Amendment and Second Amended Ally Guaranty which are filed as Exhibits 10. 21, 10. 22 and 10. 23, respectively, and the Loan Modification Agreements, which are filed as Exhibits 10. 24 and 10. 25 to this Annual Report on Form 10- K. See “ Item 15. Exhibits. ” 2022 Ally Loan Mortgage Refinance In March 2022, the Company completed the refinancing of certain existing mortgage debt with Ally Bank (the “ Refinance Facility ”) for ten of its communities. The Refinance Facility includes an initial term loan of $ 80 . 0 million ~~, subject to certain conditions~~ . ~~Simultaneously~~ On December 13, 2022, the Company entered into an agreement with Ally Bank to ~~the entry into the Original Investment Agreement, the Company and~~ amend the ~~Conversant Investors~~ Refinance Facility by adding two additional subsidiaries of the Company (which own the two Indiana properties acquired during the first quarter of 2022) as borrowers. The amendment increased the principal by $ 8. 1 million to $ 88. 1 million. See “ Note 7 – Notes Payable ” in Notes to Consolidated Financial Statements. In connection with the Fannie Forbearance and Ally Amendment signed on June 29, 2023, the Company entered into a $ ~~17~~ 13 . ~~3~~ 5 million ~~secured promissory note~~ equity commitment agreement (~~the~~ “ ~~Promissory Note~~ Equity Commitment ”) ~~to provide interim debt financing~~ with Conversant Investors for a term of 18 months. The Equity Commitment had a commitment fee of $ 675, 000, which was ~~scheduled~~ paid through the issuance of 67, 500 shares of common stock of the Company. The commitment fee shares were issued to ~~mature~~ Conversant on June 29, 2023. Subject to certain conditions, the Company has the right, but not the obligation, to utilize Conversant’ s equity commitment and may draw on the commitment in whole or in part. The Company made an equity draw in July ~~2022~~ 2023 of ~~and was subsequently amended. The Promissory Note was amended to reduce the aggregate indebtedness outstanding by~~ $ 6 ~~1. 3 million, resulting in an amended secured promissory note in the amount of $ 16~~ . 0 million ~~. The Promissory Note was fully repaid upon closing of the transactions contemplated by the A & R Investment Agreement~~ and ~~the Company recognized a~~ issued 600, 000 shares of common stock to Conversant. We used $ ~~1~~ 5 . 0 million ~~loss~~ of the proceeds to make unscheduled principal payments on ~~extinguishment of the Promissory Note. See" Note 8 – Notes Payable" in the Notes to~~ two ~~Consolidated Financial Statements~~ of our Fannie Mae loan balances . On November ~~The transactions contemplated by the A & R Investment Agreement were subject to stockholder approval, which was received on October 22, 2021. The Rights Offering expired on October 27, 2021 with subscription rights to purchase~~ 1, ~~133~~ 2023 , ~~941~~ the Company made an equity draw of $ 4. 0 million and issued 400, 000 shares ~~exercised. The transactions contemplated by the A & R Investment Agreement closed (the “ Closing ”) on November 3, 2021 and resulted in net proceeds to the Company~~ of common stock to the ~~$ 141. 4 million after paying customary transaction and closing costs of approximately $ 13. 4 million. The~~ Conversant Investors ~~and Arbiter Partners QP, LP (“ Arbiter ”) backstopped the Rights Offering, pursuant to which they purchased an additional 1, 160, 806 shares of~~

~~common stock and 114, 911 shares of common stock, respectively, and received a backstop fee of 174, 675 shares of common stock and 17, 292 shares of common stock, respectively. At the Closing, the Company, the Conversant Investors and Silk Partners LP (" Silk ") entered into an Investor Rights Agreement (the" Investor Rights Agreement"), pursuant to which, among other things, the Company' s board of directors was reconstituted to consist of four new directors designated by the Conversant Investors, two new directors designated by Silk and three continuing directors. At the Closing, all outstanding performance-based stock- based compensation held by the Company' s officers and other key employees, including restricted shares were converted at target award levels to time- based restricted stock awards that are scheduled to vest on the applicable scheduled vesting dates or the relevant award termination date applicable to such performance shares. See " Note 10 – Stock- Based Compensation" in the Notes to Consolidated Financial Statements~~ . COVID- 19 Pandemic The United States broadly continues to recover from the pandemic caused by COVID- 19, which significantly disrupted the nation' s economy, the senior living industry, and the Company' s business. The COVID- 19 pandemic caused a decline in the occupancy levels at the Company' s communities, which negatively impacted the Company' s revenues and operating results, that depend significantly on such occupancy levels. In an effort to protect its residents and employees and slow the spread of COVID- 19 and in response to quarantines, shelter- in- place orders and other limitations imposed by federal, state and local governments, the Company had previously restricted or limited access to its communities, including limitations on in- person prospective resident tours and, in certain cases, new resident admissions. As of December 31, ~~2022~~ **2023** , all of the Company' s senior living communities were open for new resident move- ins. **The** ~~Although vaccines are now widely available, we cannot predict the duration of the ongoing impact of the pandemic on our business. If the~~ COVID- 19 pandemic ~~worsens, including the transmission of highly contagious variants of the COVID- 19 virus, the Company may have to impose or revert to restricted or limited access to its communities. The COVID- 19 pandemic has~~ required the Company to incur significant additional operating costs and expenses in order to implement enhanced infection control protocols and otherwise care for its residents, including increased costs and expenses relating to supplies and personal protective equipment, testing of the Company' s residents and employees, labor and specialized disinfecting and cleaning services, which has increased the costs of caring for the residents and resulted in reduced occupancy at such communities. During the years ended December 31, **2023 and** 2022 ~~and 2021~~ , the Company incurred **approximately** $ 0. **1 million and $ 0.** 4 ~~million and $ 1. 9~~ million, respectively, in direct costs related to the COVID- 19 pandemic. **The** ~~In April 2022 and January 2021, the~~ Company ~~accepted~~ **received approximately** $ 9. 1 million **in the year ended December 31** ~~and $ 8. 7 million of cash~~ , **2022** ~~respectively,~~ through grants from the Public Health and Social Services Emergency Fund' s (the " Provider Relief Fund ") ~~Phases~~ - **Phase** 4 ~~and 3~~ General Distribution ~~, respectively,~~ which was expanded by the Coronavirus Aid, Relief and Economic Security Act of 2020 (the ~~"~~ **"** CARES Act ~~"~~ **"**) to provide grants or other funding mechanisms to eligible healthcare providers for healthcare- related expenses or lost revenues attributable to COVID- 19. **The** ~~Both the~~ Phase 4 ~~and Phase 3~~ Provider Relief Funds were recorded as other income in the ~~years~~ - **year** ended December 31, 2022 ~~and 2021, respectively~~ . The CARES Act Provider Relief Funds are grants that do not have to be repaid provided we satisfy the terms and conditions of the CARES Act. **For** ~~In addition, during~~ the years ended December 31, **2023 and** 2022 **,** ~~and 2021~~ the Company received approximately $ **2. 9 million and $** 1. 2 million ~~and $ 0. 6 million~~ , respectively, in **various** relief **funds received** from ~~various~~ state ~~agencies~~ **departments due to financial distress impacts of COVID- 19 (" State Relief Funds "). While we intend to pursue additional funding that may become available, there can be no assurances that we will qualify for, or receive, any additional relief funds in the future** . CARES Act Provider Relief Funds are subject to the terms and conditions of the program, including stringent restrictions that funds may only be used to reimburse COVID- 19- related expenses or lost revenue that are attributable to COVID- 19 and have not been reimbursed from other sources or that other sources are not obligated to reimburse. While we intend to pursue additional funding that may become available, there can be no assurances that we will qualify for, or receive, any additional relief funds in the future. The Company elected to utilize the CARES Act payroll tax deferral program to delay payment of a portion of its payroll taxes incurred **during** ~~from April 2020 through December~~ 2020. The Company repaid one- half of the deferral amount in December 2021 and the other half became due on December 31, 2022. The Company has submitted applications to enter into payment plans for the remaining amounts due. **As** ~~In conjunction with the deferral and payment plan applications, the Company accrued penalties and interest~~ of **December 31, 2023 and December 31, 2022, the Company had** $ ~~0~~ **5** . ~~7~~ **1** million and $ ~~0.~~ 4 **. 8** million, respectively, **in deferred payroll taxes,** which ~~were~~ **is** included in accrued expenses ~~on~~ **in** the Company' s Consolidated Balance Sheets. **On September 14** ~~As of December 31~~ , ~~2022~~ **2023 , amid concerns about aggressive employee retention credit (" ERC ") marketing, the IRS announced a moratorium on processing new claims. A specific resumption date hasn' t been determined but, at this point, the IRS anticipates it will be sometime in the late spring of 2024. The Company filed for** ~~and~~ - **an** ~~December 31,~~ **ERC with the Internal Revenue Service during November** ~~2021~~ **2023** , **which was before** the ~~Company~~ **moratorium. The ERC is a federal payroll tax credit for businesses that** had **employees** ~~$ 4. 8 million~~ and **were affected during** ~~$ 3. 7 million, respectively, in deferred payroll taxes, which is included in accrued expenses in~~ the **COVID- 19 pandemic** ~~Company' s Consolidated Balance Sheets~~ . We cannot, at this time, predict with reasonable certainty the continued impact that the COVID- 19 pandemic will ultimately have on our business, results of operations, cash flow and liquidity, and our response efforts may delay or negatively impact our strategic initiatives, including plans for future growth. ~~The ultimate impact of the COVID- 19 pandemic will depend on many factors, many of which cannot be foreseen, including: (i) the duration, severity and geographic concentrations of the COVID- 19 pandemic and any resurgence, additional waves and highly contagious variants and strains of the disease; (ii) the impact of COVID- 19 on the nation' s economy and debt and equity markets at large and the local economies in our markets; (iii) the development and availability of COVID- 19 infection and antibody testing, therapeutic agents and vaccines and the prioritization of such resources among businesses and demographic groups, including within the geographic areas in which the Company operates and derives material revenue; (iv) governmental financial and regulatory relief efforts that may become available to businesses and individuals; (v) concerns over,~~

and the perceptions of, the safety of senior living communities during and after the pandemic; (vi) changes in demand for senior living communities and our ability to adapt our sales and marketing efforts to meet that demand; (vii) the impact of the COVID- 19 pandemic on our residents' and their families' ability to afford our resident fees, including those related to changes in unemployment rates, consumer confidence and equity markets; (viii) changes in the acuity levels of our new residents; (ix) the disproportionate impact of the COVID- 19 pandemic on seniors generally and those residing in our communities; (x) the duration and costs of our preparation and response efforts, including increased supplies, labor, litigation and other expenses; (xi) the impact of the COVID- 19 pandemic on our ability to (1) complete equity and debt financings, refinancings or other transactions (including dispositions) and (2) generate sufficient cash flow to cover required debt service payments and to satisfy financial and other covenants in our debt documents; (xii) increased regulatory requirements and enforcement actions resulting from the COVID- 19 pandemic, including those that may limit our collection efforts for delinquent accounts; and (xiii) the frequency and magnitude of legal actions and liability claims that may arise due to the COVID- 19 pandemic and our associated response efforts. Going Concern Uncertainty and Related Strategic Cash- Preservation Initiatives We have taken, and continue to take, actions to improve our liquidity position and to address the uncertainty about our ability to continue as a going concern, but these actions are subject to a number of assumptions, projections, and analyses. If these assumptions prove to be incorrect, we may be unsuccessful in executing our business plans or achieving the projected results, which could adversely impact our financial results and liquidity. Those plans include various cost- cutting, efficiency and profitability initiatives. There are no assurances such initiatives will prove to be successful or the cost savings, profitability or other results we achieve through those plans will be consistent with our expectations. As a result, our results of operations, financial position and liquidity could be negatively impacted. In particular, if we are unable to extend or refinance our indebtedness prior to scheduled maturity dates, our liquidity and financial condition could be adversely impacted. Even if we are able to extend or refinance such indebtedness, the terms of the new financing may not be as favorable to us as the terms of the existing financing. If we become insolvent or fail to continue as a going concern, our common stock may become worthless. Accounting Standards Codification (" ASC ") 205- 40, " Disclosure of Uncertainties about an Entity' s Ability to Continue as a Going Concern, " requires an evaluation of whether there are conditions or events, considered in the aggregate, that raise substantial doubt about an entity' s ability to continue as a going concern within 12 months after the date the financial statements are issued. Initially, this evaluation does not consider the potential mitigating effect of management' s plans that have not been fully implemented. When substantial doubt exists, management evaluates the mitigating effect of its plans to determine if it is probable that (1) the plans will be effectively implemented within one year after the date the financial statements are issued, and (2) when implemented, the plans will mitigate the relevant conditions or events that raise substantial doubt about the entity' s ability to continue as a going concern. In complying with the requirements under ASC 205- 40 to complete an evaluation without considering mitigating factors, the Company considered several conditions or events including: (1) the continued impact of the COVID- 19 pandemic, the current inflationary environment, and the impact of elevated interest rates on the Company' s operations and financial results; (2) approximately $ 15. 7 million of principal payments and $ 30. 1 million of scheduled interest payments due in the next 12 months (excluding $ 32. 0 million of Fannie Mae debt- see" Note 8 – Notes Payable" in the Notes to Consolidated Financial Statements); (3) recurring operating losses and projected operating losses for fiscal periods through March 31, 2024; (4) the Company' s available working capital balance; and (5) events of non- compliance with certain of our mortgage agreements, as noted in" Note 16 – Subsequent Events". The above conditions raise substantial doubt about the Company' s ability to continue as a going concern for the 12- month period following the date the fiscal year 2022 financial statements are issued. As discussed below, the Company has implemented plans that encompass short- term cash preservation measures, initiatives to provide the Company with adequate liquidity to meet its obligations for at least the 12- month period following the date its fiscal year 2022 financial statements are issued, in addition to creating sustained cash flow generation thereafter. The Company' s primary sources of near- and medium- term liquidity are expected to be (1) net cash generated from operations; (2) COVID- 19 or related relief grants from various state agencies; and (3) debt modifications, refinancings and extensions to the extent available on acceptable terms. Strategic and Cash Preservation Initiatives The Company has taken, or intends to take, the following actions, among others, to improve its liquidity position and to address uncertainty about its ability to continue as a going concern: • Upon its management team transition in September 2022, the Company promptly implemented new strategic and operational plans to accelerate margin recovery, including the following: ◦ Design and execution of a comprehensive resident rate review program to align revenues with the significant increase in the operating cost environment. ◦ Implementation of a global purchasing organization function to leverage scaled purchasing to lower unit operating costs. ◦ Use of several internally developed and external programs to provide alternative mitigants to a challenging labor environment. • We have adopted a comprehensive cash optimization strategy aimed at improving working capital management. • The Company is engaged in active discussions with certain of its lenders in regards to potential modifications of certain mortgage debt on more favorable terms, which does not preclude a potential ownership transfer on select communities based on various financial metrics. • Through recently integrated systems and revised process workflows, the Company has implemented additional proactive spending reductions, including reduced discretionary spending and more stringent, return- based capital spending. • The Company received approximately $ 2. 0 million in various state grants during January and February of 2023. See" Note 16 – Subsequent Events" in the Notes to Consolidated Financial Statements. • Under the terms of the A & R Investment Agreement, the Company may request that the Conversant Investors make additional investments in shares of Series A Preferred Stock (up to an aggregate amount equal to $ 25. 0 million) that can be used for future investment in accretive capital expenditures and acquisitions, subject to certain conditions. While the Company' s plans are designed to provide it with adequate liquidity to meet its obligations for at least the 12- month period following the date its financial statements are issued, the remediation plan is dependent on conditions and matters that may be outside of the Company' s control, and no assurances can be given that certain options will be available on terms acceptable to the Company, or at all. Accordingly, management could not conclude that it was probable that the plans will

~~mitigate the relevant conditions or events that raise substantial doubt about the Company' s ability to continue as a going concern. If the Company is unable to successfully execute all of these initiatives or if the plan does not fully mitigate the Company' s liquidity challenges, the Company' s operating plans and resulting cash flows along with its cash and cash equivalents and other sources of liquidity may not be sufficient to fund operations for the 12- month period following the date the financial statements are issued. In addition, it is probable that the Company will not be able to comply with some of the financial covenants and other restrictions contained in our debt instruments, which would in turn trigger an event of default under our loan agreements. An event of default, subject to cure provisions in certain instances, would give the respective lenders the right to accelerate the related debt and to declare all amounts outstanding to be immediately due and payable, or foreclose on collateral securing the outstanding indebtedness. We cannot assure that we could pay these debt obligations if they became due prior to their stated dates. The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates continuity of operations, realization of assets and the satisfaction of liabilities in the normal course of business for the 12- month period following the date the financial statements are issued. As such, the accompanying consolidated financial statements do not include any adjustments relating to the recoverability and classification of assets and their carrying amounts, or the amount and classification of liabilities that may result should the Company be unable to continue as a going concern.~~ Significant Financial and Operational Highlights The Company derives its revenue primarily by providing senior living and healthcare services to seniors. During the year ended December 31, ~~2022~~ **2023**, the Company generated resident revenue of approximately $ **232. 0 million compared to resident revenue of approximately $** 208. 7 million ~~compared to resident revenue of approximately $ 190. 2 million~~ in the prior year **,** representing an increase of approximately $ ~~18~~ **23** . ~~5~~ **3** million. The increase in revenue was primarily due to increased occupancy, increased average rent rates, and the acquisition of two new communities in ~~early~~ **Q1** 2022. Weighted average occupancy for the years ended December 31, **2023 and** 2022 ~~and 2021~~ for the ~~60~~ communities owned by the Company during both periods was **84. 6 % and** 83 ~~. 3 % and 79~~ . 0 %, respectively, reflecting continued occupancy recovery following the onset of the COVID- 19 pandemic. The average monthly rental rate for these owned communities for the year ended December 31, ~~2022~~ **2023** was **9. 6 %** higher ~~by 270 basis points~~ when compared to the year ended December 31, ~~2021~~ **2022** . During the year ended December 31, ~~2022~~ **2023** ~~,~~ the Company continued to be impacted by the senior living industry' s workforce challenges related to limited staff availability, which **required** ~~resulted in~~ the use of overtime, shift bonuses ~~,~~ and contract labor to properly support our senior living communities and residents. **Management Services The Company has property management agreements with affiliates of Ventas, Inc. (collectively, " Ventas ") in which the Company manages certain communities for Ventas, and Ventas pays the Company a management fee based on gross revenues of the applicable communities, and other customary terms and conditions. The Company managed ten communities on behalf of Ventas during the years ended December 31, 2023 and** 2022 ~~Mortgage Refinance~~ **. Previously, the Company managed four properties on behalf of Welltower. During October 2022, these properties transitioned to a new operator. Shaker Heights Disposition** In ~~March~~ **August** ~~2022~~ **2023** , the Company completed the ~~refinancing~~ **sale** of **Shaker Heights,** ~~certain existing mortgage debt with Ally Bank (the " Refinance Facility ")~~ for ~~ten of its communities~~ **$ 1. 0 million** . The **Company recognized a** ~~Refinance Facility includes an initial term loan of~~ $ ~~80~~ **0. 2** million **loss** ~~. In addition, $ 10 million is available as delayed loans that can be borrowed upon achieving and maintaining certain financial covenant requirements and up to an additional uncommitted $ 40 million may be available in the lender' s discretion to fund future growth initiatives. On December 13, 2022, the Company entered into an agreement with Ally Bank to amend the Refinance Facility by adding two additional subsidiaries of the Company (which own~~ **on** the **sale** ~~two Indiana properties acquired during the first quarter of 2022) as borrowers~~ . The **Shaker Heights property** ~~amendment increased the principal by $ 8. 1 million to $ 88. 1 million, with an additional $ 10 million still available as~~ **was unencumbered** ~~delayed loans that can be borrowed upon achieving and maintaining certain financial covenant requirements. See" Note 8 – Notes Payable" in Notes to Consolidated Financial Statements~~ . Indiana Acquisition On February 1, 2022, the Company completed the acquisition of two senior living communities located in Indiana for a combined purchase price of $ 12. 3 million. The communities consist of a total of 157 independent living units. The purchase price for these communities was funded at the time of acquisition with cash on hand and subsequently financed in December 2022 ~~, as described in the" 2022 Mortgage Refinance" paragraph above. Management Services On December 31, 2020, the Company entered into property management agreements with affiliates of Ventas, Inc. (collectively," Ventas") pursuant to which the Company agreed to manage certain communities for Ventas, and Ventas agreed to pay the Company a management fee based on gross revenues of the applicable communities, and other customary terms and conditions. The Company managed seven communities on behalf of Ventas as of December 31, 2020, and in November 2021 the Company announced the expansion of the Ventas relationship with three additional managed communities in Arkansas effective December 1, 2021. As of December 31, 2022, the Company managed ten communities on behalf of Ventas. On August 9, 2022, the Company received a notice of intent from Welltower to transition the management of four properties to a new operator. The transition was completed on October 20, 2022. As of December 31, 2022, the Company did not manage any communities on behalf of Welltower~~ . Other Significant Transactions Transactions Involving Certain Fannie Mae Loans The **Coronavirus Aid, Relief and Economic Security Act of 2020 ("** CARES Act **")** , among other things, permitted borrowers with mortgages from Government Sponsored Enterprises who experienced a financial hardship related to the COVID- 19 pandemic to obtain forbearance of their loans for up to 90 days. **During** ~~On May 7,~~ 2020, the Company entered into **several loan** forbearance ~~agreements with Berkadia Commercial Mortgage LLC, as servicer of 23 of its Fannie Mae loans covering 20 of the Company' s properties. On May 9, 2020, the Company entered into a forbearance agreement with Wells Fargo Bank (" Wells Fargo "), as servicer of one Fannie Mae loan covering one of the Company' s properties. On May 20, 2020, the Company entered into forbearance agreements with KeyBank National Association (" KeyBank"), as servicer of three Fannie Mae loans covering two of the Company' s properties. The forbearance agreements allowed the Company to withhold the loan payments due under the loan agreements for the months of~~

April, May, and June 2020 and Fannie Mae agreed to forbear in exercising its rights and remedies during such three- month period. During this three- month loan payment forbearance, the Company agreed to pay to Fannie Mae monthly net operating income, if any, as defined in the forbearance agreement, for the properties receiving forbearance. On July 8, 2020, the Company entered into forbearance extension agreements with Fannie Mae , which provided for a one- month extension of the forbearance agreements between the Company and Fannie Mae covering 23 of the Company' s properties . **In** The forbearance extension agreements extended the forbearance period until July 31, 2020, and Fannie Mae agreed to forbear in exercising its rights and remedies during such period. By July 31, 2020, the Company was required to repay to Fannie Mae the deferred payments, less any payments made during the forbearance period. On July 31, 2020, the Company made required payments to Fannie Mae totaling $ 0. 6 million, which included the deferred payments, less any payments made during the forbearance period, for five of the Company' s properties with forbearance agreements. The Company elected not to pay $ 3. 8 million on the loans for the remaining 18 properties as of that date as it initiated a process intended to transfer the operations and ownership of such properties to Fannie Mae. Therefore, the Company was in default on such loans, which were non- recourse loans. As a result of the default, Fannie Mae filed a motion with the United States District Court (the " **“** District Court " **”**) requesting that a receiver be appointed over the 18 properties, which was approved by the District Court. The Company agreed to continue to manage the 18 communities, subject to earning a management fee, until management of the communities was transitioned to a successor operator or legal ownership of the properties was transferred to Fannie Mae or its designee. Management fees earned from the properties were recognized as revenue when earned. In conjunction with the receivership order, the Company was required to obtain approval from the receiver for all payments and received reimbursements from Fannie Mae for reasonable operating expenses incurred on behalf of any of the 18 communities under the receivership order. As a result of the events of default and receivership order, the Company discontinued recognizing revenues and expenses related to the 18 properties effective August 1, 2020, which was the date of default. In addition, the Company concluded that it was no longer entitled to receive any existing accounts receivable or revenue related to the properties, all amounts held in escrow by Fannie Mae were forfeited and the Company no longer had control of the properties in accordance with ASC 610- 20. During the year ended December 31, 2021, Fannie Mae completed the transition of legal ownership of 16 of the Company' s properties and the Company recorded a gain on extinguishment of debt of $ 200. 9 million, which is included in gain on extinguishment of debt in the Company' s Consolidated Statement of Operations and Comprehensive Income (Loss) . As of December 31, 2022, two properties remained for which the legal ownership had not been transferred back to Fannie Mae. As of December 31, 2022, the Company included $ 31. 8 million of outstanding debt in current portion of notes payable, net of deferred loan costs of $ 0. 2 million. As of December 31, 2022 and December 31, 2021 , the accrued interest related to the remaining two properties was $ 4. 1 million and $ 2. 7 million, respectively, and was included in accrued expenses on the Company’ s Consolidated Balance Sheets . As of December 31, 2022, the Company did not manage any properties on behalf of Fannie Mae. On **In** January 11, 2023, **the Company received notice that the foreclosure sales conducted by** Fannie Mae **had successfully transitioned the remaining two properties to new owners which relieved the Company of the existing Fannie Mae debt. Accordingly, the Company recognized a total of $ 36. 3 million for the gain on debt extinguishments for the year ended December 31, 2023. Protective Life Insurance Company Non- recourse Mortgages At December 31, 2023, the Company had loan agreements with Protective Life Insurance Company (“ Protective Life ”), secured by seven of the Company' s properties, which allowed the Company to defer principal and interest payments on some of the properties. During 2023, the Company elected not to make principal and interest payments related to certain non- recourse mortgage loan agreements with Protective Life covering four of the Company' s properties. During August 2023, the Company paid all past due amounts on one of the properties to bring the mortgage current. As of December 31, 2023, the Company remained in default on three of the Company' s properties with Protective Life with an aggregate principal amount of $ 55. 8 million. On February 2, 2024, the Company** completed the transfer **purchase** of ownership of the two remaining properties **total outstanding principal balance of $ 74. 4 million from Protective Life that was secured by seven of the Company’ s senior living communities for a purchase price of $ 40. 2 million (such transaction, the “ Protective Life Loan Purchase ”). Additional financing of $ 24. 8 million for the debt purchase was provided by Ally Bank through an expansion of the Company’ s existing Ally Bank term loan** . See " **“** Note 16 – Subsequent Events " **”** in the Notes to Consolidated Financial Statements . Protective Life Amendments to Loan Agreements and Loan Modification and Temporary Deferral Agreements On May 21, 2020, the Company entered into amendments to its loan agreements with one of its lenders, Protective Life Insurance Company (“ Protective Life ”), related to loans (the" Protective Life Loans") covering ten of the Company' s properties. These amendments allowed the Company to defer principal and interest payments for April, May, and June 2020 and to defer principal payments for July 2020 through March 2021. The Company made all required debt service payments in July, August, and September 2020. On October 1, 2020, the Company entered into further amendments to its loan agreements with Protective Life. These amendments allowed the Company to defer interest payments for October, November, and December 2020, and to extend the deferral period of principal payments through September 1, 2021, with such deferral amounts being added to principal due at maturity in either 2025, 2026, or 2031, depending upon the loan. As of December 31, 2022, the Company had deferred payments of $ 7. 2 million related to the Protective Life Loans, of which $ 2. 6 million was included in accrued expenses in the Company’ s Consolidated Balance Sheets. The remaining $ 4. 6 million is included in notes payable, net of deferred loan costs and current portion on the Company’ s Consolidated Balance Sheets . Other Debt Related Transactions **The** On May 20, 2020, the Company entered into an agreement with **had deferred notes payable related to rent payments due to** Healthpeak **Properties, Inc.** (the “ Healthpeak Forbearance ”) **for** , effective from April 1, 2020, to defer a percentage of rent payments that would otherwise have been payable during the **years ended** remainder of the lease term ending on October 31, 2020. As of December 31, **2023 and** 2022 **. As of December 31, 2023** , the Company had deferred $ 1. 6 million **due** in rent payments pursuant to the Healthpeak Forbearance , which is included in notes payable **. During November 2023** , **the Company modified its payment terms on**

the Healthpeak note payable to include four quarterly installments beginning in January 2024. 2024 Private Placement Transaction On February 1, 2024, we entered into a securities purchase agreement with certain of our largest shareholders, including the Conversant Investors, pursuant to which the Investors agreed to purchase from us, and we agreed to sell to the Investors, in a private placement transaction (the " 2024 Private Placement ") an aggregate of 5, 026, 318 shares (the " Shares ") of our common stock at a price of $ 9. 50 per share. The 2024 Private Placement occurred in two tranches. The first tranche occurred on February 1, 2024, in which 3, 350, 878 Shares were issued and sold to the Investors for a total of approximately $ 31. 8 million. The second tranche occurred on March 22, 2024, in which 1, 675, 440 Shares were issued and sold to the Investors for a total of approximately $ 15. 9 million. In addition to its aggregate deposits of $ 1. 5 million made in December 2023 and January 2024, we funded the remaining cash portion of the purchase price (including one- time closing costs) for the Protective Life Loan Purchase (as defined above) with approximately $ 15. 4 million of net **proceeds from the sale** of ~~deferred loan costs and current~~ **the Shares at the first closing of the 2024 Private Placement. We obtained additional debt proceeds through our existing finance facility with Ally Bank for the remaining** portion ~~on~~ **of the purchase price for the Protective Life Loan Purchase. We expect to use the remaining proceeds from the sale of the Shares at the first tranche and the proceeds from the sale of the Shares at the second tranche for capital expenditure projects at our senior living communities, working capital, potential acquisition opportunities and** ~~the~~ **other general corporate purposes** ~~Company' s Consolidated Balance Sheets. The interest accrued on the deferred rent payments was $ 0. 1 million as of December 31, 2022 and was included in accrued expenses in the Company' s Consolidated Balance Sheets~~ . Critical Accounting Policies The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the accompanying financial statements and related notes. Management bases its estimates and assumptions on historical experience, observance of industry trends and various other sources of information and factors, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates. Critical accounting policies are defined as those that are reflective of significant judgments and uncertainties, and potentially could result in materially different results under different assumptions and conditions. The Company believes the following are our most critical accounting policies and / or typically require management' s most difficult, subjective, and complex judgments. Self- Insurance Liability Accruals The Company offers full- time employees an option to participate in its health and dental plans. The Company is self- insured up to certain limits and is insured if claims in excess of these limits are incurred. The cost of employee health and dental benefits, net of employee contributions, is shared between the Company' s corporate office and its senior housing communities based on the respective number of plan participants. Funds collected are used to pay the actual program costs including estimated annual claims, third- party administrative fees, network provider fees, communication costs, and other related administrative costs incurred by the plans. Claims are paid as they are submitted to the Company' s third- party administrator. The Company records a liability for outstanding claims, as well as claims that have been incurred but not yet reported. This liability is based on the historical claim reporting lag and payment trends of health insurance claims. Management believes that the liability for outstanding losses and expenses is adequate to cover the ultimate cost of losses and expenses incurred as of December 31, ~~2022~~ **2023** ; however, actual claims and expenses may differ. Any subsequent changes in estimates are recorded in the period in which they are determined. The Company uses a combination of insurance and self- insurance for workers' compensation. Determining the reserve for workers' compensation losses and costs that the Company has incurred as of the end of a reporting period involves significant judgments based on projected future events, including potential settlements for pending claims, known incidents that result in claims, estimates of incurred but not yet reported claims, changes in insurance premiums, estimated litigation costs and other factors. The Company regularly adjusts these estimates to reflect changes in the foregoing factors. However, since this reserve is based on estimates, the actual expenses incurred may differ from the amounts reserved. Any subsequent changes in estimates are recorded in the period in which they are determined. Long- Lived Assets and Impairment Property and equipment are stated at cost and depreciated on a straight- line basis over the estimated useful lives of the assets. At each balance sheet date, the Company reviews the carrying value of its property and equipment to determine if facts and circumstances ~~indicate~~ **suggest that** ~~the~~ **they** ~~carrying amount of an asset group~~ may ~~not~~ be **impaired** ~~recoverable,~~ or that the depreciation period may need to be changed. The Company considers internal factors such as net operating losses along with external factors relating to each asset, including contract changes, local market developments **,** and other publicly available information to determine whether impairment indicators exist. If an indicator of impairment is identified, recoverability of an asset group is assessed by comparing its carrying amount to the estimated future undiscounted net cash flows expected to be generated by the asset group through operation or disposition, calculated utilizing the lowest level of identifiable cash flows. ~~Projecting future cash flows involves predicting unknown future circumstances and events and requires significant management judgments and estimates, which include historic operating results, approved budgets, future demographic factors, expected growth rates, estimated asset holding periods, and other factors.~~ If this comparison indicates that the carrying amount of an asset group is not recoverable, we estimate fair value of the asset group and record an impairment loss when the carrying amount exceeds fair value. ~~During 2022 and 2021, the Company evaluated the carrying value of its long- lived depreciable assets and operating lease right- of- use assets and determined that the carrying amount of these assets exceeded the undiscounted cash flows for certain of its communities. Estimated fair values were determined for these properties and impairment charges were recorded for all communities for which carrying values exceeded fair values.~~ The ~~following is a summary of asset impairment expense for these assets. Years Ended December 31, (in millions) 20222021Property and equipment, net $ 1. 6 $ 6. 5 Total $ 1. 6 $ 6. 5 During the fourth quarter of 2022, the~~ Company ~~recorded~~ **recognized** a non- cash impairment charge of $ ~~1.~~ 6 **. 0** million to its ~~"~~ **"** Property and equipment, net ~~"~~ **" during the year ended December 31, 2023** , which related to one owned community. ~~The~~ **In addition, the Company recognized a non- cash** impairment charge ~~resulted from: a) the management' s~~

commitment to a plan to sell the community shortly after the balance sheet date, but before the issuance of $ 1 this Annual Report on Form 10- K; and b) the agreed- upon selling price being below the community' s carrying amount . 6 million to its " In complying with the requirements under ASC 360, Property , Plant, and Equipment, management evaluated the significance of the asset in relation to the overall asset group, as well as the facts and circumstances surrounding the sale of this particular asset, and determined that no additional testing of the asset group under the held- and- used impairment approach was necessary at the balance sheet date. During the fourth quarter of 2021, the Company recorded non- cash impairment charges of $ 6. 5 million to property and equipment, net for " during the year ended December 31, 2022, which related to one owned community. Due In evaluating our long- lived assets for impairment, we undergo continuous evaluations of property level performance and real estate trends, and management makes several estimates and assumptions, including, but not limited to recurring net operating , the projected date of disposition, estimated sales price, and future cash flows of each property during our estimated holding period. If our analysis or assumptions regarding the projected cash flows expected to result from the use and eventual disposition of our properties change, we incur additional costs and expenses during the holding period, or our expected hold periods change, we may incur future impairment losses , . See " Note 4 – Impairment of Long- Lived Assets. " Upon the Company concluded the acquisition of new communities accounted for as an acquisition of assets , we recognize the assets acquired and the liabilities assumed as of the acquisition date, measured at their related - relative fair to this community had indicators of impairment and the carrying value values was not recoverable. The once we have determined the fair value of each the property and equipment, net of this community was determined using an income capitalization approach considering stabilized facility operating income and market capitalization rates of 8. 25 %. This impairment charge is primarily due to the COVID- 19 pandemic and lower than expected operating performance at the community and reflects the amount by which the carrying amount of these assets exceeded and liabilities. The acquisition date is their -- the fair value date on which we obtain control of the real estate property . The assets acquired and liabilities assumed consist of land, inclusive of associated rights, buildings, assumed debt, and identified intangible assets and liabilities. See " Note 5 – Property and Equipment, net. " New Accounting Pronouncements See " Note 3 – Summary of Significant Accounting Policies " in the Notes to Consolidated Financial Statements for a discussion of new accounting pronouncements. The following table includes our Consolidated Statements of Operations and Comprehensive Income (Loss) data in thousands of dollars and expressed as a percentage of total revenues for the years ended December 31, 2023 and 2022 and 2021 . Years Ended December 31, 20222021 20232022 (in thousands) $ % $ % Revenues: Resident revenue $ 232, 032 90. 9 $ 208, 703 87. 5 $ 190, 213 81. 0 Management fees2, 191 0. 9 2, 359 1. 0 3, 603 1. 5 Managed community reimbursement revenue27 revenue21 , 099 8. 3 27 , 371 11. 5 40, 902 17. 4 Total revenues $ 238 255 , 433 322 100. 0 % $ 234 238 , 718 433 100. 0 % Expenses: Operating expenses171 - expense177 , 323 69. 5 171 , 635 72. 0 157, 269 67. 0 General and administrative expenses30 - expense32 , 198 12. 6 30 , 286 12. 7 32, 328 13. 8 Depreciation and amortization expense38 expense39 , 888 15. 6 38 , 448 16. 1 37, 870 16. 1 Long- lived asset impairment1 impairment5 , 965 2. 3 1 , 588 0. 7 6, 502 2. 8 Managed community reimbursement expense27 expense21 , 099 8. 3 27 , 371 11. 5 40, 902 17. 4 Total expenses269 - expenses276 , 473 * 269 , 328 * 113. 0 % 274, 871 117. 1 % Other income (expense): Interest income235 income608 0. 2 235 0. 1 6 — Interest expense (36, 118) (14. 1) (33, 025) (13. 9) (37, 234) (15. 9) (Loss) gain Gain (loss) on extinguishment of debt, net36, 339 14. 2 (641) (0. 3) Other income (expense), net (641 532) (0. 3 2) 199 10 , 901 85 011 4 . 2 Loss on settlement of backstop — — (4, 600) (2. 0) Other income10, 011 4. 2 8, 270 3. 5 Income (loss) before benefit (provision) for income taxes (20, 854) (8. 2) (54, 315) (22. 8) 126, 190 53. 8 Provision for income taxes (253) (0. 1) (86) — (583) (0. 2) Net (loss) income and comprehensive (loss) income $ (54 21 , 401 107) 53 (8 . 6 3) % $ 125 (54 , 607 53 401) (22 . 5 8) % * Represents positive or negative change in excess of 100 % Year Ended December 31, 2022 2023 Compared to the Year Ended December 31, 2021 2022 Revenues Resident revenue for the year ended December 31, 2022 2023 was $ 208 232 . 7 0 million as compared to $ 190 208 . 2 7 million for the year ended December 31, 2021 2022 , an increase of $ 18 23 . 5 3 million, or 9 11 . 7 2 %. The increase in revenue was primarily due to increased occupancy , and increased average rent rates , and the acquisition of two new communities in early 2022. Management fee revenue for the year ended December 31, 2022 decreased by $ 1. 2 million as compared to the year ended December 31, 2021, primarily as a result of managing fewer communities in 2022 . Managed community reimbursement revenue for the year ended December 31, 2022 2023 was $ 27 21 . 4 1 million as compared to $ 40 27 . 9 4 million for the year ended December 31, 2021 2022 , representing a decrease of $ 13 6 . 5 3 million, or 33 22 . 1 9 %. The decrease was primarily a result of managing fewer transitioning sixteen Fannie Mae communities to other operators during in 2023. Expenses Operating expenses for the year ended December 31, 2021 2023 . Expenses Total expenses were $ 269 177 . 3 million as during fiscal year 2022 compared to $ 171 274. 9 million during fiscal year 2021, representing a decrease of $ 5. 6 million . This decrease was primarily the result of a decrease in long- lived asset impairment of $ 4. 9 million, a decrease of $ 2. 0 million in general and administrative expenses, and a decrease of $ 13. 5 million in managed community reimbursement expense in 2022 as compared to 2021. These decreases were partially offset by $ 14. 4 million increase in operating expenses. Operating expenses for the year ended December 31, 2022 , an increase of $ 5. 7 million. In our consolidated community portfolio, the labor component of our operating expense increased approximately $ 7. 2 million during 2023 compared to 2022. Other increases in operating expenses were $ 171 1 . 6 0 million as compared to in information technology related expenses, partially offset by decreases in real estate taxes of $ 157 1 . 3 2 million , $ 0. 9 million of savings in programming expenses, and $ 0. 4 million of other expenses. General and administrative expenses for the year ended December 31, 2021 2023 , an increase of $ 14. 4 million or 9. 1 %. The increase is primarily due to increases of $ 9. 9 million in labor and employee- related expenses including premium labor and contract labor, $ 1. 3 million in utilities, $ 1. 2 million in food costs, $ 0. 6 million in supplies, and $ 0. 6 million in promotion and marketing expenses. General and administrative expenses for the year ended December 31, 2022 were $ 30 32 . 3 2 million as compared to $ 32 30 . 3 million for year ended December 31, 2021 2022 , a an decrease increase of $ 2 1. 9 million, or 6. 3 %. The increase is due to $ 4 . 0 million , year-

over- year change in transaction costs related to or our 2023 loan modifications 6. 3 %. The decrease is primarily due to a $ 2. 3 million decrease in bonuses and other transaction related expenses, partially offset by a $ 1. 3 6 million decrease in employee insurance and workers' compensation, partially offset by $ 1. 5 million increase in non- cash stock- based compensation expense as a result of prior year forfeiture credits . Non- cash stock- based compensation expense included in connection with executive personnel changes and $ 1. 0 million decrease in insurance costs in connection with the Company' s transition to a new broker. The remaining variance of $ 0. 5 million represents the inflationary impact from the remaining recurring general and administrative expenses was $ 4. 3 million and $ 2. 8 million for the years ended December 31, 2022 and 2021, respectively. The $ 0. 6 million increase in depreciation and amortization expense is primarily due to the acquisition of the two Indiana communities during the first quarter of 2022 . During the year ended December 31, 2022 2023 , the Company recorded a non- cash impairment charge of $ 1. 6 . 0 million related to the management' s commitment to a plan to sell the community shortly after the balance sheet date, and the agreed- upon selling price being below the community' s carrying amount, compared to $ 6. 5 million of non- cash impairment charges recorded during the year ended December 31, 2021, in relation to one owned community with decreased cash flow estimates as a result of recurring net operating losses. During the year ended December 31, 2022, the Company recorded a non- cash impairment charge of $ 1. 6 million due to the management' s commitment to sell the community at a selling price below the community' s carrying amount. Managed community reimbursement expense for the year ended December 31, 2022 2023 was $ 27 21 . 4 1 million as compared to $ 40 27 . 9 4 million for the year ended December 31, 2021 2022 , a decrease of $ 13 6 . 5 3 million, or 33 22 . 1 9 %. The decrease was primarily a result of managing fewer transitioning sixteen Fannie Mae communities in to other operators during the year ended December 31, 2021 2023 . Other income and expense . Interest income generally reflects interest earned on the investment of cash balances and escrow funds or interest associated with certain income tax refunds or property tax settlements. Interest income increased by $ 0. 2 4 million compared to the prior year primarily due to more active cash management and increased investment in money market accounts. Interest expense for the year ended December 31, 2022 2023 was $ 33 36 . 0 1 million as compared to $ 37 33 . 2 0 million for the year ended December 31, 2021 2022 , a an decrease increase of $ 3. 1 million, or 9. 4 . 2 million, or 11. 3 %, due to lower overall borrowings in 2022, partially offset by increased interest rates associated with the Company' s variable rate mortgages . Loss and the additional interest expense on extinguishment of debt for the two Indiana communities financed during December 2022. The year ended December 31, 2023 interest expense includes $ 4. 3 million of accrued expense related to the deferred portion of interest on our Fannie Mae loans and $ 2. 4 million of interest accrued for our Protective Life loans currently in default. Gain on extinguishment of debt for the year ended December 31, 2023 was $ 36. 3 million related to the derecognition of notes payable and liabilities as a result of the transition of legal ownership of two communities to Fannie Mae, the holder of the related non- recourse debt. Loss on extinguishment of debt for the year ended December 31, 2022 was $ 0. 6 million related as compared to the 2022 a gain on extinguishment of debt refinancing of $ 199 . 9 million Other income (expense), net for the year ended December 31, 2021 2022 was , a decrease of $ 200 10 . 5 0 million, which included $ 9. 1 million or for 100 Provider Relief Funds . As 3 %. The 2022 loss was incurred in conjunction with the refinancing of debt during the first quarter of 2022. The 2021 gain is related to the derecognition of notes payable and liabilities as a result of transition of legal ownership of sixteen communities to Fannie Mae, the holder of the non- recourse debt related to such properties. Other -- the income foregoing factors, the Company reported net loss of $ 21. 1 million for the year ended December 31, 2022 2023 was , compared to $ 10 54 . 4 0 million as compared to other income of $ 8. 3 million for the year ended December 31, 2021. Both such periods include cash received for CARES Act funding for healthcare- related expenses or lost revenues attributable to COVID- 19 of $ 9. 1 million and $ 8. 7 million, respectively. Provision for income taxes. Provision for income taxes for the year ended December 31, 2022 was $ 0. 1 million, or 0. 16 % of net income before income taxes, compared to a provision for income taxes of $ 0. 6 million, or 0. 46 % of loss before income taxes, for the year ended December 31, 2021. The effective tax rates for the years ended December 31, 2022 and 2021 differ from the statutory tax rates due to state income taxes, permanent tax differences and changes in the deferred tax asset valuation allowance. The Company is impacted by the Texas Margin Tax, which effectively imposes tax on modified gross revenues for communities within the State of Texas. The Company consolidated 16 Texas communities at each of December 31, 2022 and 2021, which contributes to the overall provision for income taxes. Management regularly evaluates the future realization of deferred tax assets and provides a valuation allowance, if considered necessary, based on such evaluation. As part of the evaluation, management has evaluated taxable income in carryback years, future reversals of taxable temporary differences, feasible tax planning strategies and future expectations of income. At year end, the Company had a three- year cumulative operating loss for its U. S. operations and accordingly, has provided a full valuation allowance on its net deferred tax assets. The valuation allowance reduces the Company' s net deferred tax assets to the amount that is " more likely than not " (i. e., a greater than 50 % likelihood) to be realized. Net income (loss) and comprehensive income (loss). As a result of the foregoing factors, the Company reported net loss and comprehensive loss of $ 54. 4 million for the year ended December 31, 2022, compared to net income and comprehensive income of $ 125. 6 million for the year ended December 31, 2021 . Liquidity and Capital Resources In addition to approximately $ 16 4 . 9 1 million of unrestricted cash balances on hand as of December 31, 2022 2023 , our future liquidity will depend in part upon our operating performance, which will be affected by prevailing economic conditions, and financial, business and the other Company' s factors, some of which are beyond our control. principal Principal sources of liquidity are expected to be cash flows from operations, proceeds COVID- 19 or related relief grants from equity financings various state agencies , proceeds from debt refinancings , and / or loan modifications, and proceeds from the sale of owned assets. During November 2021 2023 , the Company we entered into loan modifications with Fannie Mae, an amendment with Ally Bank, including a raised revised net proceeds of $ 141 Limited Payment Guaranty, and an Equity Commitment with Conversant . During 4 million from the first quarter of 2024, we completed the private Private placement Placement of Series A Preferred Stock

Transaction pursuant to which we issued and sold ~~and~~ - **an aggregate of 5, 026, 318 Shares of our** common stock **with several shareholders** ~~to the Conversant Investors and the sale of common stock pursuant to the Rights Offering, and the A & R Investment Agreement allows, subject to certain conditions,~~ for ~~an additional~~ **gross cash proceeds of approximately** $ ~~25~~ **47. 8** million **, which enabled us** ~~equity investment by the Conversant Investors~~ to **purchase all debt outstanding with Protective Life at a substantial discount, as well as** fund future **working capital and** growth initiatives ~~(as more fully described in the A & R Investment Agreement)~~ . **Additional** ~~In March and December 2022 the Company completed the refinancing~~ -- **financing** of ~~certain~~ **$ 24. 8 million for the debt purchase was provided by Ally Bank through an expansion of the Company' s** existing ~~mortgage debt~~ **Ally Bank term loan. These transactions are expected to provide additional financial flexibility to us and increase our liquidity position** . See ~~"~~ **"** Note ~~8~~ **7** – Notes Payable ~~"~~ **" and " Note 16 – Subsequent Events "** in the Notes to Consolidated Financial Statements. **In February 2024, in order to comply with the lender' s requirements, the Company expanded its SOFR- based interest rate cap for an aggregate notional amount of $ 24. 8 million at a cost of $ 0. 6 million.** The ~~Company~~ **interest rate cap agreement** has ~~implemented plans~~ **a 12- month term and caps the floating interest rate portion of our indebtedness with Ally Bank at 2. 25 %. As of December 31** , **2023, the entire balance of our outstanding variable- rate debt obligations were covered by our interest rate caps to better manage our exposure to market risks associated with the fluctuations in interest rates. During 2023, the Company' s liquidity conditions, including operating losses and net working capital deficits, raised substantial doubt about the Company' s ability to continue as a going concern. As a result of increases in occupancy occurring throughout 2023 and into the first quarter of 2024, rental rate increases in March 2024 and in connection with the 2024 private placement transaction and Protective Life loan purchase, the Company has substantially improved its liquidity position. See details throughout of the transactions** which **have increased** ~~include strategic and~~ cash **on hand significantly. Based on** ~~- preservation initiatives, designed to provide the~~ **these events, the** Company ~~with~~ **concluded it has** adequate ~~liquidity~~ **cash** to meet its obligations **as they become due** for ~~at least~~ the 12- month period following the date ~~its fiscal year~~ **the December 31,** ~~2022~~ **2023** financial statements are issued. ~~While the Company' s plans are designed to provide it with adequate liquidity to meet its obligations for at least the 12- month period following the date its financial statements are issued, the remediation plan is dependent on conditions and matters that may be outside of the Company' s control, and no assurance can be given that certain options will be available on terms acceptable to the Company, or at all. If the Company is unable to successfully execute all of the planned initiatives or if the plan does not fully mitigate the Company' s liquidity challenges, the Company' s operating plans and resulting cash flows along with its cash and cash equivalents and other sources of liquidity may not be sufficient to fund operations for the 12- month period following the date the financial statements are issued. See " Note 2 – Going Concern Uncertainty" in the Notes to Consolidated Financial Statements.~~ The Company, from time to time, considers and evaluates financial and capital raising transactions related to its portfolio, including debt refinancings, purchases and sales of assets **, equity financings** and other transactions. There can be no assurance that the Company will continue to generate cash flows at or above current levels, or that the Company will be able to obtain the capital necessary to meet the Company' s short **-** and long- term capital requirements. Recent changes in the current economic environment, and other future changes, could result in decreases in the fair value of assets, slowing of transactions, and the tightening of liquidity and credit markets. These impacts could make securing debt or refinancings for the Company or buyers of the Company' s properties more difficult or on terms not acceptable to the Company. The Company' s actual liquidity and capital funding requirements depend on numerous factors, including its operating results, its capital expenditures for community investment, and general economic conditions, as well as other factors described in " Item 1A. Risk Factors. " In summary, the Company' s cash flows were as follows (in thousands): Years Ended December 31, ~~20222021Net~~ **20232022Net** cash **provided by (** used in **)** operating activities $ **10, 683 $** (2, 578 ~~) $ (28, 795~~) Net cash used in investing activities (**16, 562) (** 36, 904 ~~) (10, 443~~) Net cash ~~(~~ used in ~~) provided by~~ financing activities (**7, 113) (** 22, 652) ~~99, 415 (~~ Decrease ~~) increase~~ in cash and cash equivalents $ (**12, 992) $ (** 62, 134) ~~$ 60, 177~~ Operating activities **The net cash provided by operating activities for the year ended December 31, 2023 primarily results from increases in operating assets and liabilities of $ 13. 8 million** . The net cash used in operating activities for the year ended December 31, 2022 primarily results from net loss of $ 54. 4 million, partially offset by increases in operating assets and liabilities of $ 3. 2 million and net positive non- cash activity of $ 48. 6 million. **Investing activities** The net cash used in ~~operating~~ **investing** activities for the year ended December 31, ~~2021~~ **2023** ~~,~~ primarily results from ~~net income~~ **ongoing capital improvements and refurbishments at the Company' s senior housing communities** of $ ~~125~~ **17** . ~~6~~ **9** million, ~~partially~~ offset by ~~decreases in operating assets and liabilities of~~ $ ~~9~~ **1** . 4 million **from the proceeds from sale** ~~and net non- cash charges~~ of **assets** ~~$ 145. 0 million. Investing activities~~ . The net cash used in investing activities for the year ended December 31, 2022 primarily results from ongoing capital improvements and refurbishments at the Company' s senior housing communities of $ 24. 6 million and the acquisition of two communities in Indiana for ~~an aggregate purchase price of~~ $ 12. 3 million. **Financing activities** The net cash used in ~~investing~~ **financing** activities for the year ended December 31, ~~2021~~ **2023** primarily results from ~~ongoing capital improvements~~ **repayments of notes payable of $ 13. 8 million, deferred financing costs paid of $ 0. 8 million,** and ~~refurbishments at the Company' s senior housing communities~~ **purchase of derivative assets of $ 2. 4 million, partially offset by proceeds** of $ 10. ~~4~~ **0** million ~~. Financing activities~~ **from equity draws under the Equity Commitment** . The net cash used in financing activities for the year ended December 31, 2022 primarily results from ~~repayments~~ **the refinancing** of **certain** ~~notes payable~~ of **our mortgage debt** ~~$ 102. 4 million~~ , ~~deferred loan costs of $ 2. 4 million, purchase of derivative assets of $ 2. 7 million, and~~ preferred stock dividends of $ 3. 0 million, ~~partially offset by~~ **and purchase of derivative assets of** $ ~~88~~ **2** . ~~1~~ **7** million **.** ~~of proceeds from the refinancing of certain of our mortgage debt,~~ See ~~"~~ **" Note 7 – Notes Payable " and "** Note 8 – ~~Notes Payable"~~ **Securities Financing "** in the Notes to Consolidated Financial Statements ~~. The net cash provided by financing activities for the year ended December 31, 2021 primarily results from $ 141. 4 million in net proceeds from the transactions contemplated by the A & R Investment Agreement and Rights Offering, and $ 23. 1 million of proceeds from debt which includes the $ 16. 0 million proceeds from the Promissory~~

~~Note (See" Note 5 – Significant Transactions" in the Notes to Consolidated Financial Statements), partially offset by repayments of notes payable of $ 65. 0 million, which includes paying off the amounts owed to Fifth Third Bank and the Promissory Note~~ . Debt Covenants Certain of our debt agreements contain restrictions and financial covenants, such as those requiring us to maintain prescribed minimum debt service coverage ratios, in each case on a multi- community basis. The debt service coverage ratios are generally calculated as revenues less operating expenses, including an implied management fee, divided by the debt (principal and interest). Furthermore, our debt is secured by our communities and if an event of default has occurred under any of our debt, subject to cure provisions in certain instances. The respective lender would have the right to declare all of the related outstanding amounts of indebtedness immediately due and payable, to foreclose on our mortgaged communities and / or pursue other remedies available to such lender. We cannot provide assurance that we would be able to pay the debts if they became due upon acceleration following an event of default. Except for the non- compliance with ~~Fannie Mae mortgages for the two properties in the process of transitioning back to Fannie Mae, and~~ certain mortgage loan agreements with Protective Life ~~(~~ **, the Company was in compliance with all other aspects of its outstanding indebtedness as of December 31, 2023.** See ~~"~~ **"** Note 16 – Subsequent Events ~~"~~ **"** in the Notes to Consolidated Financial Statements ~~), the Company was in compliance with all aspects of its outstanding indebtedness as of December 31, 2022~~ . Impact of Inflation The continuation of the current inflationary environment could affect the Company' s future revenues and results of operations because of, among other things, the Company' s dependence on senior residents, many of whom rely primarily on fixed incomes to pay for the Company' s services. As a result, during inflationary periods, the Company may not be able to increase resident service fees to account fully for increased operating expenses. In structuring its fees, the Company attempts to anticipate inflation levels, but there can be no assurances that the Company will be able to anticipate fully or otherwise respond to any future inflationary pressures. Our non- labor operating expenses have historically comprised of approximately one- third of our total operating expenses and are subject to inflationary pressures. The United States consumer price index increased **3. 4 % during 2023, as compared to an increase of** 6. 5 % ~~during~~ **in** 2022, with food and energy prices increasing ~~above 10 %~~ **approximately 70 basis points** . We mitigated a portion of the increase in food costs with the scale benefit of a higher number of residents, along with appropriate product substitution. ~~Despite~~ **As a result of** our mitigation efforts ~~and with higher occupancy~~ , for ~~2022~~ **2023** our non- labor operating expense in our ~~same- store~~ community portfolio ~~increased~~ **decreased** approximately $ ~~4.~~ 0 **. 8** million ~~, or 6. 8 %~~ , compared to the prior year. For ~~2023~~ **2024** , we expect to continue to experience inflationary pressures. Historically, labor costs have comprised of approximately two- thirds of our total operating expenses. We began to experience pressures associated with the intensely competitive labor environment during ~~2021~~ **2022** , which continued throughout ~~2022~~ **2023** . The United States' unemployment rate remained at or below 4. 0 % each month during **2023 and** 2022, and many of states experienced record low unemployment rates. Labor pressures have resulted in higher- than- typical associate turnover and wage growth, and we have experienced difficulty in filling open positions timely. To cover existing open positions, during ~~2021~~ **2022** and continuing into ~~2022~~ **2023** , we needed to rely on more expensive premium labor, primarily contract labor and overtime. In our ~~same- store~~ community portfolio, the labor component of our operating expense increased approximately $ **7. 2 million, or 6.** 9 ~~. 5 million, or 10. 2~~ % during **2023 compared to** 2022 ~~compared to 2021~~ . The increase primarily resulted from merit and market wage rate adjustments, more hours worked with higher occupancy during ~~2022~~ **2023** , and an increase in the use of premium labor, primarily contract labor and overtime. For ~~2023~~ **2024** , we expect to continue to experience labor cost pressures as a result of the continuing labor conditions previously described and an anticipated increase in hours worked as our occupancy levels grow. Continued increased competition for, or a shortage of, nurses and other employees and general inflationary pressures have required and may require that we enhance our pay and benefits package to compete effectively for such employees. ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK. ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA. The consolidated financial statements of the Company are included in Item 15 of this Annual Report on Form 10- K. ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE. The Company had no disagreements on accounting or financial disclosure matters with its independent accountants to report under this Item 9. ITEM 9A. CONTROLS AND PROCEDURES. Evaluation of Disclosure Controls and Procedures The Company' s management, with the participation of the Company' s Chief Executive Officer and Principal Financial Officer, has evaluated the effectiveness of the Company' s disclosure controls and procedures (as such term is defined in Rules 13a- 15 (e) and 15d- 15 (e) under the Securities Exchange Act of 1934, as amended (the " Exchange Act ")) as of the end of the period covered by this report. The Company' s disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC' s rules and forms. Disclosure controls and procedures are also designed to ensure that such information is accumulated and communicated to the Company' s management, including the Chief Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Based upon the controls evaluation and the material weakness described below, the Company' s Chief Executive Officer and Principal Financial Officer have concluded that, as of the end of the period covered by this report, the Company' s disclosure controls and procedures are ineffective. There have not been any changes in the Company' s internal control over financial reporting (as such term is defined in Rules 13a- 15 (f) and 15d- 15 (f) under the Exchange Act) during the Company' s fiscal quarter ended December 31, ~~2022~~ **2023** that have materially affected, or are reasonably likely to materially affect, the Company' s internal control over financial reporting. Management' s Report on Internal Control Over Financial Reporting Management of the Company, including the Chief Executive Officer and the Principal Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a- 15 (f) under the Exchange Act. The Company' s internal controls were designed to provide reasonable assurance to the Company' s management and board of directors regarding the preparation and fair presentation of published financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect

misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Management assessed the effectiveness of the Company' s internal control over financial reporting as of December 31, ~~2022~~ **2023** . In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (" COSO ") in Internal Control – Integrated Framework (2013 framework). Based on our assessment and the material weakness described below, we believe that, as of December 31, ~~2022~~ **2023** , the Company' s internal control over financial reporting is ineffective based on those criteria. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company' s annual or interim financial statements will not be prevented or detected on a timely basis. Our financial statement close process controls ~~,~~ which relate to all financial statement accounts, did not **consistently** operate effectively **or lacked appropriate evidence,** to ensure account reconciliations **, transactions** and journal entries were performed or reviewed at the appropriate level of precision and on a timely basis **. As part of this deficiency, we identified deficiencies associated with our revenue transaction cycle** . These control deficiencies could result in a material misstatement of our accounts or disclosures that would not be prevented or detected on a timely basis, and accordingly, we determined that these control deficiencies **in aggregate** constitute a material weakness. Remediation Plan As disclosed in previous filings ~~for the years ended December 31, 2020 and 2021, and for the quarters ended March 31, 2022, June 30, 2022 and September 30, 2022~~ , we previously identified a material weakness in our internal control over financial reporting. Due to challenges in maintaining necessary accounting staffing levels, this material weakness has not been remediated as of December 31, ~~2022~~ **2023** , as disclosed above, and our expected timeline for completing the remediation of this material weakness has extended beyond our original estimates. We have developed a plan for remediation of the material weakness, including developing and maintaining appropriate management review and process level controls. Control weaknesses are not considered remediated until new internal controls have been operational for a period of time, are tested and management concludes that these controls are operating effectively. We will continue to monitor the effectiveness of our remediation measures in connection with our future assessments of the effectiveness of internal control over financial reporting and disclosure controls and procedures. We will make any changes to the design of our plan and take such other actions that we deem appropriate given the circumstances. We expect to complete the remediation process by the end of the fourth quarter of ~~2023~~ **2024** . The establishment of effective internal controls over financial reporting and disclosure controls and procedures is the responsibility of the Company. As a non- accelerated filer, the Company is not required to obtain an attestation on internal controls over financial reporting. ITEM 9B. OTHER INFORMATION. ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS. PART III ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE. * ITEM 11. EXECUTIVE COMPENSATION. * ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS. * ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE. * ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES. * * Information required by Items 10, 11, 12, 13 and 14 will be set forth in our proxy statement, which will be filed with the SEC within 120 days after December 31, ~~2022~~ **2023** . PART IV ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES. The following documents are filed as part of this Annual Report on Form 10- K: (5) Financial Statements: The response to this portion of Item 15 is submitted as a separate section of this Annual Report on Form 10- K. See " Index to Financial Statements " at page F- 1. (2) Financial Statement Schedules: All schedules have been omitted as the required information is inapplicable or the information is presented in the financial statements or related notes. (3) Exhibits: The following documents are filed as a part of this Annual Report on Form 10- K. Those exhibits previously filed and incorporated herein by reference are identified below. Exhibits not required for this Annual Report on Form 10- K have been omitted. ExhibitNumberDescription3. 1Amended and Restated Certificate of Incorporation of the Registrant (Incorporated by reference to Exhibit 3. 1 to the Registration Statement No. 333- 33379 on Form S- 1 / A filed by the Company with the Securities and Exchange Commission on September 8, 1997.) 3. 1. 1Amendment to Amended and Restated Certificate of Incorporation of the Registrant (Incorporated by reference to Exhibit 3. 1 to the Company' s Quarterly Report on Form 10- Q for the quarterly period ended September 30, 1999, filed by the Company with the Securities and Exchange Commission.) 3. 1. 2Second Amendment to Amended and Restated Certificate of Incorporation of the Registrant (Incorporated by reference to Exhibit 3. 1 to the Company' s Current Report on Form 8- K filed by the Company with the Securities and Exchange Commission on December 14, 2020.) 3. 1. 3Third Amendment to Amended and Restated Certificate of Incorporation of the Registrant (Incorporated by reference to Exhibit 3. 1 to the Company' s Current Report on Form 8- K filed by the Company with the Securities and Exchange Commission on November 4, 2021.) 3. 1. 4Fourth Amendment to Amended and Restated Certificate of Incorporation of the Registrant (Incorporated by reference to Exhibit 3. 1 to the Company' s Current Report on Form 8- K filed by the Company with the Securities and Exchange Commission on November 10, 2021.) 3. ~~2Second~~ **1. 5Fifth Certificate of Amendment to the** Amended and Restated ~~Bylaws~~ **Certificate** of ~~the Registrant~~ **Incorporation, as amended, of Sonida Senior Living, Inc.** (Incorporated by reference to Exhibit 3. 1 to the Company' s Current Report on Form 8- K filed by the Company with the Securities and Exchange Commission on ~~March 8~~ **June 16** , ~~2013~~ **2023** .) 3. ~~2~~ **1** . **5Sixth Certificate of** ~~1Amendment~~ - **Amendment** to the **Amended and Restated Certificate of Incorporation, as amended, of Sonida Senior Living, Inc. 3.** ~~Second~~ **2Second** Amended and Restated Bylaws of the Registrant (Incorporated by reference to Exhibit 3. ~~2~~ **1** to the Company' s Current Report on Form 8- K filed by the Company with the Securities and Exchange Commission on ~~November 10~~ **March 8** , ~~2021~~ - **2013** .) 3. **2** ~~3Certificate of Designation, Rights and Privileges of Series A Convertible Preferred Stock, par value $ 0~~ . **1Amendment to** ~~01, of~~ the ~~Company~~ **Second Amended and Restated Bylaws of the Registrant** (Incorporated by reference to Exhibit 3. 2 to the Company' s Current Report on Form 8- K filed by the Company with the Securities and Exchange Commission on November **10, 2021.) 3. 3Certificate of Designation, Rights and Privileges of Series A Convertible Preferred Stock, par value $ 0. 01, of the Company (Incorporated by reference to Exhibit 3. 2 to the**

Company' s Current Report on Form 8- K filed by the Company with the Securities and Exchange Commission on November 4, 2021.) 4. 12007 Omnibus Stock and Incentive Plan for Capital Senior Living Corporation (Incorporated by reference to Exhibit 4. 6 to the Company' s Registration Statement on Form S- 8 filed by the Company with the Securities and Exchange Commission on May 31, 2007.) 4. 2First Amendment to 2007 Omnibus Stock and Incentive Plan for Capital Senior Living Corporation (Incorporated by reference to Exhibit 4. 7 to the Company' s Registration Statement on Form S- 8 filed by the Company with the Securities and Exchange Commission on May 31, 2007.) 4. 3Amended and Restated Second Amendment to the 2007 Omnibus Stock and Incentive Plan for Capital Senior Living Corporation, as amended (Incorporated by reference to Exhibit 10. 1 to the Company' s Current Report on Form 8- K filed by the Company with the Securities and Exchange Commission on May 22, 2015.) 4. 42019 Omnibus Stock and Incentive Plan for Capital Senior Living Corporation (Incorporated by reference to Exhibit 10. 1 to the Company' s Current Report on Form 8- K filed by the Company with the Securities and Exchange Commission on May 15, 2019) 4. 5Amendment No. 1 to the 2019 Omnibus Stock and Incentive Plan for Capital Senior Living Corporation (Incorporated by reference to Exhibit 10. 4 to the Company' s Current Report on Form 8- K filed by the Company with the Securities and Exchange Commission on November 4, 2021.) * 4. 6Description of the Company' s ~~securities10~~ **securities4** ~~Capital~~ **.7Amendment No.2 to Sonida** Senior Living ~~Corporation~~ **,Inc.2019 Omnibus Stock** and ~~Brandon M.Ribar~~ **Incentive Plan,as amended** .(Incorporated by reference to Exhibit 10. ~~2~~ **1** to the Company' s Current Report on Form 8- K filed by the Company with the Securities and Exchange Commission on ~~September 10~~ **January 28** , ~~2019~~ **2022** .) ~~10~~ **4** . **8Amendment No.3 to Sonida** ~~16Sign- On Restricted Stock Award Agreement,dated as of September 10,2019,by and between Capital~~ Senior Living ~~Corporation~~ **,Inc** . **2019 Omnibus Stock** and ~~Brandon M.Ribar~~ **Incentive Plan,as amended** .(Incorporated by reference to Exhibit 10. ~~3~~ **1** to the Company' s Current Report on Form 8- K filed by the Company with the Securities and Exchange Commission on ~~September 10~~ **June 16** , ~~2019~~ **2023** .) 10 ~~.17Forbearance Agreement~~ . 1Agreement of Limited Partnership of Triad Senior Living II, L. P., dated September 23, 1998 (Incorporated by reference to Exhibit 10. 57 to the Company' s Annual Report on Form 10- K for the year ended December 31, 1998, filed by the Company with the Securities and Exchange Commission.) 10. 2Agreement of Limited Partnership of Triad Senior Living III, L. P., dated November 10, 1998 (Incorporated by reference to Exhibit 10. 58 to the Company' s Annual Report on Form 10- K for the year ended December 31, 1998, filed by the Company with the Securities and Exchange Commission.) 10. 3Agreement of Limited Partnership of Triad Senior Living IV, L. P., dated December 22, 1998 (Incorporated by reference to Exhibit 10. 59 to the Company' s Annual Report on Form 10- K for the year ended December 31, 1998, filed by the Company with the Securities and Exchange Commission.) 10. 4Second Amended and Restated Agreement of Limited Partnership of Triad Senior Living I, L. P. (Incorporated by reference to Exhibit 10. 78 to the Company' s Annual Report on Form 10- K, dated March 30, 2000, filed by the Company with the Securities and Exchange Commission.) 10. 5Amendment No. 1 to Second Amended and Restated Agreement of Limited Partnership of Triad Senior Living I, LP. (Incorporated by reference to Exhibit 10. 105 to the Company' s Quarterly Report on Form 10- Q for the quarterly period ended September 30, 2002, filed by the Company with the Securities and Exchange Commission.) 10. 5. 1First Amendment to Triad II Partnership Agreement (Incorporated by reference to Exhibit 10. 4 to the Company' s Current Report on Form 8- K, dated August 15, 2000, filed by the Company with the Securities and Exchange Commission.) 10. 6Schedule identifying substantially identical agreements to Exhibit 10. 10 (Incorporated by reference to Exhibit 10. 2 to the Company' s Current Report on Form 8- K / A, dated June 30, 2005, filed by the Company with the Securities and Exchange Commission on July 11, 2005.) 10. 7Schedule identifying substantially identical agreements to Exhibit 10. 14 (Incorporated by reference to Exhibit 10. 3 to the Company' s Current Report on Form 8- K, dated May 31, 2006, filed by the Company with the Securities and Exchange Commission.) 10. 8Form of Outside Director' s Restricted Share Unit Award Under the 2007 Omnibus Stock and Incentive Plan for Capital Senior Living Corporation (Incorporated by reference to Exhibit 10. 1 to the Company' s Quarterly Report on Form 10- Q filed by the Company with the Securities and Exchange Commission on August 5, 2015.) 10. 9Employment Agreement **,** dated ~~January 7~~ **February 20** , 2019, by and between Capital Senior Living Corporation and ~~Kimberly S~~ **Michael C** . ~~Lody~~ **Fryar** (Incorporated by reference to Exhibit 10. 1 **to the Company' s Quarterly Report on Form 10- Q** for the quarterly period ended June 30,2019,filed by the Company with the Securities and Exchange Commission on August 9,2019.) 10. ~~14Amendment~~ **10Amendment** to Employment Agreement,by and between Sonida Senior Living,Inc.and Brandon Ribar (Incorporated by reference to Exhibit 10.1 to the Company' s Current Report on Form 8- K,filed by the Company with the Securities and Exchange Commission on August 5,2022.) 10. ~~15Sign~~ **11Sign** - On Performance Award Agreement,dated as of September 10,2019,by and between Capital Senior Living Corporation and Brandon M.Ribar.(Incorporated by reference to Exhibit 10.2 ~~to the Company' s Current Report on Form 8- K~~ to the Company' s Current Report on Form 8- K filed by the Company with the Securities and Exchange Commission on ~~January 8~~ **September 10** , 2019.) 10. ~~1Non~~ **12Sign** - ~~qualified~~ **On Restricted** Stock ~~Option~~ **Award** Agreement **,** dated ~~January 7~~ **as of September 10** , 2019, by and between Capital Senior Living Corporation ~~and Kimberly S~~ . ~~Lody~~ **and Brandon M. Ribar.** (Incorporated by reference to Exhibit 10. ~~2~~ **3** to the Company' s Current Report on Form 8- K filed by the Company with the Securities and Exchange Commission on ~~January 8~~ **September 10** , 2019.) 10. **13Forbearance** ~~11Performance Award~~ Agreement **,** dated ~~January 7~~ **as of March 15** , ~~2019~~ **2020** , by and ~~between~~ **among** Midwest Miracle Hills,LLC,Midwest Woodbridge,LLC,Midwest Ames,LLC,Midwest Prestwick,LLC,Midwest Village of Columbus,LLC,Midwest Windermere,LLC,Midwest 108th & Q,LLC,Midwest Van Dorn,LLC,HCRI Texas Properties,Ltd.,402 South Colonial Drive,LLC,311 E.Hawkins Parkway,LLC,2281 Country Club Drive,LLC,5902 North Street,LLC,750 North Collegiate Drive,LLC,1011 E.Pecan Grove Road,LLC,5550 Old Jacksonville Highway,LLC,1329 Brown Street,LLC,1818 Martin Drive,LLC,901 Florsheim Drive,LLC,504 North River Road,LLC,6949 Main Street,LLC,41 Springfield Avenue,LLC,Capital Midwest,LLC,Capital Texas S,LLC,Capital Spring Meadows,LLC and ~~Capital~~ Capital Senior Living **Properties, Inc** ~~Corporation and Kimberly S~~ . ~~Lody~~ (Incorporated by reference to Exhibit 10. **2** 3 to the Company' s Current...... by reference to Exhibit 10. 1 to the Company' s Quarterly Report on Form 10- Q for the quarterly period ended June 30...... Quarterly Report on

Form 10- Q filed with the Securities and Exchange Commission on June 19, 2020.) 10. ~~18Employment~~ **14Employment** Agreement, dated as of March 26, 2021, by and between Capital Senior Living Corporation and David R. Brickman (Incorporated by reference to Exhibit 10. 28 to the Company' s Annual Report on Form 10- K filed by the Company with the Securities and Exchange Commission on March 31, 2021.) 10. ~~19Investment~~ **15Investment** Agreement, dated as of July 22, 2021, by and between Capital Senior Living Corporation Conversant Dallas Parkway (A) LP and Conversant Dallas Parkway (B) LP (Incorporated by reference to Exhibit 10. 1 to the Company' s Current Report on Form 8- K filed by the Company with the Securities and Exchange Commission on July 22, 2021.) 10. ~~2Secured Promissory Note,~~ **16Form of Retention Agreement for Company** ~~Effective~~ **Executive Officers** ~~as of July 22, 2021~~ (Incorporated by reference to Exhibit 10. ~~2~~ **3** to the Company' s Quarterly Report on Form 10- Q filed by the Company with the Securities and Exchange Commission on August 13, 2021.) 10. ~~21Form of Retention Agreement for Company Executive Officers (Incorporated by reference to Exhibit 10. 3 to the Company' s Quarterly Report on Form 10- Q filed by the Company with the Securities and Exchange Commission on August 13, 2021.) 10. 22Amended~~ **17Amended** and Restated Investment Agreement, dated as of October 1, 2021, by and between Capital Senior Living Corporation Conversant Dallas Parkway (A) LP and Conversant Dallas Parkway (B) LP (Incorporated by reference to Exhibit 10. 1 to the Company' s Current Report on Form 8- K filed by the Company with the Securities and Exchange Commission on October 1, 2021.) 10. ~~23Rights Offering Backstop and Participation Agreement, dated as of October 1, 2021, by and between Capital Senior Living Corporation, Silk Partners LP and Arbiter Partners QP, LP (Incorporated by reference to Exhibit 10. 2 Current Report on Form 8- K filed by the Company with the Securities and Exchange Commission on October 1, 2021.) 10. 24Investor~~ **18Investor** Rights Agreement, dated as of November 3, 2021, by and among Capital Senior Living Corporation, Conversant Dallas Parkway (A) LP, Conversant Dallas Parkway (B) LP and Silk Partners LP (Incorporated by reference to Exhibit 10. 1 to the Company' s Current Report on Form 8- K filed by the Company with the Securities and Exchange Commission on November 4, 2021.) 10. ~~25Registration~~ **19Registration** Rights Agreement, dated as of November 3, 2021, by and among Capital Senior Living Corporation, Conversant Dallas Parkway (A) LP and Conversant Dallas Parkway (B) LP (Incorporated by reference to Exhibit 10. 2 to the Company' s Current Report on Form 8- K filed by the Company with the Securities and Exchange Commission on November 4, 2021.) 10. ~~26Warrant~~ **20Warrant** Agreement, dated as of November 3, 2021, by and among Capital Senior Living Corporation, Computershare Inc. and Computershare Trust Company, N. A. (Incorporated by reference to Exhibit 10. 3 to the Company' s Current Report on Form 8- K filed by the Company with the Securities and Exchange Commission on November 4, 2021.) 10. ~~27Employment~~ **21Forbearance** Agreement ~~by and between~~ **among Fannie Mae,** Sonida Senior Living, Inc. and ~~Kevin Detz~~ **affiliated borrower entities dated June 29, 2023** (Incorporated by reference to Exhibit 10. 1 to the Company' s Current Report on Form 8- K ~~,~~ filed by the Company with the Securities and Exchange Commission on ~~April 19~~ **July 5** , ~~2022~~ **2023** .) 10. ~~28Employment~~ **22Second Amendment to and Waiver Under Term Loan** Agreement ~~by and between~~ **among Ally Bank,** Sonida Senior Living, Inc. and ~~Timothy Cober~~ **affiliated borrower entities dated June 29, 2023** (Incorporated by reference to Exhibit 10. ~~1~~ **2** to the Company' s Current Report on Form 8- K **3** ~~J.Isaac (Incorporated by reference to Exhibit 10.1~~ to the Company' s Current Report on Form 8- K filed by the Company with the Securities and Exchange Commission on ~~February 6~~ **January 8** , ~~2024~~ **2019** .) 10. ~~29Employment~~ **12Restricted Stock Award** Agreement **dated January 7,2019,** by and between ~~Sonida~~ **Capital** Senior Living ~~, Inc~~ **Corporation and Kimberly S** . **Lody** ~~and Kevin Detz~~ (Incorporated by reference to Exhibit 10. ~~1~~ **4** to the Company' s Current Report on Form 8- K ~~,~~ filed by the Company with the Securities and Exchange Commission on ~~April 19~~ **January 8** , ~~2022~~ **2019** .) 10. ~~30Employment~~ - **13Employment** Agreement **,dated February 20,2019,** by and between ~~Sonida~~ **Capital** Senior Living ~~, Inc~~ **Corporation and Michael C** . **Fryar** ~~and Timothy Cober~~ (Incorporated by reference to Exhibit 10.1 ~~to the Company~~ , filed by the Company with the Securities and Exchange Commission on June 24, 2022.) ~~10. 29Omnibus Joinder Agreement and First Amendment to Term Loan Agreement and Other Loan Documents, by and between Sonida Senior Living, Inc. and Ally Bank on December 13, 2022~~ * 21. 1Subsidiaries of the Company * 23. 1Consent ~~of Ernst & Young LLP * 23. 2Consent~~ of RSM US LLP * 31. 1Certification of Principal Executive Officer required by Rule 13a- 14 (a) or Rule 15d- 14 (a) * 31. 2Certification of Principal Financial Officer required by Rule 13a- 14 (a) or Rule 15d- 14 (a) * 32. 1Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes- Oxley Act of 2002 * 32. 2Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes- Oxley Act of 2002 *** 97Sonida Senior Living, Inc. Compensation Recovery Policy** * 101. INSInline XBRL Instance Document * 101. SCHInline XBRL Taxonomy Extension Schema Document * 101. CALInline XBRL Taxonomy Extension Calculation Linkbase Document * 101. LABInline XBRL Taxonomy Extension Label Linkbase Document * 101. PREInline XBRL Taxonomy Extension Presentation Linkbase Document * 101. DEFInline XBRL Taxonomy Extension Definition Linkbase Document * 104Cover page from the Company' s Annual Report on Form 10- K for the year ended December 31, 2022, formatted in Inline XBRL (included in Exhibit 101). * Filed herewith. SIGNATURES Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. SONIDA SENIOR LIVING, INC. By: / s / BRANDON M. RIBAR Brandon M. Ribar President, Chief Executive Officer and Director Date: March ~~30~~ **27** , ~~2023~~ **2024** Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated. Each person whose signature to this report appears below hereby appoints Brandon M. Ribar and Kevin J. Detz and each of them, any one of whom may act without the joinder of the other, as his or her attorney- in- fact to sign on his or her behalf, individually and in each capacity stated below, and to file all amendments to this report, which amendment or amendments may make such changes in and additions to the report as any such attorney- in- fact may deem necessary or appropriate. SignatureTitleDate / s / BRANDON M. RIBARPresident ~~and~~ **,** Chief Executive Officer **, and Director** (Principal Executive Officer) March ~~30~~ **27** , ~~2023Brandon~~ **2024Brandon** M. Ribar / s / KEVIN J. DETZExecutive Vice President and Chief Financial Officer (Principal Financial Officer) March ~~30~~ **27** , ~~2023Kevin~~ **2024Kevin** J. Detz / s / DAVID W. JOHNSONChairman of the BoardMarch ~~30~~ **27** , ~~2023David~~ **2024David** W. Johnson / s /

NOAH R. BERENDirectorMarch ~~30~~ **27** , ~~2023Noah~~ **2024Noah** R. Beren / s / BENJAMIN P. HARRISDirectorMarch ~~30~~ **27** , ~~2023Benjamin~~ **2024Benjamin** P. Harris / s / JILL M. KRUEGERDirectorMarch ~~30~~ **27** , ~~2023Jill~~ **2024Jill** M. Krueger / s / MAX J. LEVYDirectorMarch ~~30~~ **27** , ~~2023Max~~ **2024Max** J. Levy / s / SHMUEL S. Z. LIEBERMANDirectorMarch ~~30~~ **27** , ~~2023Shmuel~~ **2024Shmuel** S. Z. Lieberman / s / ELLIOT R. ZIBELDirectorMarch ~~30~~ **27** , ~~2023Elliot~~ **2024Elliot** R. Zibel INDEX TO FINANCIAL STATEMENTS PageConsolidated Financial Statements of Sonida Senior Living, Inc. Report of Independent Registered Public Accounting Firm (PCAOB ID: 49) F- ~~2Report of Independent Registered Public Accounting Firm (PCAOB ID: 42) F- 4Consolidated~~ **2Consolidated** Balance Sheets — December 31, **2023 and** ~~2022~~ **2022F** ~~and 2021F -~~ ~~5Consolidated~~ **4Consolidated** Statements of Operations and Comprehensive ~~Income (~~ Loss ~~)~~ — For the years ended December 31, **2023 and** ~~2022~~ **2022F** ~~and 2021F -~~ ~~6Consolidated~~ **5Consolidated** Statements of Shareholders' Equity (Deficit) — For the years ended December 31, **2023 and** ~~2022~~ **2022F** ~~and 2021F -~~ ~~7Consolidated~~ **6Consolidated** Statements of Cash Flows — For the years ended December 31, **2023 and** ~~2022~~ **2022F** ~~and 2021F -~~ ~~8Notes~~ **7Notes** to Consolidated Financial StatementsF- ~~9~~ **8** To the Shareholders and the Board of Directors of Sonida Senior Living, Inc. Opinion on the Financial Statements We have audited the accompanying consolidated balance ~~sheet~~ **sheets** of Sonida Senior Living, Inc. **and its subsidiaries** (the Company) as of December 31, **2023 and** 2022, the related consolidated statements of operations and comprehensive ~~income (~~ loss ~~)~~ , shareholders' equity (deficit) and cash flows, for the ~~year~~ **years** then ended, and the related notes **to the consolidated financial statements** (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, **2023 and** 2022, and the results of its operations and its cash flows for the ~~year~~ **years** then ended **,** in conformity with accounting principles generally accepted in the United States of America ~~. The Company' s Ability to Continue as a Going Concern The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered from recurring losses from operations and total current liabilities exceed total current assets. This raises substantial doubt about the Company' s ability to continue as a going concern. Management' s plans in regard to these matters also are described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty~~ . Basis for Opinion These financial statements are the responsibility of the Company' s management. Our responsibility is to express an opinion on the Company' s financial statements based on our ~~audit~~ **audits** . We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with U. S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our ~~audit~~ **audits** in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our ~~audit~~ **audits** we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company' s internal control over financial reporting. Accordingly, we express no such opinion. Our ~~audit~~ **audits** included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our ~~audit~~ **audits** ~~provides~~ **provide** a reasonable basis for our opinion. Critical Audit ~~Matter~~ **Matters** The critical audit ~~matter~~ **matters** communicated below **are** ~~is a matter~~ **matters** arising from the current period audit of the financial statements that ~~was~~ **were** communicated or required to be communicated to the audit committee and that: (1) ~~relates~~ **relate** to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit ~~matter~~ **matters** does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit ~~matter~~ **matters** below, providing ~~a~~ separate ~~opinion~~ **opinions** on the critical audit ~~matter~~ **matters** or on the accounts or disclosures to which they relate. ~~Valuation~~ **Evaluation** of long- lived assets for impairment As described in Note 4 to the ~~consolidated~~ financial statements, the Company assessed $ ~~615~~ **588** . ~~8~~ **2** million of long- lived assets for impairment **resulting in an impairment charge of $ 6. 0 million recognized during the year ended December 31, 2023** . The Company assesses its long- lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of its long- lived assets may not be recoverable. As part of the Company' s impairment indicator analysis, management considers numerous potential indicators of impairment which include internal factors, such as net operating losses, along with external factors relating to each asset including contract changes, local market developments and other publicly available information to determine whether impairment indicators exist. The Company identified indicators of impairment for certain long- lived assets and, in such cases, further assessed the assets for recoverability by comparing the net carrying value to estimated future cash flows on an undiscounted basis. **If the long- lived asset group' s carrying amount exceeds its estimated undiscounted future cash flows, the fair value of the long- lived asset group is then estimated by management and compared to its carrying amount. An impairment charge is recognized on these long- lived assets when carrying value exceeds fair value.** We identified the evaluation of impairment **as a critical audit matter because of the significant assumptions management makes in estimating the future undiscounted cash flows and fair value of the asset groups. Auditing management' s significant assumptions and judgments including revenue and expense growth rates, terminal capitalization rates and discount rates required a high degree of auditor judgment and increased audit effort. Our audit procedures related to the Company' s evaluation of undiscounted cash flows** for asset groups with impairment indicators as ~~a critical audit matter because of~~ **well as fair value estimates for asset groups that failed** the ~~significant assumptions management makes in estimating the future undiscounted cash flows, including revenue and expense projections and terminal capitalization rates used.~~

Auditing management' s undiscounted cash flow test model required a high degree of auditor judgment and increased audit effort as estimates underlying the calculation, including revenue and expense growth rates and terminal capitalization rates, were based on assumptions which are impacted by expected future market and economic conditions. Our audit procedures related to the Company' s evaluation of long- lived assets for impairment included the following, among others. • We evaluated the reasonableness of management' s undiscounted cash flow projections by testing the inputs used to develop estimates of future cash flow including occupancy, rental rate and expense growth assumptions by comparing to historical occupancy trends, consideration of changes in the asset group' s business and inspection of publicly available industry and market outlook information. • We evaluated the reasonableness of management' s terminal capitalization rates by comparing rates to market and industry publications sales data. • We assessed information and events subsequent to the balance sheet date to corroborate the expected increase in rental rates . • For the asset group in which an impairment was recognized, we involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the Company' s significant assumptions by comparing to resident leases publicly available market data. As described in note 2 to the financial statements, the Company disclosed information relevant to its liquidity as a result of operating losses and net working capital deficits incurred for the year ended December 31, 2023. Management believes, based on the Company' s business plan, that cash flows from operations and sales of common stock subsequent to year end are sufficient to fund future cash flow requirements and satisfy the Company' s obligations as they come due for at least one year from the date the financial statements are issued. We identified the Company' s assessment of its liquidity and cash flow requirements as a critical audit matter because of the significant assumptions made in determining the reasonableness of management' s liquidity disclosure, including consideration of its cash flow requirements for a period of one year from the date of issuance of the financial statements. Auditing management' s assumptions involved a high degree of auditor judgment and an increase in audit effort. Our audit procedures related to management' s liquidity disclosure and cash flow requirements included the following, among others. • We evaluated the reasonableness of management' s cash flow forecast by performing the following procedures, among others: ◦ We evaluated the reasonableness of forecasted occupancy and rental rate increases, capital expenditures, and cash flows from operations assumptions by comparing to budgets provided to the board of directors, to historical results and events occurring subsequent to year end. ◦ We evaluated the reasonableness of forecasted debt service payments and debt agreement reserve requirements based on inspection of the underlying debt agreements, including debt purchases and debt modifications entered into subsequent to December 31, 2023. ◦ We tested subsequent event activity related to issuances of common stock, which provided additional cash available to fund the Company' s obligations as they come due. • We evaluated the adequacy of the disclosures included in the financial statements regarding management' s liquidity and cash flow requirements . / s / RSM US LLP We have served as the Company' s auditor since 2022. March 30 27 , 2023 2024 F- 3 We have audited the accompanying consolidated balance sheet of Sonida Senior Living, Inc. (the Company) as of December 31, 2021, the related consolidated statements of operations and comprehensive income (loss), shareholders' equity (deficit) and cash flows for the year ended December 31, 2021, and the related notes (collectively referred to as the " consolidated financial statements "). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021, and the results of its operations and its cash flows for the year ended December 31, 2021, in conformity with U. S. generally accepted accounting principles. These financial statements are the responsibility of the Company' s management. Our responsibility is to express an opinion on the Company' s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U. S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company' s internal control over financial reporting. Accordingly, we express no such opinion. / s / Ernst & Young LLP We served as the Company' s auditor from 2006 to 2021. April 15, 2022 CONSOLIDATED BALANCE SHEETS (in thousands, except per share amounts) December 31, 20222021ASSETSCurrent ---- 20232022ASSETSCurrent assets: Cash and cash equivalents $ 4, 082 $ 16, 913 $ 78, 691 Restricted cash13, 668 13, 829 14, 185 Accounts receivable, net6 net8 , 017 6 , 114 3, 983 Federal and state income taxes receivable2 - receivable — 2 Prepaid expenses and other4 - other assets4, 475 4 , 097 9, 328 Derivative assets, current2, 103 2, 611 — Total current assets43 - assets32 , 345 43 , 566 106, 187 Property and equipment, net615 net588, 179 615 , 754 621, 199 Derivative assets, non- current111 --- current — 111 Other assets, net1 net936 1 , 837 1, 166 Total assets $ 621, 460 $ 661, 268 $ 728, 552 LIABILITIES AND SHAREHOLDERS' DEFICITCurrent liabilities: Accounts payable $ 11, 375 $ 7, 272 $ 9, 168 Accrued expenses36 expenses42 , 388 36 , 944 37, 026 Current portion of notes payable, net of deferred loan costs46 costs42 , 323 46 , 029 69, 769 Current portion of deferred income3 income4 , 041 3 , 419 3, 162 Federal and state income taxes payable payable215 — 599 Other current liabilities653 - liabilities519 758 653 Total current liabilities94 liabilities100 , 861 94 , 317 120, 482 Other long- term liabilities113 liabilities49 288 113 Notes payable, net of deferred loan costs and current portion625 -- portion587 , 099 625 , 002 613, 342 Total liabilities719 liabilities688 , 009 719 , 432 734, 112 Commitments and contingenciesRedeemable contingencies (Note 11) Redeemable preferred stock: Series A convertible preferred stock, $ 0. 01 par value; 41 shares authorized, 41 shares issued and outstanding as of December 31, 2022 and 202143 - - 2023 and 202248, 542 43 , 550 41, 250 Shareholders' deficit: Preferred stock, $ 0. 01 par value: Authorized shares — 15, 000 as of December 31, 2023 and 2022 and 2021 ; none issued or outstanding, except Series A convertible preferred stock as noted above — — Common stock, $ 0. 01 par value: Authorized shares — 15, 000 and 15, 000 as of December 31, 2023 and 2022

~~and 2021, respectively~~ ; **8, 178 and** 6, 670 ~~and 6, 634~~ shares issued and outstanding as of December 31, **2023 and** 2022 ~~and 2021~~ , ~~respectively67~~ **respectively82** ~~66~~ **67** Additional paid- in ~~capital295~~ -- **capital302 , 992 295** , 277 ~~295, 781~~ Retained deficit (**418, 165) (** 397, 058 ~~) (342, 657~~) Total shareholders' deficit (**115, 091) (** 101, 714 ~~) (46, 810~~) Total liabilities, redeemable preferred stock and shareholders' deficit $ **621, 460 $** 661, 268 ~~$ 728, 552~~ See accompanying notes to consolidated financial statements. CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE ~~INCOME (~~ LOSS ~~)~~ Years Ended December 31, ~~20222021~~ **20232022** (In thousands, except per share data) Revenues: Resident revenue $ **232, 032 $** 208, 703 ~~$ 190, 213~~ Management fees2, **191 2,** 359 ~~3, 603~~ Managed community reimbursement ~~revenue27~~ **revenue21 , 099 27** , 371 ~~40, 902~~ Total revenues $ **255, 322 $** 238, 433 ~~$ 234, 718~~ Expenses: Operating ~~expense171~~ **expense177 , 323 171** , 635 ~~157, 269~~ General and administrative ~~expense30~~ **expense32 , 198 30** , 286 ~~32, 328~~ Depreciation and amortization ~~expense38~~ **expense39 , 888 38** , 448 ~~37, 870~~ Long- lived asset ~~impairment1~~ **impairment5 , 965 1** , 588 ~~6, 502~~ Managed community reimbursement ~~expense27~~ **expense21 , 099 27** , 371 ~~40, 902~~ Total ~~expenses269~~ - **expenses276 , 473 269** , 328 ~~274, 871~~ Other income (expense): Interest ~~income235 6~~ **income608 235** Interest expense (**36, 118) (** 33, 025 ~~) (37, 234~~) Gain (loss) on extinguishment of debt, ~~net~~ **net36 , 339** (641 ~~) 199, 901 Loss on settlement of backstop — (4, 600~~) Other income **(expense)** , ~~net10~~ -- **net (532) 10** , 011 ~~8, 270 Income (loss~~ **Loss** ~~)~~ before provision for income taxes (**20, 854) (** 54, 315) ~~126, 190~~ Provision for income taxes (**253) (** 86) ~~(583)~~ Net ~~(~~ loss ~~) income~~ $ (**21, 107) $ (** 54, 401) ~~$ 125, 607~~ Dividends on Series A convertible preferred stock **—** (2, 269 ~~) (718~~) Undeclared dividends on Series A convertible preferred stock (**4, 992) (** 2, 300) ~~— Remeasurement of Series A convertible preferred stock — (13, 474)~~ Net ~~income (~~ loss ~~)~~ attributable to common ~~stock~~ **stockholders** $ (**26, 099) $ (** 58, 970) ~~$ 111, 415~~ Per share data: Basic net ~~income (~~ loss ~~)~~ per share $ (**3. 85) $ (** 9. 27) ~~$ 38. 24~~ Diluted net ~~income (~~ loss ~~)~~ per share $ (**3. 85) $ (** 9. 27) ~~$ 37. 92~~ Weighted average shares outstanding — basic6, **786 6,** 359 ~~2, 750~~ Weighted average shares outstanding — diluted6, **786 6,** 359 ~~2, 773~~ Comprehensive ~~income (~~ loss ~~)~~ $ (**21, 107) $ (** 54, 401) ~~$ 125, 607~~ CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT) Common StockAdditionalPaid-InCapitalRetainedDeficitTotalSharesAmount (In thousands) Balance as of December 31, ~~20202~~ **20216** , ~~084~~ **634** $ ~~21~~ **66** $ ~~188~~ **295** , ~~978~~ **781** $ (~~468~~ **342** , ~~264~~ **657**) $ (~~279~~ **46** , ~~265~~ **810**) ~~Restricted stock awards (cancellations), net298 2 (2) — — Issuance of common stock, net (1) 4, 252 43 105, 392 — 105, 435 Issuance of warrants, net — — 12, 798 — 12, 798 Issuance of~~ Series A convertible preferred stock dividends — — (~~718~~ **2, 269**) — (~~718) Non- cash stock- based compensation — —~~ 2, **269** ~~807 — 2, 807 Remeasurement of Series A convertible preferred stock — — (13, 474~~) ~~— (13, 474) Net income — — — 125, 607 125, 607 Balance as of December 31, 20216, 634 $ 66 $ 295, 781 $ (342, 657) $ (46, 810) Restricted stock awards (cancellations), net39 1 (1) — —~~ Undeclared dividends on Series A convertible preferred stock — — (2, 300) — (2, 300) **Stock- based plan activity36 1 (262) — (261) Non- cash stock- based compensation — — 4, 327 — 4, 327 Net loss — — — (54, 401) (54, 401) Balance as of December 31, 20226, 670 $ 67 $ 295, 277 $ (397, 058) $ (101, 714)** Issuance of **common stock, net 1, 068 11 9, 989 — 10, 000 Undeclared dividends on** Series A convertible preferred stock ~~dividends~~ — — (~~2~~ **4** , ~~269~~ **992**) — (~~2~~ **4** , ~~269~~ **992) Stock- based plan activity440 4 (31) — (27**) Non- cash stock- based compensation — — ~~4~~ **2** , ~~327~~ **749** — ~~4~~ **2** , **749** ~~327 Shares withheld for taxes (3) — (261) — (261)~~ Net loss — — — (~~54~~ **21** , ~~401~~ **107**) (~~54~~ **21** , ~~401~~ **107**) Balance as of December 31, ~~20226~~ **20238** , ~~670~~ **178** $ ~~67~~ **82** $ ~~295~~ **302** , ~~277~~ **992** $ (~~397~~ **418** , ~~058~~ **165**) $ (~~101~~ **115** , ~~714~~ **091**) ~~(1) Issuance of common stock, net includes rights offering, backstop shares and private placement common stock, net of transaction costs and other discounts.~~ CONSOLIDATED STATEMENTS OF CASH FLOWS Years Ended December 31, (In thousands) ~~20222021Operating~~ ---- **20232022Operating** ActivitiesNet ~~(~~ loss ~~) income~~ $ (**21, 107) $ (** 54, 401) ~~$ 125, 607~~ Adjustments to reconcile net ~~income (~~ loss ~~)~~ to net cash **provided by (** used in **)** operating activities: Depreciation and ~~amortization38~~ **amortization39 , 888 38** , 448 ~~37, 870~~ Amortization of deferred loan costs1, **552 1,** 281 **(** ~~1, 519 Unrealized gain~~ **Gain) loss** on derivative instruments, ~~net~~ **net2 , 981** (19) **Write- off of other assets** — **535** ~~Write- off of other assets535 —~~ Loss on ~~disposition~~ **sale** of assets, ~~net43~~ **net118** ~~436~~ - **43** Long- lived asset ~~impairment1~~ **impairment5 , 965 1** , 588 ~~6, 502~~ Casualty ~~losses1~~ **impairments — 1** , 100 ~~— Loss~~ (~~gain~~ **Gain**) **loss** on extinguishment of ~~debt641~~ **debt** (~~199~~ **36** , ~~901~~ **339**) **641** Provision for bad debt1, **151 1,** 159 ~~1, 251~~ Non- cash stock- based compensation ~~expense4~~ **expense2 , 749 4** , 327 ~~2, 807~~ Other non- cash **items (53)** (498) ~~4, 478~~ Changes in operating assets and liabilities: Accounts receivable **, net (3, 249)** (2, 354) ~~585~~ Prepaid expenses and ~~other8~~ - **other assets2, 918 8** , 303 ~~(2, 420)~~ Other assets, ~~net~~ **net276** (141) ~~45~~ Accounts payable and accrued ~~expenses~~ **expenses13 , 013** (2, 245 ~~) (3, 122~~) Federal and state income taxes receivable / ~~payable~~ **payable217** (601) ~~426~~ Deferred ~~income257~~ **income622 257** ~~(822)~~ Customer deposits (**19) (** 1) **Net cash provided by** (**used in) operating activities10, 683 (2, 578) Investing ActivitiesAcquisition of new communities — (12,** 342) ~~Other liabilities~~ **Capital expenditures (17, 938) (24, 562) Proceeds from sale of assets1, 376** — ~~(3, 714)~~ Net cash used in ~~operating activities (2, 578) (28, 795) Investing ActivitiesAcquisition of new communities (12, 342) — Capital expenditures (24, 562) (10, 443) Net cash used in~~ investing activities (**16, 562) (** 36, 904 ~~) - 36904000 (10, 443~~) Financing ActivitiesProceeds from notes ~~payable88~~ -- **payable — 88** , 125 ~~23, 081~~ Repayments of notes payable (**13, 802) (** 102, 351) **Deferred loan costs paid** (~~64~~ **825) (2** , ~~971~~ **361) Purchase of derivative assets (2, 362) (2, 703**) Proceeds from issuance of **common stock10, 000 — Shares withheld for taxes — (261) Dividends paid on** Series A convertible preferred stock — ~~41, 250 Proceeds from issuance of common stock — 113, 538 Payment of transaction costs for the A & R Investment Agreement —~~ (~~13~~ **2** , ~~380~~ **987**) Other financing ~~activities~~ **costs (124)** (114) ~~(103) Deferred loan costs paid (2, 361) — Shares withheld for taxes (261) — Series A convertible preferred stock dividends (2, 987) — Purchase of derivative assets (2, 703) —~~ Net cash ~~(~~ used in ~~) provided by~~ financing activities (**7, 113) (** 22, 652) ~~- 2265200099, 415 (~~ Decrease ~~) increase~~ in cash and cash equivalents (**12, 992) (** 62, 134) ~~60, 177~~ Cash and cash equivalents and restricted cash at beginning of ~~year92~~ **year30, 742 92** , 876 ~~32, 699~~ Cash and cash equivalents and restricted cash at end of year $ **17, 750 $** 30, 742 ~~$ 92, 876~~ Supplemental DisclosuresCash paid during the year for: Interest $ **28, 251 $** 29, 626 ~~$ 31, 126~~ Income taxes $ **46 $** 725 ~~$ 329~~ Non- cash investing and financing activities: Non- cash additions of property ~~, plant~~ and equipment $ **2, 355 $** 1, 559 **Undeclared** ~~$ 55 Property and equipment acquired with finance lease liabilities $ — $ 148 Accrued~~ dividends on Series A convertible preferred stock $ **4, 992 $** 2, 300 **Insurance financed through insurance notes**

payable $ 718 1, 846 $ 1, 724 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 1. Organization and Business Sonida Senior Living, Inc., (formerly known as Capital Senior Living Corporation), a Delaware corporation (together with its subsidiaries, the " Company "), is one of the leading owner- operators of senior housing communities in the United States in terms of resident capacity. The Company owns, operates, develops, and manages senior housing communities throughout the United States. As of December 31, 2022 2023 , the Company operated 72 71 senior housing communities in 18 states with an aggregate capacity of approximately 8, 000 residents, including 62 61 senior housing communities that the Company owned and 10 communities that the Company managed on behalf of third parties. As of December 31, 2022, the Company had two properties that the Company no longer operates that were in the process of transitioning legal ownership back to the Federal National Mortgage Association (" Fannie Mae"). The transfer of ownership was completed in January 2023. See" Note 16 – Subsequent Events." The accompanying consolidated financial statements include the financial statements of Sonida Senior Living, Inc. and its wholly - owned subsidiaries. All material intercompany balances and transactions have been eliminated in consolidation. 2. Going Concern Uncertainty and Related Strategic Cash Preservation Initiatives In complying with August 2023, the Company requirements under ASC 205- 40 to complete completed an evaluation without considering mitigating factors, the Company considered several conditions sale of the Shaker Heights property or for $ events including: (1) the continued impact of the COVID- 19 pandemic, the current inflationary environment and the impact of elevated interest rates on the Company' s operations and financial results; (2) $ 15. 7 million of principal payments and $ 30. 1 million of scheduled interest payments due in the next 12 months (excluding $ 32 . 0 million . The Company recognized a $ 0. 2 million loss on the sale. The Shaker Heights property was unencumbered. On February 1, 2022, the Company completed the acquisition of Fannie Mae debt- see" Note 8 – Notes Payable"); (two senior living communities located in Indiana for a combined purchase price of $ 12. 3 million. The communities consist of a total of 157 independent living units. The acquisition price was funded with cash on hand. The acquired assets did not meet the definition of a business and, as such, the transaction was accounted for as an asset acquisition pursuant to the guidance in subsection 805- 50 of Accounting Standards Codification (" ASC ") recurring 805, Business Combinations. 2. Liquidity During 2023, the Company' s liquidity conditions, including operating losses and net projected operating losses for fiscal periods through March 31, 2024; (4) the Company' s working capital deficit deficits ; and (5) events , raised substantial doubt about the Company' s ability to continue as a going concern. As a result of non- compliance increases in occupancy occurring throughout 2023 and into the first quarter of 2024, rental rate increases in March 2024 and in connection with certain of our mortgage agreements the 2024 private placement transaction and Protective Life loan purchase , the Company as has noted in" substantially improved its liquidity position. See " Note 16 – Subsequent Events " " for details of the transactions which have increased cash on hand significantly . Based on The above conditions raise substantial doubt about the these events, the Company ' s ability concluded it has adequate cash to continue meet its obligations as a going concern they become due for the 12- month period following the date the fiscal year December 31, 2022 2023 financial statements are issued . As discussed below, the Company has implemented plans which encompass short- term cash preservation initiatives to provide the Company with adequate liquidity to meet its obligations for at least the 12- month period following the date its fiscal year 2022 financial statements are issued, in addition to creating sustained cash flow generation thereafter. The Company' s primary sources of near- and medium- term liquidity are expected to be (1) net cash generated from operations; (2) COVID- 19 or related relief grants from various state agencies; and (3) debt modifications, refinancings and extensions to the extent available on acceptable terms. The Company has either taken, or intends to take, the following actions, among others, to improve its liquidity position and to address uncertainty about its ability to continue as a going concern: • The company is engaged in active discussions with certain of its lenders in regards to potential modifications of certain mortgage debt on more favorable terms, which does not preclude a potential ownership transfer on select communities based on various financial metrics. • The Company received approximately $ 2. 0 million in various state grants during January and February of 2023. See" Note 16 – Subsequent Events". • Under the terms of the A & R Investment Agreement, the Company may request additional investments from the Conversant Investors in shares of Series A Preferred Stock (up to an aggregate amount equal to $ 25. 0 million) that can be used for future investment in accretive capital expenditures and acquisitions, subject to certain conditions. While the Company' s plans are designed to provide it with adequate liquidity to meet its obligations for at least the 12- month period following the date its financial statements are issued; the remediation plan is dependent on conditions and matters that may be outside of the Company' s control, and no assurances can be given that certain options will be available on terms acceptable to the Company, or at all. Accordingly, management could not conclude that it was probable that the plans will mitigate the relevant conditions or events that raise substantial doubt about the Company' s ability to continue as a going concern. In addition, it is probable that the Company will not be able to comply with some of the financial covenants and other restrictions contained in our debt instruments, which would in turn trigger an event of default under our loan agreements. An event of default, subject to cure provisions in certain instances, would give the respective lenders the right to accelerate the related debt and to declare all amounts outstanding to be immediately due and payable, or foreclose on collateral securing the outstanding indebtedness. We cannot assure that we could pay these debt obligations if they became due prior to their stated dates . 3. Summary of Significant Accounting Policies Use of Estimates The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the accompanying financial statements and related footnotes. Management bases its estimates and assumptions on historical experience, observance of industry trends and various other sources of information and factors, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates. Cash and Cash Equivalents and Restricted Cash The Company considers all highly liquid investments with original maturities of three months or less at the date of acquisition to be cash equivalents. The Company has deposits in banks that exceed Federal Deposit Insurance Corporation insurance limits. Management believes that

credit risk related to these deposits is minimal. Restricted cash consists of reserve accounts for property insurance, real estate taxes, capital expenditures **, derivative** , and debt service required by certain loan agreements. In addition, restricted cash includes deposits required by certain counterparties as collateral pursuant to letters of credit which must remain so long as the letters of credit are outstanding, which are subject to renewal annually. ~~F- 10 In March 2022, the Company completed the refinancing of certain existing mortgage debt with Ally Bank. Ally Bank required a debt service reserve of $ 1. 5 million as part of this transaction, which is included in the restricted cash balances as of December 31, 2022. See" Note 8 – Notes Payable." In August 2021, the Company executed a one year extension of the Company' s loan agreement with PNC Bank, National Association (successor to BBVA) (" PNC Bank"), which extended the maturity date to December 10, 2022. PNC Bank required a debt service reserve of $ 0. 9 million as part of this extension, which was included in the restricted cash balances as of December 31, 2021. In March 2022 the Company refinanced this loan with a different lender as further described in Note 8 – Notes Payable.~~ The following table sets forth our cash and cash equivalents and restricted cash (in thousands): Years Ended December 31, ~~20222021Cash~~ **20232022Cash** and cash equivalents $ **4, 082 $** 16, 913 ~~$ 78, 691~~ Restricted cash: Property tax and insurance ~~reserves6~~ **reserves7 , 237 6** , 184 ~~6, 666~~ Lender ~~reserve1~~ **reserve3 , 329 1** , 500 ~~900~~ Capital expenditures reserves2, **060 2,** 034 ~~2~~ **Escrow deposit1** , ~~637~~ **000 —** Deposits pursuant to outstanding letters of ~~credit4~~ **credit42 4** , 111 ~~3, 982~~ Total restricted cash13, **668 13,** 829 ~~14, 185~~ Total cash, cash equivalents, and restricted cash $ **17, 750 $** 30, 742 ~~$ 92, 876~~ Property and equipment are stated at cost and depreciated on a straight- line basis over the estimated useful lives of the assets. At each balance sheet date, the Company ~~reviewed~~ **reviews** the carrying value of its property and equipment to determine if facts and circumstances ~~suggested~~ -- **suggest** that they may be impaired or that the depreciation period may need to be changed. The Company considers internal factors, such as net operating losses, along with external factors relating to each asset, including contract changes, local market developments, and other publicly available information to determine whether impairment indicators exist. If an indicator of impairment is identified, recoverability of an asset group is assessed by comparing its carrying amount to the estimated future undiscounted net cash flows expected to be generated by the asset group through operation or disposition, calculated utilizing the lowest level of identifiable cash flows. If this comparison indicates that the carrying amount of an asset group is not recoverable, the Company estimates fair value of the asset group and records an impairment loss when the carrying amount exceeds fair value. **The Company recognized a non- cash impairment charges of $ 6. 0 million to its" Property and equipment, net" during the year ended December 31, 2023, which related to one owned community. The Company recognized non- cash impairment charges of $ 1. 6 million to its " Property and equipment, net " during the year ended December 31, 2022, which related to one owned community. See" Note 4 – Impairment of Long- Lived Assets".** In evaluating our long- lived assets for impairment, we undergo continuous evaluations of property level performance and real estate trends, and management makes several estimates and assumptions, including, but not limited to, the projected date of disposition, estimated sales price and future cash flows of each property during our estimated holding period. If our analysis or assumptions regarding the projected cash flows expected to result from the use and eventual disposition of our properties change, we incur additional costs and expenses during the holding period, or our expected hold periods change, we may incur future impairment losses. Upon the acquisition of new communities accounted for as an acquisition of ~~an asset~~ **assets** , we recognize the assets acquired and the liabilities assumed as of the acquisition date, measured at their relative fair values once we have determined the fair value of each of these assets and liabilities. The acquisition date is the date on which we obtain control of the real estate property. The assets acquired and liabilities assumed consist of land, inclusive of associated rights, buildings, assumed debt, and identified intangible assets and liabilities. ~~The Company recognized a non- cash impairment charges of $ 1. 6 million to its" Property and equipment, net" during the year ended December 31, 2022, which related to one owned community. The Company recognized non- cash impairment charges of $ 6. 5 million to its" Property and equipment, net" during the year ended December 31, 2021, which related to one owned community. See" Note 4 – Impairment of Long- Lived Assets". F- 11~~ Fair Value Measurement The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels: Level 1 Inputs – Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date. Level 2 Inputs – Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability. **F- 9** Level 3 Inputs – Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. The Company' s other financial instruments consist primarily of cash and cash equivalents, receivables, accounts payable, accrued expenses, derivative financial instruments, and long- term debt. The carrying value of the Company' s receivables, trade payables, and accrued expenses approximates fair value due to their highly liquid nature, short- term maturity, or competitive rates assigned to these financial instruments. See ~~"~~ **"** Note 13 – Fair Value ~~"~~. **"** The Company adjusts the carrying amount of certain non- financial assets to fair value on a non- recurring basis when they are impaired. Derivatives and Hedging The Company uses derivatives as part of our overall strategy to manage our exposure to market risks associated with the fluctuations in interest rates. We ~~may~~ **are** also ~~be~~ required to enter into interest rate derivative instruments in compliance with **certain** debt agreements **. We regularly monitor the financial stability and credit standing of the counterparties to our derivative instruments** . We do not enter into derivative financial instruments for trading or speculative purposes. **We record all derivatives at fair value. As of December 31, 2023, our derivative instruments consisted of interest rate caps that were not designated as hedge instruments. Changes in fair value of undesignated hedge instruments are recorded in current period earnings as interest expense.** See ~~"~~ **"** Note 14 – Derivatives and Hedging ~~"~~. ~~Derivative instruments may be designated for hedge accounting under ASC 815- 20,~~

~~Derivatives- Hedging. Instruments that meet hedge criteria are formally designated as hedges at the inception of the instrument. For those instruments designated as hedges, the changes in fair value are recognized in other comprehensive income (" OCI "), and any ineffectiveness is recognized immediately in earnings. As of December 31, 2022, the Company did not have any derivative instruments designated as hedges under ASC 815- 20, Derivatives- Hedging. The Company' s derivative assets and liabilities are measured at fair value. Fair value related to the cash flows occurring within one year are classified as current and the fair value related to the cash flows occurring beyond one year are classified as non- current in the consolidated balance sheets.~~ Stock- based Plans The Company applies the provisions of ASC 718, Compensation- Stock Compensation, in its accounting and reporting for stock- based compensation. ASC 718 requires all stock- based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. All unvested options outstanding under the Company' s option plans have grant prices equal to the market price of the Company' s stock on the dates of grant. Compensation cost for restricted stock and restricted stock units is determined based on the fair market value of the Company' s stock at the date of grant. Stock- based compensation expense is generally recognized over the required service period, or over a shorter period when employee retirement eligibility is a factor. The Company recognizes forfeitures as they occur. Advertising Costs The Company expenses advertising costs as incurred. Advertising expense was approximately $ 1. ~~6~~ **5** million and $ 1. ~~1~~ **6** million for the years ended December 31, **2023 and** 2022 ~~and 2021~~, respectively. ~~F- 12~~ Income Taxes Income taxes are computed using the asset and liability method and current income taxes are recorded based on amounts refundable or payable **in the current year. The effective tax rates for fiscal year 2023 and 2022 differ from the statutory tax rates due to state income taxes, permanent tax differences, and changes in the deferred tax asset valuation allowance** . Deferred income taxes are recorded based on the estimated future tax effects of loss carryforwards and temporary differences between financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates that are expected to apply to taxable income in the years in which the Company ~~expected~~ **expects** those carryforwards and temporary differences to be recovered or settled. Management regularly evaluates the future realization of deferred tax assets and provides a valuation allowance, if considered necessary, based on such evaluation. As part of the evaluation, management has evaluated taxable income in carryback years, future reversals of taxable temporary differences, feasible tax planning strategies **,** and future expectations of income. The Company evaluates uncertain tax positions through consideration of accounting and reporting guidance on criteria, measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition that is intended to provide better financial statement comparability among different companies. The Company is required to recognize a tax benefit in its financial statements for an uncertain tax position only if management' s assessment is that its position is " more likely than not " (i. e., a greater than 50 percent likelihood) to be upheld on audit based only on the technical merits of the tax position. The Company' s policy is to recognize interest related to unrecognized tax benefits as interest expense and penalties as income tax expense. **F- 10** Revenue Recognition Resident revenue consists of fees for basic housing and certain support services and fees associated with additional housing and expanded support requirements such as assisted living care, memory care, and ancillary services. Basic housing and certain support services revenue is recorded when services are rendered, and amounts billed are due from residents in the period in which the rental and other services are provided. Residency agreements are generally short term in nature with durations of one year or less and are typically terminable by either party, under certain circumstances, upon providing 30 days' notice, unless state law provides otherwise, with resident fees billed monthly in advance. Revenue for certain ancillary services is recognized as services are provided, and includes fees for services such as medication management, daily living activities, beautician / barber, laundry, television, guest meals, pets, and parking which are generally billed monthly in arrears. Other operating revenue consists of ~~Provider~~ **state** ~~Relief~~ **relief** funds received from various states due to the financial distress impacts of COVID- 19 **(" State Relief Funds")** . The Company' s senior housing communities have residency agreements that generally require the resident to pay a community fee and other amounts prior to moving into the community **,** which are initially recorded by the Company as deferred revenue. The Company had contract liabilities for deferred fees paid by our residents prior to the month housing and support services were to be provided totaling approximately $ **4. 0 million and $** 3. 4 million ~~and $ 3. 2 million~~, respectively, which ~~are included~~ **is reported** as ~~a component of~~ deferred income within current liabilities of the Company' s Consolidated Balance Sheets as of December 31, **2023 and** 2022 ~~and 2021~~. Revenues from the Medicaid program accounted for approximately 10. **4 % and 10.** 0 % of the Company' s revenue in fiscal ~~year~~ **years 2023 and** 2022, **respectively** ~~and 9. 6 % of the Company' s revenue in fiscal year 2021~~. During fiscal years **2023 and** 2022 ~~and 2021~~, ~~28~~ **24** and ~~42~~ **24** , respectively, of the Company' s communities were providers of services under the Medicaid program. Accordingly, these communities were entitled to reimbursement under the Medicaid program at established rates that were lower than private pay rates. Resident revenues for Medicaid residents were recorded at the reimbursement rates as the rates were set prospectively by the applicable state upon the filing of an annual cost report. None of the Company' s communities were providers of services under the Medicare program during fiscal years **2023 or** 2022 ~~or 2021~~. Laws and regulations governing the Medicaid program are complex and subject to interpretation. The Company believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing that would have a material effect on its Consolidated Financial Statements. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicaid program. The Company has management agreements whereby it manages certain communities on behalf of third- party owners under contracts that provide for periodic management fee payments to the Company. The Company has determined that all community management activities are a single performance obligation, which is satisfied over time as the services are rendered. The Company' s estimate of the transaction price for management services also includes the amount of reimbursement due from the owners of the communities for services provided and related costs incurred. Such revenue is included in " managed community reimbursement revenue " on the Company' s

Consolidated Statements of Operations and Comprehensive Income F- 13 (Loss). The related costs are included in " managed community reimbursement expense " on the Company' s Consolidated Statements of Operations and Comprehensive Income (Loss). Revenue for the years ended December 31, **2023 and** 2022 and 2021 is comprised of the following components (in thousands): Years Ended December 31, 20222021Housing **20232022Housing** and support services $ **226, 148 $** 204, 349 $ 187, 404 Community fees1, **775 1,** 898 1, 646 Ancillary services1, **183 1,** 243 1, 163 Other operating revenue (1) **2, 926** 1, 213 — Resident revenue208 **revenue232 , 032 208** , 703 190, 213 Management fees2, **191 2,** 359 3, 603 Managed community reimbursement revenue27 **revenue21 , 099 27** , 371 40, 902 Total revenues $ **255, 322 $** 238, 433 $ 234, 718 (1) Other operating revenue consists of Provider **State** Relief Funds received from state departments due to financial distress impacts of COVID- 19. **F- 11 For the years ended December 31, 2023 and 2022, the Company received approximately $ 2. 9 million and $ 1. 2 million in various State Relief Funds from state departments due to financial distress impacts of COVID- 19.** The Company **received approximately** intends to pursue additional funding that may become available in the future, but there is no guarantee of qualifying for, or receiving, any additional relief funds in the future. In April 2022 and January 2021, the Company accepted $ 9. 1 million **for the year ended December 31** and $ 8. 7 million of cash , **2022** respectively, through grants from the Public Health and Social Services Emergency Fund' s (the " Provider Relief Fund ") Phases - **Phase** 4 and 3 General Distribution , respectively , which was expanded by the CARES Act to provide grants or other funding mechanisms to eligible healthcare providers for healthcare- related or lost revenues attributable to COVID- 19 . Both the Phase 4 and Phase 3 Provider Relief Funds were recorded as other income in the years ended December 31, 2022 and 2021, respectively. The CARES Act Provider Relief Funds are grants that do not have to be repaid provided we satisfy the terms and conditions of the CARES Act . The Company recognizes income for government grants on a systematic and rational basis over the periods in which the Company recognizes the related expenses or loss of revenue for which the grants are intended to compensate when there is reasonable assurance that the Company will comply with the applicable terms and conditions of the grant and there is reasonable assurance that the grant will be received **. The Phase 4 Provider Relief Funds received from the Federal Government were recorded in " other income (expense), net " and the State Relief Funds were recorded as " resident revenue – other operating revenue " in the Company' s consolidated financial statements and notes thereto** . Credit Risk and Allowance for Doubtful Accounts The Company' s resident receivables are generally due within 30 days from **after** the date billed. Accounts receivable are reported net of an allowance for doubtful accounts of $ 5. **3 million and $ 5.** 9 million and $ 4. 7 million as of December 31, **2023 and** 2022 and 2021 , respectively, and represent the Company' s estimate of the amount that ultimately will be collected. The adequacy of the Company' s allowance for doubtful accounts is reviewed on an ongoing basis, using historical payment trends, write- off experience, analyses of receivable portfolios by payor source and aging of receivables, as well as a review of specific accounts . **, and** Adjustments **adjustments** are made to the allowance, as necessary. Credit losses on resident receivables have historically been within management' s estimates, and management believes that the allowance for doubtful accounts adequately provides for expected losses. Concentration of Credit Risk and Business Risk Substantially all of our revenues are derived from senior living communities we own and senior living communities that we manage. Senior living operations are particularly sensitive to adverse economic, social and competitive conditions and trends, including the effects of the COVID- 19 pandemic, which has adversely affected, and may continue to adversely affect, our business, financial condition, and results of operations. We have a concentration of owned properties operating in Texas (16), Indiana (12), Ohio (11 **10**) and Wisconsin (8), which we estimate represented approximately 24 **23** %, 18 %, 20 %, and 10 %, respectively, of our resident revenues for the year ended December 31, 2022 **2023** . Lease Accounting Management determines if a contract is or contains a lease at inception or modification of a contract. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control over the use of the identified asset means the lessee has both the right to obtain substantially all of the economic benefits from the use of the asset and the right to direct the use of the asset. F- 14 Operating lease right- of- use assets and liabilities are recognized based on the present value of future minimum lease payments over the expected lease term on the lease commencement date. When the implicit lease rate is not determinable, management uses the Company' s incremental borrowing rate based on the information available at the lease commencement date in determining the present value of future minimum lease payments. The expected lease terms include options to extend or terminate the lease when it is reasonably certain the Company will exercise such options. Lease expense for minimum lease payments is recognized on a straight- line basis over the expected lease terms. Financing lease right- of- use assets are recognized within property and equipment and leasehold improvements, net on the Company' s Consolidated Balance Sheets. The Company recognizes interest expense on the financing lease liabilities utilizing the effective interest method. The right- of- use asset is generally amortized to depreciation and amortization expense on a straight- line basis over the lease term. Modifications to existing lease agreements, including changes to the lease term or payment amounts, are reviewed to determine whether they result in a separate contract. For modifications that do not result in a separate contract, management reviews the lease classification and re- measures the related right- of- use assets and liabilities at the effective date of the modification. Certain of the Company' s lease arrangements have lease and non- lease components. The Company accounts for the lease components and non- lease components as a single lease component for all classes of underlying assets. Leases with an expected lease term of 12 months or less are not recorded on the balance sheet and the related lease expense is recognized on a straight- line basis over the expected lease term. As of December 31, 2022 and 2021, the Company had operating leases for equipment, as well as finance leases for certain vehicles, and no leased senior housing communities. As of December 31, 2022 and 2021, the balances of operating lease assets and liabilities, finance lease assets and liabilities, as well as lease expenses and cash flows associated with those leases, were insignificant to consolidated financial statements of the Company taken as a whole . The Company offers full- time employees an option to participate in its health and dental plans. The Company is self- insured up to certain limits and is insured if claims in excess of these limits are incurred. The cost of employee health and dental benefits, net of employee contributions, is shared between the corporate office and the senior

housing communities based on the respective number of plan participants. ~~Funds~~ **Contributions** collected are used to pay the actual program costs, including estimated annual claims, third- party administrative fees, network provider fees, communication costs, and other related administrative costs incurred by the plans. Claims are paid as they are submitted to the Company' s third- party administrator. The Company records a liability for outstanding claims and claims that have been incurred but not yet reported. This liability is based on the historical claim reporting lag and payment trends of health insurance claims. Additionally, the Company may be liable for an Employee Shared Responsibility Payment (" ESRP ") pursuant to the Patient Protection and Affordable Care Act. The ESRP is applicable to employers that (i) had 50 or more full- time equivalent employees, (ii) did not offer minimum essential coverage (" MEC ") to at least 70 % of full- time employees and their dependents, or (iii) did offer MEC to at least 70 % of full- time employees and their dependents that did not meet the affordable or minimum value criteria and had one or more full- time employees certified as being allowed the premium tax credit. The Internal Revenue Service (~~"~~ **"** IRS ~~"~~ **"**) determines the amount of the proposed ESRP from information returns completed by employers and from income tax returns completed by such employers' employees. Management believes that the recorded liabilities and reserves established for outstanding losses and expenses are adequate to cover the ultimate cost of losses and expenses incurred as of December 31, ~~2022~~ **2023** . It is possible that actual claims and expenses may differ from established reserves. Any subsequent changes in estimates are recorded in the period in which they are determined. The Company uses a combination of insurance and self- insurance for workers' compensation. Determining the reserve for workers' compensation losses and costs that the Company has incurred as of the end of a reporting period involves significant judgments based on projected future events, including among other factors, potential settlements for pending claims, known incidents which may result in claims, estimates of incurred but not yet reported claims, changes in insurance premiums and estimated litigation costs. The Company regularly adjusts these estimates to reflect changes in the foregoing factors. However, since this reserve is based on estimates, it is possible the actual expenses incurred may differ from the amounts reserved. Any subsequent changes in estimates are recorded in the period in which they are determined. **F- 12** Net Income (Loss) Per Common Share The Company uses the two- class method to compute net income **(loss)** per common share because the Company has issued securities (Series A Preferred Stock) that entitle the holder to participate in dividends and earnings of the Company. Under this method, net income is reduced by the amount of any dividends earned during the period. The remaining earnings (undistributed ~~F- 15~~ earnings) are allocated based on the weighted- average shares outstanding of common stock and Series A Preferred Stock (on an if- converted basis) to the extent that each preferred security may share in earnings as if all of the earnings for the period had been distributed. The total earnings allocated to common stock is then divided by the number of outstanding shares to which the earnings are allocated to determine the earnings per share. The two- class method is not applicable during periods with a net loss, as the holders of the Series A Preferred Stock have no obligation to fund losses. Diluted net income (loss) per common share is computed under the two- class method by using the weighted- average number of shares of common stock outstanding, plus, for periods with net income attributable to common stockholders, the potential dilutive effects of stock options, stock based compensation awards and warrants. In addition, the Company analyzes the potential dilutive effect of the outstanding Series A Preferred Stock under the ~~"~~ **"** if- converted ~~"~~ **"** method when calculating diluted earnings per share, in which it is assumed that the outstanding Series A Preferred Stock converts into common stock at the beginning of the period or when issued, if later. The Company reports the more dilutive of the approaches (two class or ~~"~~ **"** if- converted ~~"~~ **"**) as its diluted net income per share during the period. The following table sets forth the computation of basic and diluted net loss per common share (in thousands, except for per share amounts): Years Ended December 31, ~~20222021Basic~~ **20232022Basic** net ~~(~~loss ~~) income~~ per common share calculation: Net ~~(~~loss ~~) income~~ $ (**21, 107) $ (** 54, 401) ~~$ 125, 607~~ Less: Dividends on Series A Preferred Stock **—** (2, 269 ~~) (718~~) Less: Undeclared dividends on Series A Preferred Stock (**4, 992) (** 2, 300) ~~— Less: Remeasurement of Series A Preferred Stock — (13, 474) Less: Undistributed earnings to participating securities — (6, 266)~~ Net ~~(~~loss ~~) income~~ attributable to common stockholders $ (**26, 099) $ (** 58, 970) ~~$ 105, 149~~ Weighted average shares outstanding — basic6, **786 6,** 359 ~~2, 750~~ Basic net ~~income (~~loss ~~)~~ per share $ (**3. 85) $ (** 9. 27) ~~$ 38. 24~~ Diluted net ~~(~~loss ~~) income~~ per common share calculation: Net ~~(~~loss ~~) income~~ attributable to common stockholders $ (**26, 099) $ (** 58, 970) ~~$ 105, 149~~ Weighted average shares outstanding — diluted6, **786 6,** 359 ~~2, 773~~ Diluted net ~~income (~~loss ~~)~~ per share $ (**3. 85) $ (** 9. 27) ~~$ 37. 92~~ The following weighted- average shares of securities were not included in the computation of diluted net ~~income (~~loss ~~)~~ per common share as their effect would have been antidilutive: Years Ended December 31, (shares in thousands) ~~20222021Series~~ **20232022Series** A Preferred Stock (if converted) 1, ~~088. 7 163. 8~~ **150 1, 089 Warrants1, 031 1, 031** Restricted stock ~~awards381~~ **awards661 382 Restricted stock units2 —** ~~. 8 26. 6 Warrants1, 031. 3 163. 8~~ Stock ~~options9~~ **options10 10** ~~. 8 9. 8~~ Total2, **854 2, 512** ~~511. 6 364. 0~~ Redeemable Preferred Stock The Company' s Series A Preferred Stock is convertible outside of our control and in accordance with ASC 480- 10- S99- 3A and as such is classified as mezzanine equity. The Series A Preferred Stock was initially recorded at fair value upon issuance, net of issuance costs and discounts. The holders of **our** Series A Preferred Stock **are Conversant Parkway (A) LP F- 13 (" Conversant A ") and Conversant Parkway (B) LP (" Conversant B " and, together with Conversant A, " Conversant " or " Conversant Investors "), and** are entitled to vote with the holders of common stock on all matters submitted to a vote of stockholders of the Company. As such, the Conversant Investors, in combination with their common stock ownership as of December 31, **2023 and** 2022 ~~and 2021~~ , have voting rights in excess of 50 % of the Company' s total voting stock. It is deemed probable that the Series A Preferred Stock could be redeemed for cash by the Conversant Investors, and as such the Series A Preferred Stock is required to be remeasured and adjusted to its maximum ~~F- 16~~ redemption value at the end of each reporting period. However, to the extent that the maximum redemption value of the Series A Preferred Stock does not exceed the fair value of the shares at the date of issuance, the shares are not adjusted below the fair value at the date of issuance. As of December 31, ~~2022~~ **2023** and December 31, ~~2021~~ **2022** , the Series A Preferred Stock is carried at the maximum redemption value ~~. The Series A Preferred Stock does not have a maturity date and therefore is considered as perpetual~~ . Dividends on redeemable preferred stock are recorded to retained earnings or additional

paid- in capital if retained earnings is an accumulated deficit. Dividends are cumulative, and any declaration of dividends is at the discretion of the Company' s Board of Directors **(the " Board ")** . If the Board does not declare a dividend in respect of any dividend payment date, the amount of such accrued and unpaid dividend is added to the liquidation preference and compounds quarterly thereafter. **During the year ended December 31, 2023, the Board did not declare any dividends with respect to the Series A Preferred Stock, and accordingly, an aggregate of $ 5. 0 million was added to the liquidation preference of the Series A Preferred Stock during such period, effectively increasing the carrying value of the redeemable preferred stock. See " Note 8 – Securities Financing. "** Segment Information The Company evaluates the performance ~~and allocates resources~~ of its senior living communities **and allocates resources** based on current operations and market assessments on a property- by- property basis. The Company does not have a concentration of operations geographically or by product or service as its management functions are integrated at the property level. The Company has determined that its operating units meet the criteria in ASC Topic 280, Segment Reporting, to be aggregated into one reporting segment. As such, the Company operates in one segment. **Troubled Debt Restructurings The Company assesses its loan modifications with existing lenders to determine if it is a troubled debt restructuring. A loan that has been modified or renewed is considered to be a troubled debt restructuring when two conditions are met: (1) the borrower is experiencing financial difficulty and (2) concessions are made for the borrower' s benefit that would not otherwise be considered for a borrower or a transaction with similar credit risk characteristics. These concessions may include modifications of the terms of the debt such as deferral of payments, extension of maturity, reduction of principal balance, reduction of the stated interest rate other than normal market rate adjustments, or a combination of these concessions. The Company compares the total cash outflows of the restructured debt to the carrying amount of the debt prior to the restructure. If cash outflows of the restructured debt are less than the carrying amount, a gain is recognized and the carrying amount of the debt is adjusted. If cash outflows of the restructured debt are more than the carrying amount, no gain or loss is recognized and the carrying amount of the debt is not adjusted. The change in cash outflows resulting from the restructuring is accounted for on a prospective basis by calculating a new effective interest rate on the restructured debt and applying it to recognize lower interest expense over the remaining term. See " Note 7 – Notes Payable. "** Reclassifications Certain amounts previously reflected in the prior year consolidated ~~balance sheet~~ **financial statements** have been reclassified to conform to our December 31, ~~2022~~ **2023** presentation ~~. The consolidated balance sheet as of December 31, 2021 reflects reclassifying " operating lease right- of- use assets, net " to " other assets, net ", " property tax and insurance deposits " to " restricted cash ", lender reserves from " other assets, net " to " restricted cash"," current portion of lease liabilities" to" other current liabilities", and" lease liabilities, net of current portion" to" other long- term liabilities"." Customer deposits" were combined into" other current liabilities." The consolidated statements of operations for the year ended December 31, 2021 includes the reclassification of" gain (loss) on disposition of assets" to" other income, net", as well as an immaterial correction to classify " stock- based compensation expense ", which was previously reported as a separate line item, within " general and administrative expense". These reclassifications had no effect on the previously reported total assets, total liabilities, or reported net income. The consolidated statements of cash flows reflect reclassifying changes in property tax and insurance deposits and changes in lender reserves to restricted cash beginning / ending balances, consistent with the balance sheet reclassifications described above~~ . Off- Balance Sheet Arrangements The Company had no material off- balance sheet arrangements as of December 31, **2023 or** 2022 ~~or 2021~~ . Recently Adopted Accounting Pronouncements ~~Reference Rate Reform In March 2020, the FASB issued ASU 2020- 04, Facilitation of the Effects of Reference Rate Reform on Financial Reporting, which provides optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on contracts, hedging relationships, and other transactions that reference the London InterBank Offered Rate. The new standard was effective upon issuance and elections can be made through December 31, 2022. The adoption of the optional expedient has not had and is not expected to have a material impact on the Company' s consolidated financial statements. Recently Issued Accounting Pronouncements Not Yet Adopted Measurement of Credit Losses~~ In June 2016, the **Financial Accounting Standards Board ("** FASB **")** issued ASU 2016- 13, Financial Instruments- Credit Losses: Measurement of Credit Losses on Financial Instruments. Current ~~U. S. generally accepted accounting principles (~~ GAAP ~~) require~~ **requires** an " incurred loss " methodology for recognizing credit losses that delays recognition until it is probable a loss has been incurred. ASU 2016- 13 replaces the current incurred loss methodology for credit losses and removes the thresholds that companies apply to measure credit losses on financial statements measured at amortized cost, such as loans, receivables, and held- to- maturity debt securities **F- 14** with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to form credit loss estimates. The determination of the allowance for credit losses under the new standard would typically be based on evaluation of a number of factors, including **,** but not limited to **,** general economic ~~F- 17~~ conditions, payment status, historical collection patterns and loss experience, financial strength of the borrower, and nature, extent and value of the underlying collateral. For smaller reporting companies, ASU 2016- 13 is effective for fiscal years and for interim periods within those fiscal years beginning after December 15, 2022. It requires a cumulative effect adjustment to the balance sheet as of the beginning of the first reporting period in which the guidance is effective. ~~We will~~ **The Company** ~~adopt~~ **adopted** ASU 2016- 13 on January 1, 2023 ~~and do not expect~~ **. The effect of** the adoption **had an** ~~of ASU 2016- 13 to have a material~~ **immaterial** impact on our consolidated financial statements. **Reference Rate Reform** ~~Fair Value Measurement of Equity Securities~~ In ~~June~~ **March 2020, the FASB issued ASU 2020- 04, Facilitation of the Effects of Reference Rate Reform on Financial Reporting, which provides optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on contracts, hedging relationships, and other transactions that reference the London InterBank Offered Rate. The new standard was effective upon issuance and elections can be made through December 31,** 2022 **. The adoption of the optional expedient has not had and is not expected to have a material impact on the Company' s consolidated financial statements. Recently Issued Accounting**

Pronouncements Not Yet Adopted In November of 2023 , the FASB issued ASU No. ~~2022~~ **2023** - ~~03~~ **07** , **Segment Reporting** ~~Fair Value Measurement~~ (Topic ~~820~~ **280**) **: Improvements** ~~- Fair Value Measurement of Equity Securities Subject~~ to ~~Contractual Sale Restrictions, which clarifies that~~ **Reportable Segment Disclosures. The amendments are intended to increase reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. The ASU is effective on** a ~~contractual sale restriction prohibiting the sale of~~ **retrospective basis for fiscal years beginning after December 15, 2023,** ~~an~~ **and** ~~equity security is a characteristic of~~ **interim periods within fiscal years beginning after December 15, 2024. We are currently evaluating** the ~~reporting entity holding~~ **impact of this guidance on** the **disclosures within** ~~equity security and is not included in~~ the **Company** ~~equity security~~ ' s ~~unit of account~~ **consolidated financial statements** . **Income Tax Disclosures** ~~Accordingly, an entity should not consider the contractual sale restriction when measuring the equity security' s fair value.~~ In ~~addition~~ **December 2023** , the **FASB issued** ASU ~~prohibits~~ **No. 2023- 09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The amendments require disclosure of specific categories in the rate reconciliation** ~~an~~ **and** ~~entity from~~ **provide additional information for** ~~recognizing~~ - **reconciling items that meet** a **quantitative threshold and further disaggregation** ~~contractual sale restriction as a separate unit~~ of ~~account~~ **income taxes paid for individually significant jurisdictions** . ~~This~~ **The** ASU **is** ~~will be~~ effective for fiscal years beginning after December 15, ~~2023~~ **2024** ~~, and interim periods within those fiscal years~~ , with early adoption permitted. We ~~do not expect~~ **are currently evaluating** the ~~adoption of~~ **impact that** this ~~standard to~~ **guidance will** have ~~a significant impact~~ on ~~our~~ **the disclosures within the Company' s** consolidated financial statements. 4. Impairment of Long- Lived Assets **Property and equipment are stated at cost and depreciated on a straight- line basis over the estimated useful lives of the assets. At each balance sheet date, the Company reviews the carrying value of its property and equipment to determine if facts and circumstances indicate the carrying amount of an asset group may not be recoverable, or that the depreciation period may need to be changed. The Company considers internal factors such as net operating losses along with external factors relating to each asset, including contract changes, local market developments and other publicly available information to determine whether impairment indicators exist.** If an indicator of impairment is identified, recoverability of an asset group is assessed by comparing its carrying amount to the estimated future undiscounted net cash flows expected to be generated by the asset group through operation or disposition, calculated utilizing the lowest level of identifiable cash flows. If the long- lived asset group' s carrying amount exceeds its estimated undiscounted future cash flows, the fair value of the long- lived asset group is then estimated by management and compared to its carrying amount. An impairment charge is recognized on these long- lived assets when carrying amount exceeds fair value. The Company recognized a non- cash impairment charge of $ **The Company recognized non- cash impairment charges of $** 6. ~~0~~ **5** million to its ~~" Property~~ **property** and equipment,net ~~"~~ during the year ended December 31, ~~2023~~ **2021** ,which related to one owned community.Due to **the** recurring net operating losses,the Company concluded the assets related to this community had indicators of ~~impairment~~ **impairments** and the carrying value was not **fully** recoverable.The fair value of the property and equipment,net of this community was determined using an income **capitalization** approach considering stabilized facility operating income ~~,a discount~~ **and market capitalization** ~~rate~~ **rates** of 8. **25** ~~5 % and market capitalization rate of 7.5~~ %.This impairment charge is primarily due to the COVID- 19 pandemic and lower than expected operating performance at the community and reflects the amount by which the carrying amount of these assets exceeded their fair value. ~~F-~~ 1. 6 million to its ~~" Property~~ **property** and equipment, net ~~"~~ during the year ended December 31, 2022, which related to one owned community. The impairment charge resulted from: a) the management' s commitment to a plan to sell the community shortly after the balance sheet date, but before the issuance of this Annual Report on Form 10- K; and b) the agreed- upon selling price being below the community' s carrying amount. In complying with the requirements under ASC 360, Property, Plant, and Equipment, management evaluated the significance of the asset in relation to the overall asset group, as well as the facts and circumstances surrounding the sale of this particular asset, and determined that no additional testing of the asset group under the held- and- used impairment approach was necessary at the balance sheet date. The Company recognized non- cash impairment...... these assets exceeded their fair value. During the years ended December 31, **2023 and** 2022 ~~and 2021~~ , for long- lived assets where indicators of impairment were identified, tests of recoverability were performed, and the Company has concluded its property and equipment is recoverable and does not warrant adjustment to the carrying value or remaining useful lives, except for the long- lived asset noted above. ~~F- 18~~ 5. **Property** ~~Significant Transactions On February 1, 2022, the Company completed the acquisition of two senior living communities located in Indiana for a combined purchase price of $ 12. 3 million. The communities consist of a total of 157 independent living units. The acquisition price was funded with cash on hand~~ - **and Equipment As** ~~. The acquired assets did not meet the definition~~ of ~~a business and, as such, the transaction was accounted for as an asset acquisition pursuant to the guidance in subsection 805- 50 of Accounting Standards Codification (" ASC") 805, Business Combinations. Refinancing During the year ended~~ December 31, **2023 and** 2022 ~~, the Company completed the refinancing of certain of its mortgage debt. See" Note 8 – Notes Payable". On October 1, 2021, the Company entered into an Amended and Restated Investment Agreement (the" A & R Investment Agreement") with Conversant Dallas Parkway (A) LP (" Conversant Fund A ") and Conversant Dallas Parkway (B) LP (" Conversant Fund B" and, together with Conversant Fund A, the " Conversant Investors "), affiliates of Conversant Capital LLC, which amended and restated in its entirety the Investment Agreement that the Company entered into with the Conversant Investors on July 22, 2021 and was subsequently amended (the " Original Investment Agreement "). Pursuant to the A & R Investment Agreement, (i) the Conversant Investors purchased from the Company, and the Company sold to the Conversant Investors, in a private placement (the " Private Placement ") pursuant to Section 4 (a) (2) of the Securities Act of 1933, as amended (the " Securities Act "), 41, 250 shares of newly designated Series A convertible preferred stock, par value $ 0. 01 per share (the " Series A Preferred Stock ") at a price per share equal to $ 1, 000 and 1, 650, 000 shares of common stock, par value $ 0. 01 per share, at a price per share equal to $ 25; (ii) the Conversant Investors received 1, 031, 250 warrants, each evidencing the right to purchase one share of common stock at a price per share of $ 40 and with an exercise expiration date of five years after the Closing Date; (iii) the~~

Company amended the terms of its previously announced rights offering under the Original Investment Agreement to allow the holders of record of its outstanding shares of common stock at the close of business on September 10, 2021 the right to purchase at $ 30 per share, 1. 1 shares of common stock for each share of common stock held (the " Rights Offering "), in each case as more fully described in the A & R Investment Agreement. In addition, pursuant to the A & R Investment Agreement, the Conversant Investors agreed to partially backstop the Amended Rights Offering up to $ 50. 5 million through the purchase of additional shares of the Company' s common stock at $ 30 per share. In consideration for the backstop commitments of the Conversant Investors, the Company paid to the Conversant Investors, as a premium, 174, 675 shares of common stock. On or after the closing date under the A & R Investment Agreement, the Company may from time to time request additional investments from the Conversant Investors in shares of Series A Preferred Stock for future investment in accretive capital expenditures and acquisitions post- closing up to an aggregate amount equal to $ 25. 0 million, subject to certain conditions. Simultaneously with the entry into the Investment Agreement, the Company and the Conversant Investors entered into a $ 17. 3 million secured promissory note (the " Promissory Note ") to provide interim debt financing which was scheduled to mature in July 2022 and was subsequently amended. The Promissory Note was amended by the A & R Investment Agreement to reduce the aggregate indebtedness outstanding by $ 1. 3 million, resulting in an amended secured promissory note in the amount of $ 16. 0 million. The Promissory Note was fully repaid upon closing of the transactions contemplated by the A & R Investment Agreement and the Company recognized a $ 1. 0 million loss on extinguishment of the Promissory Note. See" Note 8 – Notes Payable." The transactions contemplated by the A & R Investment Agreement were subject to stockholder approval, which was received on October 22, 2021. The Rights Offering expired on October 27, 2021 with subscription rights to purchase 1, 133, 941 shares exercised by existing stockholders. The transactions contemplated by the A & R Investment Agreement closed (the " Closing ") on November 3, 2021 and resulted in net proceeds to the Company of $ 141. 4 million after paying customary transaction and closing costs of approximately $ 13. 4 million. The Conversant Investors and Arbiter Partners QP, LP (" Arbiter ") backstopped the Rights Offering, pursuant to which they purchased an additional 1, 160, 806 shares of common stock and 114, 911 shares of common stock, respectively, and received a backstop fee of 174, 675 shares of common stock and 17, 292 shares of common stock, respectively. At the Closing, the Company, the Conversant Investors and Silk Partners LP (" Silk ") entered into an Investor Rights Agreement, pursuant to which, among other things, the Company' s board of directors was reconstituted to consist of four new directors designated by the Conversant Investors, two new directors designated by Silk and three continuing directors. F- 19 At the Closing, all outstanding performance- based stock based compensation including restricted shares were converted at target award levels to time- based restricted stock awards that will vest on the applicable scheduled vesting dates or the relevant award termination date applicable to such performance shares. See " Note 10 – Stock-Based Compensation. " 6. Property and Equipment As of December 31, 2022 and 2021 , property and equipment, net and leasehold improvements, which include assets under finance leases, consists of the following (in thousands): December 31, Asset Lives20222021Land **Lives20232022LandNA** $ 47, **173 $ 47,** 476 $ 46, 069 Land improvements5 to 20 years20, **487 20,** 053 19, 146 Buildings and building improvements10 to 40 years842 **years845 , 873 842** , 854 814, 035 Furniture and equipment5 to 10 years53 **years58 , 443 53** , 236 52, 602 Automobiles5 to 7 years2, **687 2,** 704 2, 662 Leasehold improvements, and assets under finance leases (1) **2, 766** 1, 899 2, 276 Construction in progressNA666 **progressNA259** 392 **666** Total property and equipment968 --- **equipment $ 977, 688 $ 968** , 888 937, 182 Less accumulated depreciation and amortization (**389, 509) (** 353, 134) (315, 983) Property and equipment, net $ **588, 179 $** 615, 754 $ 621, 199 (1) Leasehold improvements are amortized over the shorter of the useful life of the asset or the remaining lease term. Assets under finance leases and leasehold improvements include $ 0. 2 **1** million and $ 0. 3 **2** million of finance lease right- of- use assets, net of accumulated amortization, as of December 31, **2023 and** 2022 and 2021 , respectively. As of December 31, **2023 and** 2022 and 2021 , property and equipment, net included $ **2. 4 million and $** 1. 6 million and $ 0. 1 million, respectively, of capital expenditures which had been incurred but not yet paid. During the years ended December 31, 2022 **2023** and December 31, 2021 **2022** , the Company recognized non- cash impairment charges to " **"** Property and equipment, net " **"** of **$ 6. 0 million and** $ 1. 6 million and $ 6. 5 million, respectively. See " Note 4 – Impairment of Long – Lived assets. " 7 **F- 16 6** . Accrued Expenses Accrued expenses consist of the following (in thousands): December 31, 20222021Accrued **20232022Accrued** payroll and employee benefits $ 13 **15** , 795 **639** $ 13, 592 **795** Accrued interest (1) **11, 316** 9, 374 7, 311 Accrued taxes6 **taxes7 , 614 6** , 939 7, 278 Accrued professional fees3 **fees5 , 022 3** , 179 4, 102 Accrued other expenses3 **expenses2 , 797 3** , 657 4 **$ 42** , 743 **388** $ 36, 944 **(1) Includes** $ 37 **4. 3 million of deferred interest as of December 31** , 026 **2023 in consideration of the Fannie Mae Loan Modification** (1 **as defined below**) Includes **and $ 3. 3 million of** accrued interest **payable** related to the remaining two - **to Protective Life Insurance Company regarding the loans currently in default. 7. Notes Payable Notes payable consists of the following (in thousands): December 31, Weighted averageinterest rateMaturity Date20232022Fixed rate mortgage notes payable4. 6 % 2024 to 2045 $ 492, 998 $ 503, 312** Fannie Mae communities totaling **- two mortgage notes payable (1) — 31, 991 Variable rate mortgage notes payable (2) 5. 9 % 2026 to 2029137, 320 137, 652 Notes payable- insurance6. 4 % 20241, 846 1, 724 Notes payable- other8. 5 % 20241, 619 1, 619 Notes payable** $ **633, 783** 4. 1 million and $ 2. 7 million **676, 298 Deferred loan costs, net4, 361 5, 267 Total notes payable, net of deferred loan costs $ 629, 422 $ 671, 031 Current portion of notes payable (3) 42, 323 46, 029 Long- term notes payable, net $ 587, 099 $ 625, 002 The following schedule summarizes our notes payable** as of December 31, 2022 **2023** and December 31, **(in thousands): Principal payments due in (4):** 2021 **2024 (3) $ 43** , respectively. **994 202534, 208 2026347, 847 20273, 597 20283, 719 Thereafter200, 418 Total notes payable, excluding deferred loan costs $ 633, 783 (1)** See " Transactions Involving Certain Fannie Mae Loans " disclosure below. On January 11, 2023, Fannie Mae completed the transfer of ownership on the two properties. As a result of the change in legal ownership, the Company will derecognize all of the debt and accrued interest related to the two properties. See" Note 16- Subsequent Events". F- 20 8. Notes Payable Notes payable consists of the following (in thousands): December 31, Weighted averageinterest rateMaturity Date20222021Fixed rate mortgage notes payable4. 6 % 2024 to 2045 $ 503, 312 $ 561, 006 Fannie

~~Mae mortgage notes payable (1) 4. 6 % 202331, 991 31, 991 Variable rate mortgage notes~~ (2) ~~5. 9 % 2026 to 2029137, 652 88, 711 Notes payable- insurance5. 4 % 20231, 724 3, 483 Notes payable- other7. 1 % 20231, 619 2, 121 Notes payable, excluding deferred loan costs $ 676, 298 $ 687, 312 Deferred loan costs, net5, 267 4, 201 Total notes payable, net $ 671, 031 $ 683, 111 Less current portion46, 029 69, 769 Total long- term notes payable, net $ 625, 002 $ 613, 342~~ The ~~aggregate scheduled maturities of notes payable as of December 31, 2022 are as follows (in thousands): 2023 (1) $ 47, 669 2024152, 155 2025114, 285 2026164, 044 20273, 980 Thereafter194, 165 Total notes payable, excluding deferred loan costs $ 676, 298 (1) See" Transactions Involving Certain Fannie Mae Loans" disclosure below. On January 11, 2023, Fannie Mae completed the transfer of ownership on the two properties. As a result of the change in legal ownership, the Company will derecognize all of the debt and accrued interest related to the two properties. See" Note 16- Subsequent Events". (2) Capped~~ weighted average **interest** rate **for variable debt is the strike rate under the applicable interest rate cap agreements**. See ~~"~~Note 14 ~~- Derivatives and Hedging"~~ for interest rate cap agreements on variable rate mortgage notes payable. ~~As of~~ **(3)** December 31 ~~, 2022~~ **2023 includes $ 34. 2 million aggregate outstanding principal due under the loans with Protective Life Insurance Company. See " Protective Life Insurance Company Non- recourse Mortgages " disclosure below. (4) Includes maturities of the subsequent refinancing that occurred with Ally Bank in February 2024. F- 17 As of December 31, 2023**, our fixed rate mortgage notes bear interest rates ranging from 3. 6 % to 6. 3 %. Our variable rate mortgage notes are based on ~~either one- month LIBOR or~~ the Secured Overnight Financing Rate (" SOFR ") plus an applicable margin. As of December 31, ~~2022~~ **2023**, **the** ~~one- month LIBOR and~~ one- month SOFR ~~were 4~~ **was 5**. 4 % ~~and 4. 3 %, respectively~~, and the applicable margins were **either** 2. 14 % ~~and~~ **or** 3. 50 % ~~, respectively~~. As of December 31, ~~2022~~ **2023**, we had property and equipment with a net carrying value of $ ~~604~~ **578**. ~~5~~ **4** million that is secured by outstanding notes payable **. On June 29**, **2023, the Company entered into the Fannie Forbearance with Federal National Mortgage Association (" Fannie Mae ") for all 37 of its encumbered communities, effective as of June 1, 2023 (" Fannie Forbearance Effective Date "). Under the Fannie Forbearance, Fannie Mae agreed to forbear on its remedies otherwise available under the community mortgages** and **Master Credit Facility (" MCF ") in connection with reduced debt service payments made by the Company during the forbearance period. In connection with the Fannie Forbearance, the Company made a $ 5. 0 million principal payment in July 2023. The Fannie Forbearance was the first of a** two ~~unencumbered~~ **- step process to modify all existing mortgage loan agreements with Fannie Mae by October 2023 under proposed loan modification agreements, as defined in the Fannie Forbearance (" Loan Modification Agreement "). Terms outlined in an agreed upon term sheet accompanying the Fannie Forbearance were included in the Loan Modification Agreements as the final step to modify the various 37 Fannie Mae community mortgages and MCF prior to the expiration of the Fannie Forbearance, which was subsequently extended to October 6, 2023. As of December 31, 2023, the Company had drawn down $ 10 million of the Equity Commitment as more fully described in " Note 8 – Securities Financing. " As of December 31, 2023, $ 3. 5 million remains in the Equity Commitment. F- 18 The Company has determined that the Fannie loan modification is a troubled debt restructuring where the total cash outflows exceed the current carrying value of the debt. The Company incurred restructuring costs of $ 0. 7 million in the year ended December 31, 2023. These costs are included in deferred loan costs as of December 31, 2023 and will be amortized over the new lives of the Fannie Mae loans. In addition, the Company paid $ 3. 1 million in transaction costs related to the loan modifications that were expensed as general and administrative expenses in the year ended December 31, 2023. During the year ended December 31, 2021, Fannie Mae completed the transition of legal ownership of 16 of the Company' s** properties **. As of December 31, 2022, two properties remained for which the legal ownership has not been transferred back to Fannie Mae. As of December 31, 2022, the Company included $ 31. 8 million of outstanding debt in current portion of notes payable, net of deferred loan costs of $ 0. 2 million. As of December 31, 2022, the accrued interest related to the remaining two properties was $ 4. 1 million and was included in accrued expenses. As of December 31, 2022, the Company did not manage any properties on behalf of Fannie Mae. In January 2023, the Company received notice that the foreclosure sales conducted by Fannie Mae had successfully transitioned the remaining two properties to new owners which relieved the Company of the existing Fannie Mae debt. Accordingly, the Company recognized a $ 36. 3 million gain on debt extinguishments for the year ended December 31, 2023. On June 29, 2023, and concurrent** with **the Fannie Forbearance, we executed the 2023 Ally Amendment to the Ally Term Loan Agreement and the Second Amended Ally Guaranty with Ally Bank with terms as follows: • With respect to the Second Amended Ally Guaranty, Ally will grant the Company, as Guarantor,** a ~~net book~~ **waiver (" Limited Payment Guaranty Waiver " or " Waiver ") of the Liquid Assets minimum requirement of $ 13. 0 million for a 12- month period. On July 1, 2024, a new Liquid Assets Threshold of $ 7. 0 million will be effective, with such threshold increasing $ 1. 0 million per month through the earlier of the release of the Waiver period or December 31, 2024. • During the Waiver period, a new and temporary Liquid Assets minimum threshold (" Limited Payment Guaranty Waiver Minimum Threshold ") was established. The Limited Payment Guaranty Waiver Minimum Threshold is $ 6. 0 million and is measured weekly. If breached, the " Excess Cash Flow Sweep " is triggered and all excess cash from the communities collateralizing the Ally Term Loan will be swept into an " Equity Cure Fund ", as defined in the Ally Term Loan Agreement. As provided for in the Ally Amendment, the Excess Cash Flow Sweep, if triggered, will cease upon the achievement of meeting or exceeding the Limited Payment Guaranty Waiver Minimum Threshold for four consecutive weeks. Consistent with the Ally Term Loan, all amounts held in escrow (i. e., Debt Service Escrow and IRC Reserve) will be included and combined with the Company' s unrestricted cash for purposes of measurement against the Limited Payment Guaranty Waiver Minimum Threshold. F- 19 • In July 2023, we were required to fund $ 2. 3 million to an interest rate cap reserve (" IRC Reserve ") held by Ally, which represented the quoted cost of a one- year interest rate cap on the full $ 88. 1 million notional** value of **the Ally Term Loan at a 2. 25 % SOFR strike rate. On December 1, 2023, the Company entered into a new SOFR- based interest rate cap transaction for an aggregate notional amount of** $ **88. 1**

million at a cost of $ 2. 4 million. The interest rate cap agreement has a 12 ~~. 9 million which could provide a source~~ **- month term and caps the floating interest rate portion** of ~~liquidity from new debt~~ **our indebtedness with Ally Bank at 2. 25 %. Until the terms of the Limited Payment Guaranty Waiver have expired or have been met and elected at the Company' s discretion, the IRC Reserve is required to be replenished to its replacement cost** . 2022 ~~Mortgage~~ **Ally Loan** Refinance In March 2022, the Company completed the refinancing of certain existing mortgage debt with Ally Bank (" Refinance Facility ") for ten of its communities. The Refinance Facility includes an initial term loan of $ 80 **. 0** million ~~. In addition, $ 10 million is available as delayed loans that can be borrowed upon achieving and maintaining certain financial covenant requirements and up to an additional uncommitted $ 40 million may be available in the lender' s discretion to fund future growth initiatives~~ . In addition, the Company provided a limited payment guaranty (" Limited Payment Guaranty ") of 33 %, that reduces to 25 % and then to 10 %, of the then outstanding balance of the Refinance Facility based upon achieving certain financial covenants and then maintained over the life of the loan. As defined and required in the Limited Payment Guaranty, the Company ~~is~~ **was** required to maintain certain covenants including maintaining a Tangible Net Worth of $ 150 million and Liquid Assets of at least $ 13 million which ~~is~~ **was** inclusive of a $ 1. 5 million debt service reserve provided by the Company at the closing of the Refinance Facility. The debt service reserve may be released upon terms described in the loan agreement and is included in restricted cash. ~~F- 21~~ In conjunction with the Refinance Facility, the Company incurred costs of $ 2. 2 million in March 2022. These costs, net of amortization of $ **1.** 0 ~~. 4~~ million, are included in deferred loan costs as of December 31, ~~2022~~ **2023** . The financing transaction generated a loss on refinancing of notes payable of $ 0. 6 million which is included in loss on extinguishment of debt for the **year** ~~twelve months~~ ended December 31, 2022. ~~On~~ **During** December ~~13,~~ 2022, the Company amended the Refinance Facility with Ally Bank by adding two additional subsidiaries of the Company as borrowers **and mortgaging their communities** . The amendment increased the principal by $ 8. 1 million to $ 88. 1 million ~~. In conjunction with the amendment, the Company incurred costs of approximately $ 0. 2 million in December 2022 that are included in deferred loan costs as of December 31, 2022 and will be deferred and amortized over the remaining life of the term loan~~ . The Refinance Facility also requires the financial performance of the twelve communities to meet certain financial covenants, including a minimum debt service coverage ratio and a minimum debt yield (as defined in the loan agreement) with a first measurement date as of June 30, 2022 and quarterly measurement dates thereafter. As of December 31, ~~2022~~ **2023** , we were in compliance with the financial covenants ~~. We can provide no assurance that any financial covenants will be met in the future~~ . The Refinance Facility ~~requires~~ **required** the Company to purchase and maintain an interest rate cap facility during the term of the Refinance Facility. To comply with the lender' s requirement, the Company entered into an interest rate cap agreement for an aggregate notional amount of $ 88. 1 million in November 2022 **and entered into a new IRC agreement during December 2023** . See ~~"~~ **"** Note 14 – Derivatives and Hedging ~~"~~ . **" F- 20 At December 31, 2023, the Company had loan agreements with Protective Life Insurance Company (" Protective Life "), secured by seven of the Company' s properties. During 2023, the Company elected not to make principal and interest payments related to certain non- recourse mortgage loan agreements with Protective Life covering four of the Company' s properties. During August 2023, the Company paid all past due amounts on one of the properties to bring the mortgage current. As of December 31, 2023, the Company remained in default on three of the Company' s properties with Protective Life with an aggregate principal amount of $ 55. 8 million. On February 2, 2024, the Company completed the purchase of the total outstanding balance of $ 74. 4 million from Protective Life that was secured by seven of the Company' s senior living communities for a purchase price of $ 40. 2 million (such transaction, the " Protective Life Loan Purchase "). On February 2, 2024, in connection with the Protective Life loan purchase, the Company expanded its outstanding loan obligation with Ally Bank in the amount of $ 24. 8 million that was secured by six of the Company' s senior living communities. See " Note 16 – Subsequent Events. "** Notes Payable- Insurance ~~In June~~ **During the year ended December 31,** ~~2022~~ **2023** , the Company renewed certain insurance policies and entered into ~~a~~ **several** finance ~~agreement~~ **agreements** totaling approximately $ ~~1~~ **3** . ~~7~~ **3** million ~~, of which $ 0~~ . **During the year ended** ~~5 million was outstanding as of~~ December 31, ~~2022. In July~~ 2022, the Company renewed certain insurance policies and entered into ~~a~~ **several** finance ~~agreement~~ **agreements** totaling approximately $ ~~0.~~ 3 ~~million, of which $ 0~~ . 1 million **. As** ~~was outstanding as~~ of December 31, ~~2022~~ **2023** ~~. In December 2022, the Company renewed certain insurance policies and entered into a finance agreement totaling approximately $ 1. 1 million, of which $ 1. 1 million was outstanding as of December 31, 2022. As of December 31, 2022~~ , the Company had finance agreements **outstanding** totaling $ 1. ~~7~~ **8** million, with fixed interest rates ranging from ~~4~~ **6** . ~~45~~ **25** % to ~~5~~ **6** . ~~60~~ **50** %, and weighted average rate of ~~5~~ **6** . ~~44~~ **38** %, with the ~~principals~~ - **principal** being repaid over ten- month ~~term~~ **terms** . The **Company had notes payable** ~~Coronavirus Aid, Relief and Economic Security Act of 2020 (" CARES Act"), among other things, permitted borrowers with mortgages from Government Sponsored Enterprises who experienced a financial hardship~~ related to **rent** ~~the COVID- 19 pandemic to obtain forbearance of their loans for up to 90 days. On May 7, 2020, the Company entered into forbearance agreements with Berkadia Commercial Mortgage LLC, as servicer of 23 of its Fannie Mae loans covering 20 of the Company' s properties. On May 9, 2020, the Company entered into a forbearance agreement with Wells Fargo Bank (" Wells Fargo "), as servicer of one Fannie Mae loan covering one of the Company' s properties. On May 20, 2020, the Company entered into forbearance agreements with KeyBank, as servicer of three Fannie Mae loans covering two of the Company' s properties. The forbearance agreements allowed the Company to withhold the loan~~ payments due **to Healthpeak** ~~under the loan agreements~~ for the ~~months of April, May, and June 2020 and Fannie Mae agreed to forbear in exercising its rights and remedies during such three month period. During this three- month loan payment forbearance, the Company agreed to pay to Fannie Mae monthly net operating income, if any, as defined in the forbearance agreement, for the properties receiving forbearance. On July 31, 2020, the Company made required payments to Fannie Mae totaling $ 0. 6 million, which included the deferred payments, less payments made during the forbearance period, for five of the Company' s properties with forbearance agreements. The Company elected not to pay $ 3. 8 million on the loans for the remaining 18 properties as of that date as it initiated a process intended to transfer the operations and ownership of such~~

~~properties to Fannie Mae. Therefore, the Company was in default on such loans, which were non- recourse loans. F- 22 During the year~~ **years** ended December 31, ~~2021~~ **2023** ~~, Fannie Mae completed the transition of legal ownership of 16 of the Company' s properties~~ and **2022. As** ~~the Company recorded a gain on extinguishment~~ of ~~debt of~~ **December 31, 2023, the Company had** $ ~~200~~ **1** . ~~9~~ **6** million **due to Healthpeak** , which is included in ~~gain on extinguishment of debt in the Company' s Consolidated Statement of Operations and Comprehensive Income (Loss). As of December 31, 2022, two properties remained for which the legal ownership has not been transferred back to Fannie Mae. As of December 31, 2022, the Company included $ 31. 8 million of outstanding debt in current portion of~~ notes payable ~~, net of deferred loan costs of $ 0~~ . **In November** ~~2 million. As of December 31, 2022~~ **2023** ~~and December 31~~ , ~~2021,~~ the **Company modified its payment terms** ~~accrued interest related to the remaining two properties was $ 4. 1 million and $ 2. 7 million, respectively, and was included in accrued expenses~~ on the **Healthpeak** ~~Company' s Consolidated Balance Sheets. As of December 31, 2022, the Company did not~~ **note payable to include four consecutive quarterly installments beginning in** ~~manage any properties on behalf of Fannie Mae. On~~ January ~~11, 2023~~ **2024** ~~, Fannie Mae completed the transfer of ownership of the two remaining properties. See" Note 16 – Subsequent Events." On May 21, 2020, the Company entered into amendments to its loan agreements with one of its lenders, Protective Life Insurance Company (" Protective Life "), related to loans (the" Protective Life Loans") covering ten of the Company' s properties. These amendments allowed the Company to defer principal and interest payments for April, May, and June 2020 and to defer principal payments for July 2020 through March 2021. The Company made all required debt service payments in July, August, and September 2020. On October 1, 2020, the Company entered into further amendments to its loan agreements with Protective Life Insurance Company. These amendments allowed the Company to defer interest payments for October, November, and December 2020, and to extend the deferral period of principal payments through September 1, 2021, with such deferral amounts being added to principal due at maturity in either 2025, 2026, or 2031, depending upon the loan. As of December 31, 2022, the Company had deferred payments of $ 7. 2 million related to the Protective Life Insurance Loans, of which $ 2. 6 million was included in accrued expenses in the Company' s Consolidated Balance Sheets. The remaining $ 4. 6 million is included in notes payable, net of deferred loan costs and current portion on the Company' s Consolidated Balance Sheets. On May 20, 2020, the Company entered into an agreement with Healthpeak (the " Healthpeak Forbearance "), effective from April 1, 2020 through the lease term ending October 31, 2020, to defer a percentage of rent payments. As of December 31, 2022, the Company had deferred $ 1. 6 million in rent payments, which is included in notes payable, net of deferred loan costs and current portion on the Company' s Consolidated Balance Sheets. The interest accrued on the deferred rent payments was $ 0. 1 million as of December 31, 2022 and was included in accrued expenses in the Company' s Consolidated Balance Sheets~~ . Deferred Loan Costs As of December 31, ~~2022~~ **2023** and December 31, ~~2021~~ **2022** , the Company had gross deferred loan costs of approximately $ 11. ~~3~~ **6** million and $ 11. ~~5~~ **3** million, respectively. Accumulated amortization was approximately $ **7. 3 million and $** 6. 0 million ~~and $ 7. 3 million~~ as of December 31, ~~2022~~ **2023** and December 31, ~~2021~~ **2022** , respectively. Debt Covenant Compliance Except for the non- compliance with ~~Fannie Mae mortgages for the two remaining properties in the process of transition back to Fannie Mae, and~~ certain mortgage loan agreements **on three communities** with Protective Life ~~(See" Note 16 – Subsequent Events")~~ , the Company was in compliance with all other aspects of its outstanding indebtedness as of December 31, ~~2022~~ **2023** . **8** ~~F- 23 Letters of Credit The Company previously issued standby letters of credit with Wells Fargo, totaling approximately $ 3. 4 million, for the benefit of Hartford Financial Services (" Hartford ") in connection with the administration of workers' compensation. On August 27, 2020, the available letters of credit were increased to $ 4. 0 million, and subsequently on July 31, 2022 they were further increased to $ 4. 1 million, all of which remained outstanding as of December 31, 2022. 9~~ . Securities Financing The Company **has** ~~entered into~~ an investment agreement with the Conversant Investors ~~on July 22, 2021 that was subsequently amended and restated on October 1, 2021 and completed and closed on November 3, 2021. On November 3, 2021~~ (" ~~Closing Date ") under the terms of the~~ A & R Investment Agreement **") which closed on November 3** , **2021 (" Closing Date ") under** the **terms of which the** Company ~~raised approximately $ 154. 8 million through~~ (i) **issued** ~~the issuance~~ to the Conversant Investors ~~of~~ 41, 250 shares of ~~newly designated~~ Series A Preferred Stock of the Company, par value $ 0. 01 per share, at $ 1, 000 per share (" Series A Preferred Stock ") ~~that generated approximately $ 41. 25 million in proceeds~~ , 1, 650, 000 shares of common stock of the Company, par value $ 0. 01 per share, ~~per share~~ at $ 25 per share **,** ~~that generated approximately $ 41. 25 million in proceeds~~ and 1, 031, 250 warrants to purchase common stock at $ 40 per share and (ii) **offered** a common stock rights offering to the Company' s existing stockholders (the " Rights Offering "), pursuant to which such common stock holders purchased an additional 1, 133, 941 shares of common stock at $ 30 per share ~~that generated approximately $ 34. 0 million in proceeds~~ . The Conversant Investors and Arbiter **Partners QP, LP (" Arbiter ")** backstopped the Rights Offering, pursuant to which they purchased an additional 1, 160, 806 and 114, 911 shares of common stock, respectively, ~~that generated approximately $ 38. 3 million in proceeds,~~ and received a backstop fee amounting to 174, 675 shares of common stock and 17, 292 shares of common stock, respectively ~~. Of this total, approximately $ 16. 0 million was used to retire the Promissory Note described herein~~ . With respect to the distribution of assets upon liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the Series A Preferred Stock will rank: (i) on a parity basis with each other class or series of capital stock of the Company now existing or hereafter authorized, classified or reclassified, the terms of which expressly provide that such class or series ranks on a parity basis with the Series A Preferred Stock as to dividends or rights; and (ii) junior to each other class or series of capital stock of the Company hereafter authorized, classified or reclassified, the terms of which expressly provide that class or series. In the event of a Change of Control (as defined in the A & R Investment Agreement), the Series A **F- 21** Preferred Stockholders hold a liquidation preference that is equal to $ 1, 000 per share plus the sum of preferred dividends and other dividends paid as additional stock plus any accrued and unpaid dividends (the " Liquidation Preference "). The Series A Preferred Stock has an 11 % annual dividend calculated on the original investment of $ 41. 25 million accrued quarterly in arrears and compounded. Dividends are guaranteed and may be paid in cash or in additional Series A Preferred Stock shares at the discretion of the Company' s Board

of Directors. Generally, the Series A Preferred Stockholders do not have special voting rights and have voting rights consistent with common stockholders as if they were one class. Series A Preferred Stockholders are entitled to a number of votes in respect of the shares of Series A Preferred Stock owned by them equal to the number of shares of common stock into which such shares of Series A Preferred Stock would be converted. Dividends are cumulative, and any declaration of dividends is at the discretion of the Company' s Board of Directors. If the Board does not declare a dividend in respect of any dividend payment date, the amount of such accrued and unpaid dividend is added to the liquidation preference and compounds quarterly thereafter. ~~On~~ **During the year ended** December 31, ~~2021~~ **2022** , the Company declared **and paid** $ ~~0~~ **2** . ~~7~~ **2** million ~~of~~ **cash** dividends on the Series A Preferred Stock ~~, which was included in accrued liabilities in the Consolidated Balance Sheets of the Company as of December 31, 2021, and paid in January 2022. On March 31, 2022, the Company declared a $ 1. 1 million cash dividend on the Series A Preferred Stock which was paid in April 2022. On June 8, 2022, the Company declared a $ 1. 1 million cash dividend on the Series A Preferred Stock, which was paid in June 2022~~ . During the **quarter** ~~three months~~ ended September 30, 2022, and the **quarter** ~~three months~~ ended December 31, 2022, the Board did not declare dividends, and accordingly, $ 2. 3 million was added to the liquidation preference of the Series A Preferred Stock. **During the year ended December 31, 2023, the Board did not declare dividends, and accordingly, $ 5. 0 million was added to the liquidation preference of the series A Preferred Stock.** The Series A Preferred Stockholders (~~"~~ **“** Holder ~~"~~ **”**) have the right at any time to convert (an “ Optional Conversion ”) each share of Series A Preferred Stock into common stock as described in the Certificate of Designation, Preferences and Rights of Series A Convertible Preferred Stock. The right of Optional Conversion may be exercised as to all or any portion of such Holder' s Series A Preferred Stock from time to time, except that, in each case, no right of Optional Conversion may be exercised by a Holder in respect of fewer than 1, 000 shares of Series A Preferred Stock (unless such conversion relates to all shares of Series A Preferred Stock held by such Holder). If an Optional Conversion Date occurs on or after the Record Date for a Dividend and on or before the immediately following Dividend Payment Date and Dividends have been declared for such Dividend Payment Date, then (x) on such Dividend Payment Date, such Dividend will be paid to the Holder of each share of Series A Preferred Stock as of the close of business on the applicable Record Date for such Dividend, notwithstanding the Holder' s exercise of an Optional Conversion, and (y) the amount of such Dividend, if a Preferred Dividend, will not be included in the Liquidation Preference referred to in clause (a) above. ~~F- 24~~ At any time on or after the third anniversary of the Closing Date, the Company may elect, upon the approval of a majority of the independent and disinterested directors of the Board of Directors, to convert all, but not less than all, of the outstanding shares of Series A Preferred Stock into shares of common stock by delivery to the Series A Preferred Stock holders of a notice of Mandatory Conversion (as defined in the A & R Investment Agreement), provided, that the Company shall not be entitled to deliver an irrevocable notice of Mandatory Conversion unless the volume- weighted average price (“ VWAP ”) per share of common stock exceeds 150 % of the Conversion Price (as defined in the A & R Investment Agreement) for the 30 consecutive trading days immediately preceding the notice. The Company has the option to exercise its right to require the Conversant Investors to convert their Series A Preferred Stock, once VWAP has met the above requirements for this contingent call. In the case of a Mandatory Conversion, each share of Series A Preferred Stock then outstanding will be converted into (i) a number of shares of common stock equal to the quotient of (a) the Liquidation Preference of such share of Series A Preferred Stock as of the applicable Mandatory Conversion date, divided by (b) the Conversion Price as of the applicable Mandatory Conversion date and (ii) cash in lieu of fractional shares. If the Mandatory Conversion date occurs on or after the record date for a dividend and on or before the immediately following dividend payment date and dividends have been declared for such date, then such dividend will be paid to the Series A Preferred Stock holder of each share of Series A Preferred Stock as of the close of business on the applicable record date, notwithstanding the Company' s exercise of a Mandatory Conversion, and the amount of such dividend, if a Series A Preferred Stock dividend, will not be included in the Liquidation Preference. The Company may, at its option, irrevocably elect to redeem the Series A Preferred Stock, in whole or in part, at any time (i) on or after the forty- second month anniversary of the Closing Date (and before the seventh anniversary), at a cash redemption price per share of Series A Preferred Stock equal to the greater of (A) 100 % of the Liquidation Preference as of such redemption date and (B) an amount equal to (a) the number of shares of common stock issuable upon conversion of such share of Series A Preferred Stock as of the redemption date, multiplied by (b) the VWAP of common stock for the 30 trading days immediately preceding the notice date and (c) on or after the seventh anniversary of the original issue date, at a redemption price per share of Series A Preferred Stock equal to 100 % of the Liquidation Preference as of the redemption date. The Conversant Investors, in combination with their common stock ownership as of December 31, 2021, have voting rights in excess of 50 % of the Company' s total voting stock. It is therefore deemed probable that the Series A Preferred Stock could be redeemed for cash by the Conversant Investors, and as such the Series A Preferred Stock is required to be adjusted to its maximum redemption value at the end of each reporting period. However, to the extent that the maximum redemption value of the Series A Preferred Stock does not exceed the fair value of the shares at the date of issuance, the shares are not adjusted **F- 22** below the fair value at the date of issuance. As of December 31, **2023 and** 2022 ~~and 2021~~ , the Series A Preferred Stock was carried at the maximum redemption value. The redemption amount at each balance sheet date should include amounts representing dividends not currently declared or paid but which will be payable under the redemption features. The Series A Preferred Stock does not have a maturity date and therefore is considered perpetual. The Series A Preferred Stock is redeemable outside of the Company' s control and is therefore classified as mezzanine equity in the Consolidated Balance Sheet of the Company as of December 31, **2023 and** 2022 ~~and 2021~~ . Changes in the Series A Preferred Stock are as follows: Series A Preferred StockSharesAmount (In thousands) Balance as of December ~~1~~ **31** , ~~2021~~ **202141** ~~—~~ $ ~~— Issuance of Series A Preferred Stock, net of transaction costs41 27, 776 Remeasurement of Series A Preferred Stock — 13, 474 Balance as of December 31, 202141~~ 41, 250 Undeclared dividends on Series A Preferred Stock — 2, 300 Balance as of December 31, 202241 **43, 550 Undeclared dividends on Series A Preferred Stock — 4, 992 Balance as of December 31, 202341** $ ~~43~~ **48** , ~~550~~ **542** On ~~the Closing Date~~ **November 3, 2021** , the Company issued 1, 031, 250 warrants to

the Conversant Investors, each evidencing the right to purchase one share of common stock at a price per share of $ 40 and with an exercise expiration date of five years after the Closing Date. The value of the warrants, adjusted for the pro- rata share of issuance costs and other discounts was included in Additional Paid in Capital in the Consolidated Balance Sheet of the Company as of December 31, **2023 and** 2022 ~~and 2021~~ . ~~F- 25~~ Investor Rights For so long as the Conversant Investors beneficially own at least 33 % of the Company' s outstanding common stock on an as- converted basis, **Conversant Dallas Parkway (A) LP, a Delaware limited partnership ("** Investor A **")** shall be entitled to designate four members of the Company' s Board of Directors including the Chairperson. For so long as the Conversant Investors beneficially own less than 33 % but at least 15 % or more of the outstanding shares of common stock of the Company on an as- converted basis, Investor A will have the right to designate a number of directors, rounded to the nearest whole number, equal to the quotient of the total number of outstanding shares of common stock of the Company on an as- converted basis beneficially owned by the Conversant Investors divided by the total number of outstanding shares of common stock of the Company on an as- converted basis, multiplied by the total number of directors then on the Board including the Chairperson for so long as the Conversant Investors beneficially own at least 20 % or more of the outstanding shares of common stock on an as- converted basis. For so long as the Conversant Investors beneficially own less than 15 % but at least 5 % or more of the outstanding shares of common stock of the Company on an as- converted basis, Investor A will have the right to designate one designee for inclusion in the Company' s slate of individuals nominated for election to the Board (which slate will include a number of nominees equal to the number of director positions to be filled). After 3. 5 years the Conversant Investors can designate 5 board seats if their beneficial ownership exceeds 50 %. For so long as Silk Partners, LLC with its affiliates (collectively, " Silk ") beneficially own at least 5 % of the outstanding shares of common stock of the Company on an as- converted basis, Silk will have the right to designate two designees for inclusion in the Company' s slate of individuals nominated for election to the Board of Directors (which slate will include a number of nominees equal to the number of director positions to be filled). ~~Issuance Costs and Other Discounts~~ **F- 23 9. Stock- Based Compensation** The Company **' s uses equity awards** ~~incurred approximately $ 13. 4 million in issuance costs associated with the A & R Investment Agreement. Additionally, the fair value of the private placement preferred stock and common stock along with the warrants issued to the Conversant Investors exceeded the proceeds received, the excess of which, along with the issuance costs, were applied~~ as a ~~discount~~ **long- term retention program that is intended** to **attract** ~~the private placement preferred stock~~ , **retain** ~~common stock~~ and ~~warrants on a relative fair value basis. These discounts resulted in a net reduction to the balance of Series A Preferred Stock and Additional Paid In Capital in the Consolidated Balance Sheets of the Company as of December 31, 2022 and 2021. Loss on Settlement of Backstop On October 1, 2021 the Conversant Investors and Arbiter provided~~ - **provide incentives** ~~backstop commitments to the Company in exchange~~ for **employees** ~~a backstop fee of 174~~ , **officers** ~~675 and 17~~ , ~~292 shares of common stock, respectively. Upon settlement of the commitment, the fair value of the fee provided, net of the financial benefit of the commitment when settled, was recorded as a loss on backstop of $ 4. 6 million in the Consolidated Statements of Operations~~ and **directors and to more closely align stockholder and employee interests** ~~Comprehensive Income (Loss) for the Company for the year ended December 31, 2021~~ . ~~10. Stock- Based Compensation~~ The Company recognizes compensation expense for **all our** share- based stock awards ~~to certain employees and directors, including grants of employee stock options and awards of restricted stock, in the Company' s Consolidated Statements of Operations and Comprehensive Income (Loss)~~ based on their fair values. On ~~May 14~~ **June 15** , ~~2019~~ **2023** , the Company ~~'~~ **'** s stockholders approved **an amendment to** the ~~Capital Senior Living Corporation~~ 2019 Omnibus Stock and Incentive Plan **, as amended** (the " 2019 Plan "), ~~which replaced~~ **to add an additional 500, 000 shares of common stock that** the ~~previous plan. The~~ **Company may issue under the** 2019 Plan **and removed** ~~provides for, among other~~ -- **the limitation** ~~things, the grant~~ of **the maximum number of** ~~restricted stock awards, restricted stock units and stock options to purchase~~ shares of ~~the Company' s~~ common stock **with respect** ~~. The 2019 Plan authorizes the Company~~ to **which** ~~issue up to 150, 000 shares of common stock, plus reserved shares not issued or subject to outstanding~~ awards ~~under the previous plan~~ **may be granted to any one participant during any calendar year** . The Company has reserved shares of common stock for future issuance pursuant to awards under the 2019 Plan. ~~On October 22, 2021, the Company' s stockholders approved an amendment to the 2019 Plan to (i) increase the number of shares of common stock that the Company may issue under such plan from 150, 000 shares to 797, 699 shares and to (ii) to exclude 257, 000 shares from the minimum vesting provisions of such plan.~~ Stock Options The Company' s ~~stock option program is a long- term retention program that is intended to attract, retain and provide incentives for employees, officers, and directors and to more closely align stockholder and employee interests. The Company' s F- 26~~ stock options generally vest over one to five years and the related expense is amortized on a straight- line basis over the vesting period. There were no stock options granted during the years ended December 31, **2023 and** 2022 ~~and 2021~~ . There were 9, 816 options outstanding as of December 31, **2023 and** 2022 ~~and 2021~~ . The options outstanding as of December 31, **2023 and** 2022 ~~and 2021~~ had no intrinsic value, a weighted- average remaining contractual life of ~~6~~ **5** . 0 years, and a weighted- average exercise price of $ 111. 90. As of December 31, ~~2022~~ **2023** , there was no unrecognized compensation expense related to unvested stock option awards. The fair value of the stock options is amortized as compensation expense over the vesting periods of the options. The Company recorded **no** stock- based compensation expense related to stock options ~~of approximately $ 0. 0 million and $ 0. 1 million~~ in the years ended December 31, **2023 and** 2022 ~~and 2021, respectively~~ . Restricted Stock Units Restricted stock units (~~"~~ **"** RSUs ~~"~~ **"**) may be granted to members of the Company' s Board of Directors **(" Directors ")** as part of their compensation. Awards have a vesting period of one year **; however, the Directors may defer the release of the RSU until their departure from the board** . Compensation expense is recognized over the vesting period on a straight- line basis. The fair value of RSUs is the market close price of the Company' s common stock on the date of the grant ~~. In fiscal years 2022 and 2021, 8, 739 and 9, 954 RSUs were issued with a weighted average grant date fair value per share of $ 26. 50 and $ 52. 75, respectively, and had intrinsic values of $ 0. 2 million and $ 0. 5 million on the date of grant, respectively. In the fourth quarter of 2021, in conjunction with the A & R Investment Agreement, the RSUs granted in 2021 became fully vested~~ . A summary of restricted stock units' activity is

presented in the table below: Number of Shares Weighted Average Grant- Date Fair ValueNon- vested shares as of January 1, ~~2021~~ **202212** ~~—~~ **, 816** $ ~~—~~ **102. 20** ~~Granted9~~ **Granted8** , ~~954 52~~ **739 26** . **50 Vested (12** ~~75 Converted from Market- Based12~~ , 816 **)** 102. 20 ~~Vested (9, 954) 52. 75~~ Non- vested shares as of December 31, ~~202112~~ **20228** , ~~816~~ **739** $ ~~102~~ **26** . ~~20~~ **50** ~~Granted8~~ **Granted3 , 000 8. 80 Vested (8** , 739 **)** 26. 50 ~~Vested (12, 816) 102. 20~~ Non- vested shares as of December 31, ~~20228~~ **20233** , ~~739~~ **000** $ ~~26~~ **8** . ~~50~~ **80** Restricted Stock Awards Restricted stock awards (" RSAs ") entitle the holder to receive shares of the Company' s common stock as the awards vest. RSAs are considered outstanding at the time of grant since the holders thereof are entitled to dividends, upon vesting, and voting rights. Grants of restricted stock awards are classified as time- based, performance- based, or market- based, depending on the vesting criteria of the award. Time- Based Restricted Stock Awards Time- based RSAs generally vest over three to five years unless the award is subject to certain accelerated vesting requirements. The fair value of time- based RSAs is based on the closing price of the Company' s common stock on the date of grant. Compensation expense for time- based RSAs is recognized over the vesting period on a straight- line basis, net of actual forfeitures. A summary of time- based restricted stock awards' activity is presented in the table below: F- ~~27~~ **24** Number of Shares Weighted Average Grant- Date Fair ValueNon- vested shares as of January 1, ~~202113, 292 $ 117. 90 Granted51, 982 32. 66 Forfeited / Cancelled (3, 079) 111. 67 Converted from Performance- Based65, 366 37. 62 Vested (15, 242) 85. 43 Non- vested shares as of December 31, 2021112~~ **2022112** , 319 $ 39. 51 Granted70, 101 28. 14 Forfeited / Cancelled (79, 327) 34. 99 Vested (21, 965) 51. 97 Non- vested shares as of December 31, 202281, 128 $ 30. 75 **Granted56, 400 7. 50 Forfeited / Cancelled (2, 913) 26. 50 Vested (26, 044) 28. 72 Non- vested shares as of December 31, 2023108, 571 $ 19. 26** Performance- Based Restricted Stock Awards Vesting of performance- based stock awards (~~"~~ **"** PSAs ~~"~~ **"**) is dependent upon attainment of various levels of performance that equal or exceed targeted levels and generally vest in their entirety one to three years from the date of the grant. Compensation expense for performance- based restricted stock awards is recognized over the performance period and is based on the probability of achievement of the performance condition. Expense is recognized net of actual forfeitures ~~. During the fourth quarter of 2021, in conjunction with the A & R Investment Agreement, all outstanding performance- based stock based awards were converted to time- based restricted stock awards that will vest on the applicable scheduled vesting dates or the relevant award termination date applicable to such performance shares. These modifications were accounted for as equity award modifications under ASC Topic 718. There was no incremental stock- based expense based on the fair value of the modified awards. There were 52, 619 PSAs outstanding as of December 31, 2022 and no PSAs outstanding as of December 31, 2021~~ . A summary of performance- based restricted stock awards' activity is presented in the table below: Number of Shares Weighted Average Grant- Date Fair ValueNon- vested shares as of January 1, ~~20217, 395 $ 94. 34 Granted60, 618 36. 42 Forfeited / Cancelled (2, 647) 162. 00 Converted to Time- Based (65, 366) 37. 62 Non- vested shares as of December 31, 2021~~ **2022** — $ — Granted87, 674 28. 47 Forfeited / Cancelled (35, 055) 31. 58 Non- vested shares as of December 31, 202252, 619 $ 26. 40 **Granted96, 600 7. 03 Non- vested shares as of December 31, 2023149, 219 $ 13. 86** Market- Based Restricted Stock Awards Market- based restricted stock awards become eligible for vesting upon the achievement of specific market- based conditions based on the per share price of the Company' s common stock. **The** ~~During the fourth quarter of 2021, in conjunction with the A & R Investment Agreement, the~~ Company ~~granted~~ **grants** certain employees market- based restricted stock awards **generally with either** ~~. The shares were issued in~~ three **or four** tranches that vest if the Company' s stock price closes at or above an established threshold for each tranche for ~~fifteen~~ **a specified number of** consecutive trading days within five years of the date of the grant. Compensation expense related to market- based restricted stock awards is recognized over the requisite service period on a straight- line basis. The requisite service period is a measure of the expected time to reach the respective vesting threshold and was estimated by utilizing a Monte Carlo simulation, considering only those stock price- paths in which the threshold was exceeded. ~~During the fourth quarter of 2021, in conjunction with the A & R Investment Agreement, all previously outstanding market- based stock based awards were converted to time- based restricted stock awards that will vest on the applicable scheduled vesting dates or the relevant award termination date applicable to such performance shares. These modifications were accounted for as equity award modifications under ASC Topic 718. There was no incremental stock- based expense based F- 28 on the fair value of the modified awards.~~ A summary of market- based restricted stock awards' activity is presented in the table below: Number of Shares Weighted Average Grant- Date Fair ValueNon- vested shares as of January 1, ~~202112~~ **2022188** , ~~816~~ **411** $ ~~102~~ **28** . 20 ~~Granted188~~ **Granted60** , ~~411 28~~ **039 23** . ~~20~~ **19** Converted to Time- Based (~~12~~ **77** , ~~816~~ **100**) **27.** ~~102~~ **02** ~~. 20~~ Non- vested shares as of December 31, ~~2021188~~ **2022171** , ~~411~~ **350** $ ~~28~~ **26** . ~~20 Granted60~~ **97 Granted293** , ~~039 23~~ **600 8** . **12** ~~19 Forfeited / Cancelled (77, 100) 27. 02~~ Non- vested shares as of December 31, ~~2022171~~ **2023464** , ~~350~~ **950** $ ~~26~~ **15** . ~~97~~ **07** The Company recognized $ **2. 7 million and $** 4. 3 ~~million and $ 2. 8~~ million in stock- based compensation expense during fiscal years **2023 and** 2022 ~~and 2021~~ , respectively, that is primarily associated with employees whose corresponding salaries and wages are included in **F- 25** general and administrative expenses within the Company' s Consolidated Statements of Operations and Comprehensive Income (Loss). Unrecognized stock- based compensation expense is $ 3. ~~9~~ **2** million as of December 31, ~~2022~~ **2023** . If all awards granted are earned, the Company expects this expense to be recognized over a five- year period for market- based RSAs, and a three- year period for time- based and performance- based RSAs. ~~11~~ **10** . Income Taxes The provision for income taxes consists of the following (in thousands): Years Ended December 31, ~~20222021Current~~ **20232022Current** : Federal $ — $ — ~~State86 583~~ **State253 86** Deferred: Federal — — Provision for income taxes $ **253 $** 86 ~~$ 583~~ The provision for income taxes differed from the amounts of income tax **(benefit)** provision ~~(benefit)~~ determined by applying the U. S. federal statutory income tax rate to income before (benefit) provision for income taxes as a result of the following (in thousands): Years Ended December 31, ~~20222021Tax~~ **20232022Tax** (benefit) provision at federal statutory rates $ (**4, 374) $ (** 11, 407) ~~$ 26, 496~~ State income tax (benefit) provision, net of federal ~~effects~~ **effects520** (716) ~~3, 814~~ Change in deferred tax asset valuation ~~allowance11~~ **allowance1, 566 11** , 253 ~~(31~~ **Stock based compensation expense335 457 Permanent impact of employee retention credit claims2** , ~~819)~~ **302 —** ~~Other956~~ --- **Other** ~~2, 092~~ **(96) 499** Provision for income taxes $ **253 $** 86 ~~$ 583~~ The effective tax rate for

fiscal year ~~2022~~ **2023** differs from the statutory tax rate primarily due to state income taxes, changes in the deferred tax asset valuation allowance and other permanent tax differences. The Company is impacted by the Texas Margin Tax (" TMT "), which effectively imposes tax on modified gross revenues for communities within the State of Texas and accounts for the majority of the Company' s current state tax expense. The fiscal year ~~2022~~ **2023** other permanent tax differences include $ 0. **3** ~~5 million of stock compensation shortfalls and $ 0. 5~~ million of Section 162 (m) of the Internal Revenue Code of 1986, as amended ~~(the " Code ")~~ compensation limitation ~~and $ 0. 3 million deferred payroll tax penalty~~ . The valuation allowance recorded as of fiscal year ~~2022~~ **2023** was $ ~~99~~ **100** . ~~3~~ **8** million, which ~~decreased~~ **increased** from the prior year by $ ~~11~~ **1** . ~~3~~ **6** million due to current year activity. ~~F- 29~~ The effective tax rate for fiscal year ~~2021~~ **2022** differs from the statutory tax rate primarily due to state income taxes, changes in the deferred tax asset valuation allowance and other permanent tax differences. The Company is impacted by the ~~Texas Margin Tax ("~~ TMT ~~")~~, which effectively imposes tax on modified gross revenues for communities within the State of Texas and accounts for the majority of the Company' s current state tax expense. The fiscal year ~~2021~~ **2022** other permanent tax differences include $ 0. ~~4~~ **5** million **Section 162 (m)** of ~~stock~~ **the Internal Revenue Code of 1986, as amended (the " Code ")** compensation ~~shortfalls~~ **limitation** and $ ~~1~~ **0** . ~~2~~ **3** million **deferred payroll tax penalty** ~~of loss on settlement of backstop~~ . The valuation allowance recorded as of December 31, ~~2021~~ **2022** was $ ~~88~~ **99** . ~~0~~ **3** million, which had increased from the prior year by $ ~~31~~ **11** . ~~8~~ **3** million due to current year activity. **F- 26** A summary of the Company' s deferred tax assets and liabilities, are as follows (in thousands): December 31, ~~20222021Deferred~~ ---- **20232022Deferred** tax assets: Lease liabilities $ **377 $** 413 ~~$ 590~~ Net operating loss ~~carryforward84~~ **carryforward92 , 251 84** , 899 ~~73, 605~~ Compensation ~~costs2~~ **costs3 , 233 2** , 491 ~~2, 446~~ Depreciation and ~~amortization9~~ **amortization1 —, 884 9** ~~Other11~~ **Other3 , 119 11** , 526 ~~12, 252~~ Total deferred tax ~~assets99~~ **assets100, 864 99** , 338 ~~88, 893~~ Deferred tax asset valuation allowance (**100, 838) (** 99, 273 ~~)~~ ~~(88, 019~~) Total deferred tax assets, ~~net65~~ - **net26** ~~874~~ **65** Deferred tax liabilities: Operating lease right- of- use assets (**26) (** 65 ~~)~~ ~~(501) Depreciation and amortization — (373~~) Total deferred tax liabilities (**26) (** 65 ~~) (874~~) Deferred taxes, net $ — $ — **A** ~~Income taxes are computed using the asset and liability method and current income taxes are recorded based on amounts refundable or payable. Deferred income taxes are recorded based on the estimated future tax effects of loss carryforwards and temporary differences between financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates that are expected to apply to taxable income in the years in which the Company expects those carryforwards and temporary differences to be recovered or settled. Management regularly evaluates the future realization of deferred tax assets and provides a valuation allowance, if considered necessary, based on such evaluation. As part of the evaluation, management has evaluated taxable income in carryback years, future reversals of taxable temporary differences, feasible tax planning strategies, and future expectations of income. Based upon this evaluation, a~~ valuation allowance has been recorded to reduce the Company' s net deferred tax assets to the amount that is more likely than not to be realized. A significant component of objective evidence evaluated was the cumulative losses before income taxes incurred by the Company over the past several fiscal years. Such objective evidence severely limits the ability to consider other subjective evidence such as the Company' s ability to generate sufficient taxable income in future periods to fully recover the deferred tax assets. However, in the event that the Company were to determine that it would be more likely than not that the Company would realize the benefit of deferred tax assets in the future in excess of their net recorded amounts, adjustments to deferred tax assets would increase net income in the period of such a determination. The ~~benefits of the net deferred tax assets might not be realized if actual results differ from expectations. The~~ CARES Act contains beneficial provisions to the Company, including the deferral of certain employer payroll taxes and the acceleration of the alternative minimum tax credit refunds. Additionally, on December 27, 2020, the Consolidated ~~Appropriations~~ **Appropriates** Act was enacted providing that electing real property trades or business electing out of ~~Section~~ **section** 163 (j) (7) (B) will apply a 30 year ADS life to residential real **property, including** property placed in service before January 1, 2018. This property had historically been assigned a 40 year ADS life under the Tax Cuts and Jobs Act of 2017 (~~"~~ **"** TJCA ~~"~~ **"**). As of December 31, ~~2022~~ **2023** , the Company has federal and state net operating loss (~~"~~ **"** NOL ~~"~~ **"**) carryforwards of $ ~~355~~ **389** . ~~3~~ **5** million and $ ~~283~~ **305** . ~~4~~ **2** million and related deferred tax assets of $ ~~74~~ **81. 8 million and $ 13** . 6 million **, respectively. The Company filed for** ~~and~~ - **an employee retention credit (" ERC ") with the Internal Revenue Service during the fourth quarter of 2023, which was before the announced moratorium on processing new claims. As the Company will need to file amended tax returns for the years the credit was claimed, a reduction to the federal NOL was recorded in 2023 of** $ ~~13~~ **11** . ~~0~~ **3** million ~~, respectively~~ **for the wages claimed** . The federal and state NOL carryforwards in the income tax returns filed included unrecognized tax benefits. The deferred tax assets recognized for those NOLs are presented net of the unrecognized benefits. If not used, the federal NOL generated prior to fiscal year 2018 will expire during fiscal years 2033 to 2037 and non- conforming state NOLs will expire during fiscal years ~~2022~~ **2023** to ~~2041~~ **2042** . Federal ~~F- 30~~ NOLs generated subsequent to fiscal 2017 currently have no expiration due to changes to tax laws enacted with the TCJA. Some state jurisdictions conform to the unlimited net operating loss carryforward provisions as modified by the TCJA. However, some jurisdictions do not conform to the above- mentioned provisions. In general, utilization of the net operating loss carryforwards are subject to a substantial annual limitation due to ownership changes that occur or that could occur in the future, as required by Section 382 of the Code. These ownership changes limit the amount of NOL carryforwards that can be utilized annually to offset taxable income and tax, respectively. In general, an " ownership change " as defined by Section 382 of the Code results from a transaction or series of transactions over a three- year period resulting in an ownership change of more than 50 percentage points of the outstanding stock of a company by certain stockholders or public groups. The Company had a change in ownership as defined by Section 382 of the Code on November 3, 2021. The Company has completed initial analysis of the annual Section 382 limitation and determined the annual utilization of its tax attributes is limited substantially, including consideration of net unrealized built- in gains on the Company' s assets resulting in an increase in the Section 382 limit over the five- year recognition period **. The ownership activity subsequent to November 3, 2021 is under analysis for potential Section 382 triggering events** . Tax attributes to which the

annual Section 382 limitation would apply include net operating losses generated prior to the ownership change. **There is no current or projected utilization of the NOL F- 27 carryforwards in the near future.** The Company maintains a valuation allowance in all jurisdictions where the NOL carryovers are present. A summary of the Company' s unrecognized tax benefits activity and related information for the years ended December 31, **2023 and** 2022 ~~and 2021~~ is presented below (in thousands): Years Ended December 31, ~~20222021Beginning~~ ---- **20232022Beginning** balance, January 1 $ 2, **796 $ 2,** 383 ~~$ 5, 433~~ Gross increases – tax positions in prior ~~period413 — Gross decreases – tax positions in prior period~~ **period397 413** ~~— (3, 050) Lapse of statute of limitations — —~~ Ending balance, December 31 $ ~~2~~ **3** , ~~796~~ **193** $ 2, **796** ~~383 The Company evaluates uncertain tax positions through consideration of accounting and reporting guidance on criteria, measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition that is intended to provide better financial-statement comparability among different companies. The Company is required to recognize a tax benefit in its consolidated financial statements for an uncertain tax position only if management' s assessment is that its position is " more likely than not " (i. e., a greater than 50 percent likelihood) to be upheld on audit based only on the technical merits of the tax position. The Company' s policy is to recognize interest related to unrecognized tax benefits as interest expense and penalties as income tax expense.~~ As of December 31, ~~2022~~ **2023** , the Company has unrecognized tax benefits of $ **3.** 2 ~~. 8~~ million for an uncertain tax position associated with a change in accounting method. The unrecognized tax benefits as of December 31, ~~2022~~ **2023** are timing- related uncertainties that if recognized would not impact the effective tax rate of the Company. The Company files income tax returns in the U. S. federal jurisdiction and U. S. state jurisdictions. As of December 31, ~~2022~~ **2023** , the Company is generally no longer subject to U. S. federal tax examinations for tax years prior to ~~2019~~ **2020** and state tax examinations for tax years prior to ~~2018~~ **2019** with limited exceptions for net operating losses from 2013 forward. On August 16, 2022, the Inflation Reduction Act of 2022 (" IRA ") was enacted into law and ~~is~~ **was** effective for taxable years beginning after December 31, 2022. The IRA ~~introduces~~ **introduced** a 15 % alternative minimum tax based on the financial statement income of certain large corporations and ~~imposes~~ **imposed** a 1 % excise tax on share repurchases, effective for tax years beginning after December 31, 2022. ~~We do~~ **The IRA did** not ~~expect the Inflation Reduction Act to~~ have a material impact on our financial results ~~in future periods~~ **for the year ended December 31, 2023** . ~~12~~ **11** . Commitments and Contingencies As of December 31, ~~2022~~ **2023** , we had contractual commitments of $ ~~5~~ **3** . ~~4~~ **3** million related to future renovations and technology enhancements to our communities. We expect these amounts to be substantially expended during ~~2023~~ **2024** . The Company has claims incurred in the normal course of its business. Most of these claims are believed by management to be substantially covered by insurance, subject to normal reservations of rights by the insurance companies and possibly subject to certain exclusions in the applicable insurance policies. Whether or not covered by insurance, these claims, in the opinion of management, based on advice of legal counsel, should not have a material detrimental impact on the consolidated financial statements of the Company. ~~F-~~ **12. Related Party Transactions As of December** 31 **, 2023, Conversant Investors and affiliates beneficially owned approximately 63 % of our outstanding shares of common stock (inclusive of common stock issuable upon conversion of outstanding Series A Preferred Stock and outstanding warrants). On June 29, 2023, the Company entered into a $ 13. 5 million Equity Commitment agreement with Conversant. The Equity Commitment had a commitment fee of $ 675, 000 payable through the issuance of 67, 500 shares of common stock of the Company. The commitment fee shares were issued to Conversant on June 29, 2023. The Company has the right, but not the obligation, to utilize Conversant' s equity commitment and may draw on the commitment in whole or in part. The Company made equity draws of $ 6. 0 million in July 2023 and $ 4. 0 million in November 2023 against the equity commitment. On February 1, 2024, the Conversant Investors purchased an additional 2. 1 million shares of common stock of the Company for $ 20. 0 million. See " Note 8 – Securities Financing " and " Note 16 – Subsequent Events. "** 13. Fair Value Assets and Liabilities Measured at Fair Value on a Recurring Basis The Company uses interest rate cap arrangements with financial institutions to manage exposure to interest rate changes for loans that utilize floating interest rates. As of December 31, ~~2022~~ **2023** , we had interest rate cap agreements with an aggregate notional value of $ 138. 4 million ~~that were entered into during 2022~~ . The fair value of these derivative assets as of December 31, ~~2022~~ **2023** was $ 2. ~~7~~ **1** million and was determined using significant observable inputs (Level 2), including quantitative models that utilize multiple market inputs to value the position. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third- party pricing services. ~~We did not have any derivative instruments as of December 31, 2021.~~ See ~~"~~ **"** Note 14 – Derivatives and Hedging ~~"~~ . **" F- 28** Financial Instruments Not Reported at Fair Value For those financial instruments not carried at fair value, the carrying amount and estimated fair values of our financial assets and liabilities were as follows as of December 31, ~~2022~~ **2023** and December 31, ~~2021~~ **2022** (in thousands): December 31, ~~20222021CarryingAmountFair~~ ---- **20232022CarryingAmountFair** ValueCarryingAmountFair ValueCash and cash equivalents $ **4, 082 $ 4, 082 $** 16, 913 $ 16, 913 ~~$ 78, 691 $ 79, 691~~ Restricted cash13, **668 13, 668 13,** 829 13, 829 ~~4, 882 4, 882~~ Notes payable, excluding deferred loan ~~costs676~~ **costs633 , 783 597, 266 676** , 298 638, 485 ~~687, 312 636, 836~~ We believe the carrying amount of cash and cash equivalents, restricted cash, accounts receivable, and accounts payable and accrued liabilities approximate fair value due to their short- term nature. The fair value of notes payable, excluding deferred loan costs, is estimated using discounted cash flow analysis, based on current incremental borrowing rates for similar types of borrowing arrangements, which represent Level 2 inputs as defined in ASC 820, Fair Value Measurement. Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis The Company may adjust the carrying amount of certain non- financial assets to fair value on a non- recurring basis when they are impaired. During the year ended December 31, ~~2022~~ **2023** , the Company recorded a non- cash impairment charge of $ **6. 0 million to" Property and equipment, net". The fair value of the impaired assets was $ 7. 3 million as of December 31, 2023. During the year ended December, 31, 2022, the Company recorded non- cash impairment charges of $** 1. 6 million related to ~~the~~ management' s commitment to a plan to sell the community shortly after the balance sheet date, and the agreed- upon selling price being below the community' s carrying amount. The fair value of the impaired assets was $ 0. 9 million as of December 31, 2022 ~~. During the~~

year ended December, 31, 2021, the Company recorded non- cash impairment charges of $ 6. 5 million to property and equipment, net. The fair value of the impaired assets was $ 14. 0 million as of December 31, 2021. The fair value of the property and equipment, net was primarily determined utilizing an income capitalization approach considering stabilized facility operating income and market capitalization rates of 8. 25 % . The following methods and assumptions were used in estimating its fair value disclosures for financial instruments: Cash and cash equivalents and Restricted cash: The carrying amounts reported in the Company' s Consolidated Balance Sheets for cash and cash equivalents and restricted cash approximate fair value, which represent Level 1 inputs as defined in the accounting standards codification. Notes payable, excluding deferred loan costs: The fair value of notes payable, excluding deferred loan costs, is estimated using discounted cash flow analysis, based on current incremental borrowing rates for similar types of borrowing arrangements, which represent Level 2 inputs as defined in the accounting standards codification. Property and Equipment, Net: During the years ended December 31, **2023 and** 2022 and 2021 , the Company evaluated property, plant and equipment, net for impairment and identified properties with a carrying amount of the assets in excess of the estimated future undiscounted net cash flows expected to be generated by the assets. The Company compared the estimated fair F- 32 value of the assets to their carrying amount for these identified properties and recorded an impairment charge for the excess of carrying amount over fair value. The estimated fair value of these assets and liabilities could be affected by market changes and this effect could be material. 14. Derivatives and Hedging **The Company uses derivatives as part of our overall strategy to manage our exposure to market risks associated with the fluctuations in interest rates. We are also required to enter into interest rate derivative instruments in compliance with certain debt agreements. We do not enter into derivative financial instruments for trading or speculative purposes.** On March 1, 2022, the Company entered into an interest rate cap agreement for an aggregate notional amount of $ 50. 3 million to reduce exposure to interest rate fluctuations associated with a portion of our variable mortgage notes payable. The interest rate cap agreement has a 24- month term and effectively caps the interest rate at 4. 00 % from March 1, 2022 through March 1, 2024 with respect to the portion of our floating rate indebtedness. **LIBOR rates were no longer available after June 30, 2023, as F-29 a result this derivative instrument has transitioned to the SOFR rate.** In the event LIBOR **SOFR** is less than the capped rate, we will pay interest at the lower LIBOR **SOFR** rate. In the event LIBOR **SOFR** is higher than the capped rate, we will pay interest at the capped rate of 4. 00 %. The interest rate cap is not designated as a cash flow hedge under ASC 815- 20, Derivatives- Hedging, therefore all changes in the fair value of the instrument are included as a component of interest expense in the consolidated statements of operations. On November 30, 2022, in order to comply with the lender' s requirements under the Ally Bank Refinance Facility (see" Note 8 **7** – Notes Payable"), the Company entered into a SOFR- based interest rate cap transaction for an aggregate notional amount of $ 88. 1 million at a cost of $ 2. 4 million. The interest rate cap agreement has **had** a 12- month term and effectively caps **capped** the interest rate at 2. 25 % with respect to the portion of our floating rate indebtedness. **On December 1, 2023, the Company entered into a new SOFR- based interest rate cap transaction for an aggregate notional amount of $ 88. 1 million at a cost of $ 2. 4 million.** The interest rate cap is **agreement has a 12- month term and effectively caps the interest rate at 2. 25 % with respect to the portion of our floating rate indebtedness. The interest rate caps are** not designated as a hedge **hedges** under ASC 815- 20, Derivatives- Hedging, and all changes in the fair value of the instrument are included as a component of interest expense in the consolidated statements of operations. As of December 31, 2022 **2023** , **all** the entire balance of our outstanding variable- rate debt obligations was **were** covered by the interest rate **cap** transactions entered into during 2022 to better manage our exposure to market risks associated with the fluctuations in interest rates . The following table presents the fair values of derivative assets and liabilities in the consolidated balance sheets as of **(in thousands):** December 31, 2022 **2023Derivative AssetDerivative LiabilityNotional AmountFair ValueNotional AmountFair ValueInterest rate cap** (in thousands **SOFR- based**) . The Company did not have any **138, 385 2, 103 — $ — Total** derivative **derivatives $ 138** instruments as of December 31 , 2021. **385 $ 2, 103 $ — $ —** December 31, 2022Derivative AssetDerivative LiabilityNotional AmountFair ValueNotional AmountFair ValueInterest rate cap (LIBOR-based) $ 50, 260 $ 542 $ — $ — Interest rate cap (SOFR- based) 88, 125 2, 180 — $ — Total derivatives $ 138, 385 $ 2, 722 $ — $ — The following table presents the effect of the derivative instrument on the consolidated statements of operations (in thousands): **Years** Twelve months ended December 31, 20222021Derivatives ---- **20232022Derivatives** not designated as hedgesInterest rate capsGain (loss) on derivatives not designated as hedges included in interest expense19 -- **expense —(2, 981) 19** F- 33 **30** 15. Allowance for Doubtful Accounts The components of the allowance for doubtful accounts are as follows (in thousands): December 31, 20222021Balance **20232022Balance** at beginning of year $ **5, 915 $** 4, 723 $ 6, 113 Provision for bad debts, net of recoveries1, **151 1,** 159 **Write- offs and other (** 1, **810** 251 Write- offs and other (1) 33 (2, 641) Balance at end of year $ 5, **256 $ 5,** 915 $ 4, 723 (1) For the year ended December 31, 2021 write- offs and other includes $ 1. 7 million for the 18 properties in the process of transitioning legal ownership back to Fannie Mae, $ 0. 1 million for the termination of the Welltower Master Lease Agreements and $ 0. 5 million for the termination of the Healthpeak Master Lease Agreements. Accounts receivable are reported net of an allowance for doubtful accounts to represent the Company' s estimate of inherent losses at the balance sheet date. 16. Subsequent Events As discussed **On February 1, 2024, the Company entered into a securities purchase agreement (the " Securities Purchase Agreement ") with affiliates of Conversant Capital and several other shareholders (together, the " Investors "), pursuant to which the Investors agreed to purchase from the Company, and the Company agreed to sell to the Investors,** in Note **a private placement transaction (the " 2024 Private Placement ") pursuant to the Securities Act, an aggregate of 5, 026, 318 shares (the " Shares ") of the Company' s Common Stock, par value $ 0. 01 per share, at a price of $ 9. 50 per share. The 2024 Private Placement occurred in two tranches. The first tranche occurred on February 1, 2024, in which 3, 350, 878 Shares were issued and sold to the Investors for a total of approximately $ 31.** 8 **million. The second tranche occurred on March 22** , Notes Payable **2024, in which 1, 675, 440 Shares were issued and sold to the Investors for a total of approximately $ 15. 9 million. The second tranche was following receipt of stockholders approval of the Company' s Amended and Restated Certificate of Incorporation** , as

amended, to increase the number of **authorized shares of Common Stock by an additional 15, 000, 000 shares (the " Stockholder Approval ") and other customary closing conditions. The Stockholder Approval was obtained on March 21, 2024. The Company intends to use this new capital for working capital, continued investments in community improvements, acquisitions of new communities, and broader community programming. Protective Life Loans On February 2, 2024, the Company used a portion of the proceeds from the first equity offering to purchase all seven of the remaining loans held by Protective Life with a total outstanding principal balance of $ 74. 4 million at a purchase price of $ 40. 2 million. Additional financing of $ 24. 8 million for the debt purchase was provided by Ally Bank through an expansion of the Company' s existing Ally Bank term loan, see below. In addition to its aggregate deposits of $ 1. 5 million made in** December ~~31, 2022~~ **2023** ~~two properties remained for which the legal ownership had not been transferred back to Fannie Mae. The transfer of legal ownership of these properties had previously been deemed probable,~~ and **January** ~~the Company had already disposed of all the assets related to these properties. As of December 31, 2022~~ **2024** , the **Company funded the remaining cash portion of the purchase price (including one- time closing costs) with approximately $ 15. 4 million of net proceeds from the sale of the Shares at the first closing of the 2024 Private Placement. Ally Term Loan Expansion On February 2, 2024, in connection with the Protective Life loan purchase, the Company expanded its** outstanding ~~debt related to~~ **loan obligation with Ally Bank in** ~~these~~ -- **the** ~~properties~~ **amount of $ 24. 8 million** that was ~~included in~~ **secured by six of the Company' s senior living communities. As part of the agreement with Ally, the Company expanded its** current **interest rate cap to include the additional** ~~portion of notes payable was $ 31. 8 million, net of deferred~~ loan **obligation at a** ~~costs~~ - **cost** of $ 0. ~~2~~ **6** million ~~, and the related accrued interest was $ 4~~ . ~~1 million. On January 11, 2023, Fannie Mae completed the transfer of ownership on the two properties. As a result of the change in legal ownership, the Company will derecognize all of the debt and accrued interest related to the two properties, which will result in the gain on extinguishment of debt of approximately $ 36 million during the first quarter of 2023. During the first quarter of 2023, the Company elected not to make principal and interest payments due February and March of 2023 related to certain non- recourse mortgage loan agreements with Protective Life Insurance Company covering four of the Company' s properties. As of December 31, 2022, the amount of debt outstanding under such agreements was $ 70. 0 million. Therefore, the Company is in default on these loans, and was so notified by the lender on March 1, 2023. The Company is currently engaged in active negotiations with the lender for these loans as well as the additional Protective Life loans relating to six communities to resolve this matter and obtain more favorable terms. However, we cannot give any assurance that a mutually agreeable resolution will be reached. COVID- 19 Relief Grants~~ F- ~~34 Exhibit~~ **31Exhibit** 4. 6 DESCRIPTION OF THE REGISTRANT' S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934 The only class securities of Sonida Senior Living, Inc. registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, is its common stock, par value $ 0. 01 per share (" Common Stock "). The following description of our Common Stock is a summary and does not purport to be complete. It is subject to and qualified in its entirety by our Amended and Restated Certificate of Incorporation, as amended (the " Certificate of Incorporation "), and our Second Amended and Restated Bylaws, as amended (the " Bylaws "), each of which are incorporated by reference as an exhibit to the Annual Report on Form 10- K of which this Exhibit 4. 6 is a part. Authorized Capitalization Our authorized capital stock consists of ~~15~~ **30** , 000, 000 shares of Common Stock and 15, 000, 000 shares of preferred stock, par value $ 0. 01 per share, of which 41, 250 shares are classified as " Series A Convertible Preferred Stock " (" Series A Preferred Stock "). Our Series A Preferred Stock was issued in a private placement pursuant to Section 4 (a) (2) of the Securities Act of 1933, as amended, and has not been registered pursuant to Section 12 of the Securities and Exchange Act of 1934, as amended. There are no shares of our preferred stock currently outstanding, except with respect to our Series A Preferred Stock, of which 41, 250 shares were outstanding as of December 31, ~~2022~~ **2023** . Common Stock Voting Rights. The holders of our Common Stock are entitled to one vote per share on all matters to be voted on by stockholders generally, including the election of directors. There are no cumulative voting rights, meaning that the holders of a majority of the shares voting for the election of directors can elect all of the directors standing for election. Dividend Rights. The holders of our Common Stock are entitled to receive dividends (payable in cash, stock or otherwise), subject to any rights and preferences of any outstanding preferred stock, but only when and as declared by our Board of Directors out of the assets legally available for dividend payments. Liquidation Rights. In the event of any liquidation, dissolution or winding up of our company, after there is paid to or set aside for the holders of any class of stock having preference over our Common Stock the full amount to which such holders are entitled, then the holders of the Common Stock, shall be entitled, after payment or provision for payment of all debts and liabilities of our company, to receive the remaining assets of our company available for distribution. Other Matters. Our Common Stock carries no preemptive or other subscription rights to purchase shares of our stock and is not convertible, redeemable or assessable or entitled to the benefits of any sinking fund. Our Common Stock is listed on the New York Stock Exchange and trades under the ticker symbol " SNDA. " Our transfer agent and registrar is Computershare Trust Company, N. A. The telephone number for Computershare Trust Company, N. A. is (866) 267- 2831. The rights, powers, preferences and privileges of holders of our Common Stock are subject to, and may be adversely affected by, the rights of the holders of any series of our preferred stock. Preferred Stock Subject to the provisions of our Certificate of Incorporation and limitations prescribed by applicable law or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded, we may issue our preferred stock in one or more series from time to time upon such terms and for such consideration as may be determined by our Board of Directors. For a description of the material terms of our Series A Preferred Stock, please refer to our Current Report on Form 8- K filed with the Securities and Exchange Commission on July 22, 2021. Anti- Takeover Provisions of Our Certificate of Incorporation and Bylaws and the Delaware General Corporation Laws Our Certificate of Incorporation and Bylaws and the Delaware General Corporation Laws contain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of us. These provisions, which are summarized below, are designed to, among other things, discourage coercive takeover practices and inadequate takeover bids

and encourage persons seeking to acquire control of us to first negotiate with our Board of Directors in hopes of improving the terms of any such takeover bids. Authorized but Unissued Capital Stock. We have ~~15~~ **30** , 000, 000 authorized shares of Common Stock and 15, 000, 000 authorized shares of preferred stock. Due to our authorized but unissued Common Stock and preferred stock, our Board of Directors may be able to discourage or make any attempt to obtain control of us more difficult. Stockholder Action by Written Consent; Special Meetings of Stockholders. Our Certificate of Incorporation and Bylaws provide that any action required or permitted to be taken by our stockholders must be taken at an annual or special meeting of stockholders, and may not be taken by the written consent of our stockholders, unless such consent is unanimous. In addition, our Certificate of Incorporation and Bylaws provide that special meetings of stockholders may, subject to the rights of holders of any series of preferred stock and unless otherwise prescribed by statute, be called only by our Board of Directors, the Chairman of our Board or stockholders possessing at least 25 % of the voting power of our issued and outstanding voting stock. Amendment of our Bylaws. Our Certificate of Incorporation and Bylaws grant our Board of Directors the power to adopt, amend and repeal our Bylaws upon the affirmative vote of at least a majority of the whole Board. Our stockholders may also adopt, amend or repeal our Bylaws by the affirmative vote of the holders of at least two- thirds of the voting power of our issued and outstanding voting stock. Classified Board; Election and Removal of Directors. Our directors are divided into three classes serving staggered three- year terms, with only one class being elected each year by our stockholders. At each annual meeting of stockholders, directors are elected to succeed the class of directors whose terms have expired. Directors may be removed only for cause and by the affirmative vote of a majority of our securities then entitled to vote at an election of directors. A vacancy on our Board of Directors may be filled by the affirmative vote of a majority of the directors in office. Any director appointed to fill a vacancy serves for the remainder of the term of the class of directors in which the vacancy occurred. The number of directors on the Board generally will be fixed exclusively by, and may be increased or decreased exclusively by, our Board of Directors but in no event will be less than three nor more than nine. Advance Notice Procedures for Director Nominations and Stockholder Proposals. Our Certificate of Incorporation provides the manner in which stockholders may give notice of business to be brought before an annual meeting of stockholders, including proposed nominations of persons for election to our Board of Directors. Delaware Anti- Takeover Law. We are a Delaware corporation subject to Section 203 of the Delaware General Corporation Law, which regulates corporate acquisitions. Section 203 prevents an “ interested stockholder, ” which is defined generally as a person who, together with his or her affiliates and associates, owns 15 % or more of a corporation’ s outstanding voting stock, from engaging in a broad range of “ business combinations ” with the corporation for three years after becoming an interested stockholder unless: • the board of directors of the corporation had previously approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder; • upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, that person owned at least 85 % of the voting stock of the corporation outstanding at the time the transaction commenced, excluding shares owned by persons who are directors and also officers and shares owned in • employee stock plans in which participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or • the business combination is approved by the board of directors of the corporation and holders of at least two- thirds of the outstanding voting stock, which is not owned by the interested stockholder. The above description of Section 203 of the Delaware General Corporation Law is intended as a summary only and is qualified in its entirety by reference to Section 203 of the Delaware General Corporation Law.